



SUBJECT:	Marketing
PAPER NUMBER:	I
DATE:	3 rd September 2018
TIME:	9:00 a.m. to 12:05 p.m.

Answer **ALL** questions in Section A and any **TWO** questions from Section B

SECTION A

Answer ALL questions in this section.

This section carries 50 marks.

1. What are market offerings? (5)
2. Define customer satisfaction. (3)
3. List the **FIVE** types of (customer) markets that a company might target. (5)
4. Define price elasticity of demand. (4)
5. Distinguish between informative and reminder advertising. (6)
6. Who are the channel members of a vertical marketing system (VMS)? (6)
7. What is a product line? Provide an example. (5)
8. Briefly describe **THREE** research approaches for gathering primary data. (6)
9. What is an undifferentiated marketing strategy? (5)
10. Explain what joint venturing means. (5)

(Total: 50 marks)

SECTION B

Answer TWO questions from this section. This section carries 50 marks.

All questions carry equal marks (25 marks each).

11. What are the key steps you would undertake in establishing an effective online presence for a local gym? What are the advantages and disadvantages of each step? (25)
12. Discuss the advantages and disadvantages of each element of the integrated communications (promotion) mix that a fashion manufacturer can use in promoting its new line of winter clothing. (25)
13. The Malta Musical Association is a not-for-profit organisation that promotes the appreciation of local music and musical talent. Discuss how the manager of this association can implement the marketing process. (25)



SUBJECT:	Marketing
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Answer **ALL** questions in Section A and any **TWO** questions from Section B.

SECTION A

This section carries 50 marks.

Case Study: Tesla Motors, Daimler, Navistar and The Next (R)Evolution

The commercial trucking industry is facing its biggest transformation in 40 years. Automakers and tech companies are vying for pole position. Dozens of companies, from truckmakers like Daimler and Navistar to startups like Chanje and Embark-plus Uber's Otto and Waymo, the erstwhile Google self-driving project – are pursuing what they believe is the next generation of trucking. Their vision includes electric powertrains, autonomous driving technology, and oodles of wireless connectivity - a vision now shared by Tesla Motors.

There are good reasons why so many companies are suddenly fixated on modernizing a century-old industry. Stricter carbon emission regulations play a part. The swift rise of e-commerce and technological breakthroughs particularly around autonomous driving, are advancing far beyond the proving ground.

But above all, it's business opportunity - and trucking is the physical embodiment of a thriving economy. Trucks moved more than 70% of all U.S. freight and generated \$676 billion in revenue in 2016, according to the American Trucking Associations. Some 33.8 million trucks were registered for business purposes in 2016. Almost 4 million of them were categorized Class 8, denoting the largest freight trucks. Without the trucking industry, the economy would screech to a standstill. So it stands to reason that anyone who can make it more efficient can collect profits from coast to coast.

Technology leads the way up. The newest trucks on the road, such as those made by Volvo and Freightliner, employ driver assisted technologies similar to adaptive cruise control and lane-keeping features found in modern passenger cars. The technologies make driving a truck less stressful, safer and more fuel efficient. Autonomy promises further improvement.

Starsky Robotics CEO and cofounder Stefan Seltz-Axmacher believes trucking is on the verge of radical change. "Billions of dollars were lost and made" as a result of the deregulation of the industry in 1980. "Autonomous trucks are going to be an even bigger change than that". Seltz-Axmacher's company which is based in San Fransisco, uses software, radar and computer vision cameras to enable long haul trucks to drive by themselves on the highway, then cede control to a remote operator to travel from exit to final destination.

Other autonomous trucking startups are in hot pursuit. Tusimple, a company that has its operations in China and San Diego and is backed by Nvidia and Sina Corp, plans to test fleets on two routes: one 120-mile stretch between Tuscon and Pheonix and another segment in Shangai. Meanwhile, Nikola Motor is designing and building its own driverless hydrogen fuel cell-powered Class 8 truck- "the iPhone of trucking" says CEO Trevor Milton. "In the next eight years you are going to see a complete transformation of trucking", he adds.

Passage continues on next page

So where does that leave a company like Daimler, whose first truck arrived to market in 1896? In embrace of the long view, Daimler which sells more than 400,000 trucks globally each year, is treading carefully as it brings technology to its commercial vehicles. "It's definitely an evolution" says Daimler's company spokesman Florian Martens. No, he hints, a revolution.

Tesla insists otherwise. Its \$180,000 Tesla Semi promises up to 500 miles on a single charge - four times the range of an electric truck that Daimler is developing. The Semi is one of several solutions in development by companies that see business opportunity in the inefficiencies of the commercial trucking industry. Customers like Walmart and Meijer have made reservations for a Tesla Semi prototype expected in 2019, but skeptics remain. "These orders are for publicity and the halo effect of seeing a quiet clean electric truck and not a black-smoke-belching diesel engine", says Darren Gosbee, vice president of engineering for Navistar. (Tesla declined to comment).

In other words, the trucking industry tends to embrace technology slowly. Gosbee adds that it took time to adopt electric propulsion and autonomy. "Yet connectivity has proven to be the only exception, because the benefits are so revolutionary that customers can't get enough of it".

Source: Adapted from: 'The Next (R)Evolution', by Kirsten Korosec, Forrtune.com, December 15, 2017

Answer ALL questions.

1. The case study material makes references to several developments in the trucking industry. From the text provided, outline and expand upon the forces in the external environment which are influencing truckmakers. (18)
2. The external environment seems to present opportunities for carmakers such as Tesla and new startup companies, but threats to dominant players in the industry, such as Daimler and Navistar.
 - (i) Do you agree with the above statement? Give reasons for your answer. (10)
 - (ii) Mention **THREE** strengths that Daimler possesses. (6)
3. Daimler, 'which sells more than 400,000 trucks globally each year, is treading carefully, as it brings technology to its commercial vehicles'. Do you think this is a good strategy on the part of Daimler? Explain why. (8)
4. To what extent (if at all), do (i) driver assisted technologies such as those developed by Volvo, and (ii) autonomous / driverless technologies, such as those developed by Nikola Motor, constitute a change in the core product of a truck? Explain why. (8)

(Total: 50 marks)

SECTION B

Answer TWO questions from this section. This section carries 50 marks

All questions carry equal marks (25 marks each).

1. By applying the 'levels of a product' tool, distinguish between these two types of products:
(i) a Taxi service to the airport (ii) a pair of running shoes.
2. Discuss the factors you consider to be important when exporting a product to a market overseas. Explain your answer with examples.
3. Distinguish between buying books on-line versus buying books from a physical bookstore. In presenting your answer, you are expected to describe the different experience faced by the consumer in these two purchase scenarios.