



SUBJECT:	Marketing
PAPER NUMBER:	I
DATE:	4 th September 2020
TIME:	9:00 a.m. to 12:05 p.m.

SECTION A

Answer ALL questions in this section.

This section carries 50 marks.

1. What is the difference between marketing exchanges and relationships? (6)
2. Briefly describe the societal marketing concept. (5)
3. What is competitive marketing intelligence? (4)
4. Explain the difference between the actual product and the augmented product. (6)
5. What is a product mix? Provide an example. (4)
6. What is the difference between market-skimming and market-penetration pricing? (4)
7. What is a distribution channel? (5)
8. List the tools of the marketing communications mix. (5)
9. What is consumer-to-business (C2B) online marketing? (6)
10. Briefly explain what direct exporting is. (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).

1. Marketing is defined as “the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return” (Kotler & Armstrong, 2012). Describe the marketing process that an electric scooter manufacturer should apply in order to create value for customers and capture value from customers in return. (25)
2. a) Briefly describe the elements that make up the macroenvironment of a business. (12)
b) Discuss how a health threat such as the coronavirus can affect the global market. (13)
3. Discuss the steps in the new-product development process and explain how a company of your choice can use these steps to develop an innovative product in the market. (25)



SUBJECT:	Marketing
PAPER NUMBER:	II
DATE:	4 th September 2020
TIME:	4:00 p.m. to 7:05 p.m.

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

SECTION A

This section carries 50 marks.

Case Study: How Starbucks got its buzz back

Roz Brewer took on the job of Chief Operating Officer (COO) of Starbucks and head of the Americas business – the company’s biggest and most profitable, in October 2017, just as the company entered what J.P. Morgan analyst John Ivankoe has described as a “terrible few months in the company’s history”. After an unprecedented run of sales and store growth lasting more than a decade, store traffic flattened as the company found itself in operational chaos. Then, in April, the company faced accusations of racial bias after a manager called the police on two black men in one of its Philadelphia stores. But the icing on the cake – or frothed milk on the macchiato, as it were – was the announcement just months later that Starbucks executive chairman Howard Shultz, the embodiment of the Starbucks brand for more than three decades, would leave the company.

It was during this critical period that Brewer entered the field, tasked with translating her 10-year retail expertise at Walmart, into cleaning up the company’s stores and imposing a level of discipline that had become her calling card. For the first 90 days Brewer did nothing but study the business. She quickly diagnosed the issue: The company was melting down behind the coffee bar. Starbucks had seen massive growth in the mobile order and pay business, enabling customers to order via their app before arriving in the store. The company however did not know how to handle the resulting deluge of orders with customers clamouring over one another as they wanted to pick up their drinks at what Starbucks calls the “hand-off-plane”, and panicked baristas trying to keep up with the onslaught of lattes and frappuccinos. Under Shultz, Starbucks had often been a place led by intuition and instinct. But the CEO - Kevin Johnson, with his background in tech and Brewer, who trained as a chemist, turn more readily to the numbers. Brewer looked at the research. She discovered that 40% of employees’ time was spent on tasks away from the customer - counting milk jugs three times a day or unnecessarily restocking the floor. Brewer and her team moved to eliminate, simplify, or automate tasks so those hours could instead be spent with customers. Stores with the most mobile orders got a barista exclusively dedicated to making those drinks. Cleaning was moved from daytime to after close. She also set three priorities: beverage innovation, store experience and the digital business. “We’ve just lined everybody up and said if it doesn’t fit in these three lanes, we’re stopping the work”, she says. She gained a reputation for making tough decisions and sticking to them. One of those was to end Mercato, the company’s fresh food efforts, which had been introduced in 1,500 stores across six markets.

Starbucks also cut on limited time offers, which had produced rare one-off hits like the Instagram-famous Unicorn Frappuccino. They created buzz but not routine purchases that drive a coffee business. The R&D team switched its efforts to products that could be made in different flavours and versions - like nitro coffee or cold foam – rather than standalone items like the Unicorn and products which did not overcomplicate the baristas’ work. Protein cold-brew shakes were great in theory, but putting together the more than five ingredients they required was too complex to execute. One of the biggest drags on the company’s store traffic was its afternoon

business and Brewer again turned to data to understand why. Starbucks had been getting all its sales growth from customers in its membership program, My Starbucks Rewards. The 17.2 million loyalists who are now part of the program are extremely valuable to the company, accounting for more than 40% of sales but only about a quarter of the customers who come into the store every month. Occasional visitors, who frequent a store on average one to five times per month, made a disproportionate amount of the afternoon traffic. The post-2pm crowd and these occasional customers also prefer cold drinks, which now comprise about 50% of beverage sales. The team attacked the afternoon problem at all levels: R&D lasered in on cold beverages; more experienced baristas, who normally work in the morning, were redeployed to the afternoon. And perhaps most significantly, the digital crew focused on converting midday customers into rewards members, asking Wi-Fi users for their email addresses and then targeting with promotions to entice them to sign up for the program. Last quarter, business after 2p.m. grew for the first time in three years, and the company reported its best sales growth over the same period.

In April 2018, two black men were arrested in a Philadelphia Starbucks. They had not made a purchase while they waited for a friend to arrive and the manager called the police when they declined to leave the store. The video that onlookers posted on social media of the exchange and ensuing arrest set off a national firestorm about racial profiling with some calling for a Starbucks boycott. As an African-American herself, Brewer flew with Johnson to Philadelphia to apologise to the two men in person. Brewer also became instrumental in putting together racial bias training for 175,000 of the company's employees. What happened in Philadelphia has also led the company to double down on what it means to be a Starbucks. The reality right now, Brewer says, is that stores are essentially a public space like libraries and must serve the needs of their employees and community. Brewer wants baristas to make the perfect flat white or pour-over. But she also wants them trained in how to deal with the hardest social situations they could possibly encounter so everybody feels like they belong to Starbucks.

Source: Adapted from: 'How Starbucks got its buzz back', by Beth Kowitt, Fortune, October 2019, Issue.

Answer ALL questions

1. The case study text draws upon a number of key 'Services Marketing Mix' elements/components, which were addressed with the aim of improving the service offering provided by Starbucks. List the specific 'Services Marketing Mix' elements tackled by Brewer and her team. (8)
2. Improving performance at Starbucks, meant that the 'Services Marketing Mix' elements/components referred to in Q1, had to be tackled simultaneously. By using direct examples provided in the case study, discuss how each of these components were improved and expand on the interrelated nature of the 'Services Marketing Mix' elements. (26)
3. As part of Brewer's efforts to improve in-store operations and sales, the case study makes specific reference to the various client segments frequenting the stores and draws upon a key segmentation variable. Which is this segmentation variable? Explain your answer. (8)
4. Before taking decisions, Brewer often resorted to data. For instance, the case study mentions that Brewer analysed numerical data which was already available at Starbucks. How is this type of data classified in marketing research? Supplement your answer by providing an example of such data from the case study material provided. (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. (a) What is Personal Selling? (5)
(b) What are the steps of the personal selling process? How do these relate to a consumer intent on buying a mobile phone? (14)
(c) Is the importance and role of the sales force decreasing with increased e-commerce activity? Apply your answer to the purchase of low-involvement goods and high-involvement goods. (6)
2. Discuss the 'Product Life Cycle'. Apply your answer to the market for toys and gaming products. (25)
3. Describe the process a manufacturing company would typically go through when purchasing a new raw material from a new supplier. (25)