

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE EXAMINATIONS BOARD
UNIVERSITY OF MALTA, MSIDA
MATRICULATION EXAMINATION
ADVANCED LEVEL
SEPTEMBER 2014

SUBJECT:	MARKETING
PAPER NUMBER:	I
DATE:	2 nd September 2014
TIME:	9.00 a.m. to 12.00 noon

Answer ANY FIVE (5) questions.

All questions carry equal marks (20 marks each).

1. (a) Distinguish between selling oriented and market oriented firms. (6 marks)
(b) Discuss the role and functions of marketing in a commercial company. (14 marks)
2. (a) What is a decision-making unit in a commercial organisation? (6 marks)
(b) Illustrate with examples the essential steps of the buying decision process involved when a car manufacturer buys engine components from a supplier. (14 marks)
3. (a) Discuss the key steps in the market research process. (8 marks)
(b) What primary research methods are available for a new insurance brand to study the feasibility of a new home insurance product among Maltese private buyers? What are the strengths and weaknesses of each approach? (12 marks)
4. (a) What is 'differentiated product positioning' ? (6 marks)
(b) What marketing segmentation approaches differentiate a brand of cosmetics products for women from its closest competitors? Explain with examples. (14 marks)
5. (a) What are value added pricing and customer value-based pricing? Explain with examples. (10 marks)
(b) What are the internal and external influences that could impact the pricing structure for a new five star holiday resort? Illustrate your answer with examples. (10 marks)
6. (a) "If you fail to plan, you plan to fail" (Benjamin Franklin; 1706-1790) is an adage that justifies the marketing plan. Outline the benefits of a marketing plan for a not-for-profit organisation. (8 marks)
(b) What are the key components of a marketing plan for a not-for-profit organisation? (12 marks)
7. (a) Explain the advantages and disadvantages of being part of a trading block. (10 marks)
(b) What are the main marketing challenges facing small and medium sized enterprises (SMEs) in Malta attempting to enter international markets? (10 marks)
8. (a) Distinguish between consumerism and environmentalism. (6 marks)
(b) What environmental considerations are relevant when designing new packaging for a non-alcoholic, fruit-based beverage? (14 marks)

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SUBJECT:	MARKETING
PAPER NUMBER:	II
DATE:	3 rd September 2014
TIME:	9.00 a.m. to 12.00 noon

Answer ALL questions in Section A and ANY TWO [2] questions from Section B.

Section A

Case Study: A new form of Coca-Cola

You can find Coca-Cola served by the glass, can, bottle and soon... the capsule. With net operating revenues of US\$ 48 billion in 2012, Coca-Cola ranks among the top twenty global firms for innovation (Fast Company, 2013) and as the world's fourth most admired company (Fortune, 2013). Coca-Cola's recent 10% stake in Green Mountain Coffee Roasters (which produce Keurig single-serve coffee brewer) for US\$ 1.25 billion is set to take the world's Most Valuable Brand (Interbrand, 2013) to new quenching heights of marketing performance.

Indeed, Coca-Cola and Green Mountain signed a 10-year deal that will see Coke's beverages including Coca-Cola, Diet Coke, Sprite and Fanta, become available in Green Mountain's forthcoming cold beverage machine, which uses single-serve capsules or pods. The contour bottle drinkers can expect to buy this device in 2015, when Green Mountain plans to launch the device for home users. It will compete with SodaStream, the Israeli company that sells soda flavourings and a device that adds carbon dioxide to water.

Brian Kelley, Green Mountain's CEO (who formerly worked for Coca-Cola) explains that Keurig can do for cold drinks what Nestlé has done for coffee and tea drinking in homes across the world. Kelley believes there is a great opportunity to "premiumise and accelerate" growth in the cold beverage market. Green Mountain's new device will make both fizzy and still drinks, offering potential for serving sports drinks, juices and teas, exploiting Coca-Cola's global distribution system as well as the brand's range of drinks.

Coca-Cola's CEO, Muhtar Kent, explains that the deal will enhance to the company's bottling system, under which a number of independent companies distribute and, in some cases, produce its drinks. Kent sees these bottlers playing a "complementary" role in the Green Mountain agreement, opening further opportunities for Coca-Cola's brands. Green Mountain estimates that the US's 120 million households drink an estimated 14 beverages a day. By contrast, US households owning a Keurig machine (or 13% of all US households owning a coffee maker) use it to make between 1 and 1½ drinks daily.

Green Mountain sees ample potential to become a major player by tapping into the “beverage occasions” in households, exploiting an established retail distribution in a US\$ 98 billion retail soft drinks market.

Market observers like Jonathan Feliciano of Euromonitor International see Coca-Cola’s deal as a start of a market transformation, putting competition like SodaStream in an uncomfortable situation. Nestlé’s pioneering with coffee pods and the introduction of Nespresso™ transformed the sluggish home coffee market, giving consumers a new, convenient access to barista quality coffee at home for an affordable price.

Green Mountain is the US’s largest coffee company in sales revenue terms. The company’s success is attributed to its US market dominance with its Keurig machines and licensed pods, offering Starbucks-branded coffees and Tazo teas in “K-Cups”, along with Folgers, Twinings and Swiss Miss beverages. Green Mountain plans to replicate the hot drink market success by offering a number of brands on its new cold Keurig system through partner agreements.

Coca-Cola’s announcement comes in the wake of its released results for 2012, where the global brand reports global sales volumes rising by 2%, as a 2% rise in North America offset, in part, a 1% decline in European demand. Coca-Cola’s sales also grew in the Pacific region as a result of a 21% rise in Vietnam and 9% growth in China, Eurasia and Africa. Growth in Latin America remained flat, with a decline in sales registered in Mexico (Coca-Cola’s second largest market) and Brazil. Coca-Cola relied on emerging market growth to reduce the decline in soft drink sales in the US, but the US’s recent slowdown proved more challenging than expected.

References

- Bond, S., (2014), ‘Coca-Cola coming in a capsule’. Financial Times, 5 February.
Bond, S., (2013), ‘Coca-Cola profits rise amid higher sales in North America’. Financial Times, 15 October.

Answer ALL questions in Section A

1. What are the stages of the new product development process Coca-Cola would have to go through to develop the new product? (8 marks)
2. What are the marketing mix considerations Coca-Cola and Green Mountain have to make in managing the introduction of the new capsule concept? Explain with examples. (12 marks)
3. With reference to the case study, list the different communications (promotional) mix elements available for Coca-Cola in launching the capsule concept in Malta. (5 marks)
4. Discuss the communications mix elements, showing how Coca-Cola could exploit their advantages to create an effective launch campaign. (15 marks)

Section B

Answer ANY TWO (2) questions. All questions carry equal marks (30 marks each).

1. A leading private hospital operating in Malta is considering expanding its operations to other countries in the European Union. What would be the reasons behind the hospital management's decision to tap overseas markets? (30 marks)

2. (a) What is a multichannel distribution system? (5 marks)
(b) A Japanese manufacturer plans to distribute electric cars in Malta. Describe the different distribution channels this manufacturer can consider. (15 marks)
(c) What are the criteria this car maker needs to adopt in selecting an appropriate channel? Discuss with examples. (10 marks)

3. (a) Explain the differences between customer perceived value and customer satisfaction. (10 marks)
(b) Discuss the importance of building relationships with customers for a local bank. Illustrate your points with relevant examples. (20 marks)

4. Online retailers like Amazon have undertaken successful steps to introduce 'frustration-free' packaging, which is convenient for users to handle and to unpack. Discuss the essential principles of packaging and describe how each principle can be applied to create good product packaging. (30 marks)