MATRICULATION AND SECONDARY EDUCATION CERTIFICATE
EXAMINATIONS BOARD

**ADVANCED MATRICULATION LEVEL
2024 FIRST SESSION**

SUBJECT:	**Marketing**
PAPER NUMBER:	I
DATE:	30th April 2024
TIME:	9:00 a.m. to 12:05 p.m.

SECTION A

Answer ALL questions in this section. This section carries 50 marks.

1. Define marketing. (4)
2. Briefly distinguish between publics and customers in the microenvironment of a company. (6)
3. Explain what is meant by a non-probability sampling method. Provide **ONE** example. (5)
4. What is variety-seeking buying behaviour? (4)
5. Explain what is meant by consumer-to-business (C-to-B) online marketing and provide **ONE** example. (5)
6. Explain the difference between the actual product and the augmented product. (6)
7. Define price elasticity of demand. (5)
8. What is a trade sales promotion? Provide **ONE** example of a trade promotion tool. (5)
9. Explain what is meant by marketing ethics. (5)
10. Explain what is a non-profit organisation. (5)

(Total: 50 marks)

SECTION B

**Answer TWO questions from this section. This section carries 50 marks.
All questions carry equal marks.**

11. a) List and briefly describe the key factors that influence business buyers. (12)
    b) A procurement manager for a manufacturing company is looking to purchase new machinery for the company's production line. Discuss how these factors may influence the decision-making process of this manager. (13)

(Total: 25 marks)

12. a) What is the role of retailers in the distribution channel? (10)
    b) Discuss any **THREE** types of retailers that might sell outdoor recreational equipment, such as camping gear and hiking accessories. (15)

(Total: 25 marks)

13. a) Define the personal selling process, and list its key stages. (11)
    b) Discuss how a salesperson could effectively apply the stages of the personal selling process to sell a high-end consumer electronic product in a competitive market. (14)

(Total: 25 marks)

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE
EXAMINATIONS BOARD

**ADVANCED MATRICULATION LEVEL
2024 FIRST SESSION**

SUBJECT:	**Marketing**
PAPER NUMBER:	II
DATE:	30th April 2024
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: <u>Sephora – creating a unique customer experience</u>

Sephora is a French multinational retailer of cosmetics, skincare, fragrances, haircare and beauty products. It has some 340 brands, along with its own private label, Sephora Collection. The company was founded in 1969 and became part of the luxury conglomerate LVMH in 1996. It has grown significantly from its humble beginnings and today operates over 2,600 stores in 34 countries, with revenue of over US $14.5bn.

Over the years, Sephora witnessed significant changes in consumer behaviour. From just visiting traditional retail outlets, more customers are making use of mobile and social platforms for purchasing products. As a result, Sephora realigned its Customer Relationship Management (CRM) to the needs of multi-channel shoppers. Its strategy focused on bringing in-store and digital marketing under one roof, along with customer service.

As customers became heavily dependent on digital platforms, Sephora undertook extensive market research to better understand their buying behaviour and tried various tools and experiences to meet their needs. Sephora rebuilt customer profiles in line with data that tracks the customer journey from online browsing and purchasing, to in-store interactions with sales representatives and over-the-counter sales. Tracing such consumer behaviour has resulted in changing the thinking behind sales metrics, engagements, and how to personalise shopping experiences across channels.

Consumers shop differently. Some browse online and then visit a local store to make a purchase during which they may ask a sales representative for more advice. Others prefer to look at what is available in-store first, and then go online to review and compare products prior to making a purchase decision.

To cater to customer needs, Sephora added a range of features on its 'To Go' mobile app, which includes videos, ratings and reviews, and past purchase history. With the advancement of smartphones, the app now comes with an artificial intelligence (AI) feature called Virtual Artist, which uses facial recognition technology to allow customers to virtually try on makeup products. The customer is then directed towards where to purchase the products. This helps customers become more confident when making a purchase and enhances the overall shopping experience.

Passage continues on the next page.

Sephora partnered with Pantone in 2013 to create shade-matching technology to skin tone for an innovative user experience. In 2015, Sephora launched its Innovation Lab which worked towards new product development. In 2016, Sephora collaborated with Facebook to launch a bot for Messenger, to offer customers an enhanced way of interacting. In 2017 it then launched 'Beauty Hubs' offering customers a virtual lookbook with thousands of options through iPad stations and interactive mirrors. Customers can try these options with the aid of augmented reality (AR). The technology also provided recommendations and facilitates purchases. All these initiatives create very good publicity. Sephora also partners with local and international organizations who aim to improve social equity within the communities where they operate, thus enhancing its public image further.

The strategic focus is to promote brand engagement through social media, mobile and web platforms, using technology in an integrated manner to better understand the customer journey to making a purchase resulted in key insights. Examples of these are: when customers are more likely to make a purchase after browsing online or visiting a store, how online advertising was driving in-store purchases, effectiveness of country-specific third-party collaborations, the benefit of online content to educate shoppers, and organising classes and supporting local events to offer tips on how to use products and introduce new ones. As a result, promotions became more effective, discount codes were offered subject to a minimum purchase amount, free samples were given to enable customers to test products, and emailing was optimised when advising of latest offers, price drops or when products were back in stock.

Sephora also offers a popular tiered loyalty program, where points are earned on every purchase which can then be redeemed for rewards. Data is also gathered from its loyalty program. Loyal clients generally make up 20 percent of its core customer base and spend the most. They are also the most active on social media. While targeting loyal customers is an effective strategy, Sephora also hopes to market to consumers who may not have previously made a purchase but have tried on beauty products.

Sephora leverages all consumer data to segment its customers into tiers based on their value. This enables better targeting of marketing spend, the retention of valuable customers and increasing revenue from other customers.

Embracing a customer-centric and digital focus retail strategy to engage with customers in innovative ways resulted in organic growth of retail sales for Sephora. However, competition is intense and rivals are already copying some of its strategies.

Compiled and adapted from various sources including "How Sephora Integrates Online & Retail Marketing", B. Honigman (2023); "How Sephora is leveraging AR and AI to transform retail and help customers buy cosmetics", Alison DeNisco Rayome (2018); Sephora's Annual Report 2022; www.sephora.com; and international press coverage.

Answer ALL questions

1. What is meant by Customer Relationship Management (CRM)? What is Sephora doing to acquire new customers and retain and grow existing client relationships? Support your answer with examples from the case study. (10)

2. Sephora has carried out extensive research to better understand consumer behaviour.

   (a) Briefly explain **THREE** characteristics which affect consumer behaviour and influence purchase decisions. (6)

   (b) Mention and explain **THREE** types of consumer buying behaviour. Given Sephora's extensive knowledge of the behaviour of its consumers, mention **THREE** initiatives the company has undertaken to facilitate a purchase. (12)

3. Describe the **FIVE** elements of the Communication Mix and with examples from the case study explain how Sephora is using these in practice. (15)

4. Given its current marketing strategy, should Sephora focus on retaining existing customers or try to attract new ones? (7)

(Total: 50 marks)

SECTION B
Answer TWO questions from this section. This section carries 50 marks. All questions carry equal marks.

5. You have been appointed the Marketing Manager of a new airline in a very competitive market. Your first task is to ensure you understand the market and have the right offering for your target customers.

   (a) Briefly explain what market segmentation is. (4)

   (b) Describe the main segmentation variables used in consumer markets and explain with examples how you can utilise these in the airline business. (16)

   (c) If you decide to target corporate customers to use your airline, what other means of segmentation would you consider? (5)

(Total 25 marks)

6. Explain **each** element of the 'Services Marketing Mix' and apply it to the opening of a new hair dressing salon **or** barber shop. (25)

(Total 25 marks)

7. (a) Describe **each** phase of the 'Product Life Cycle' (PLC) tool. (10)

   (b) Apply the PLC to a new mobile phone with the latest features that has been launched in the market, and explain the marketing strategy you would use now and whether this will be the same in a year's time. (15)

(Total 25 marks)