

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE EXAMINATIONS BOARD
UNIVERSITY OF MALTA, MSIDA
MATRICULATION EXAMINATION
ADVANCED LEVEL
MAY 2016

SUBJECT:	MARKETING
PAPER NUMBER:	I
DATE:	26 th May 2016
TIME:	4.00 p.m. to 7.05 p.m.

Answer ANY FIVE (5) questions.

Questions carry equal marks (20 marks each).

1. Explain the role of the Marketing Department in a typical company. Identify and discuss the different functions within a marketing department. (20 marks)
2. (a) Define the micro and macro environments. (6 marks)
(b) Discuss the main components of the micro environment. (14 marks)
3. List and explain the research methods that would be relevant for a mobile phone operator to conduct consumer research. (20 marks)
4. (a) Review the methods of segmentation of consumer markets. (15 marks)
(b) What are the factors that need to be considered for effective segmentation? (5 marks)
5. Describe and discuss the differences between the characteristics of a service and a tangible product. Provide examples. (20 marks)
6. (a) Define price elasticity of demand. (4 marks)
(b) Discuss the internal and external influences that could affect the pricing structure of a company's line of products or services. Illustrate your answer with examples. (16 marks)
7. (a) Identify and explain the stages of the personal selling process. (7 marks)
(b) Outline the relevance of personal selling to businesses, providing suitable examples. (13 marks)
8. (a) Why are marketing plans necessary for both profit and non-profit organisations? (6 marks)
(b) Provide an outline and a brief description of a typical marketing plan, discussing the main contents of a typical plan. (14 marks)

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SUBJECT:	MARKETING
PAPER NUMBER:	II
DATE:	27 th May 2016
TIME:	9.00 a.m. to 12.05 p.m.

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

Section A

Case Study: Low-cost airlines in Europe

Europe's two largest low-cost carriers, Ryanair and Easyjet, were having an *annus horribilis* in 2012. Ryanair issued the first two profit warnings for the first time in ten years, while executives at Easyjet challenged the airline's founder and key shareholder, Stelios Haji-Ioannou for a strategic re-orientation.

Accounting for 47% of the low-cost market in Europe, both airlines are expected to publish contrastingly healthier results for the last quarter of 2015. This success is likely to be the result of both airlines offering flights that attract businesspeople from the big untapped market for short-haul business travel that is still dominated by the more expensive full-service (and often national) airlines. Ryanair's and Easyjet's strategies are indeed a stark shift from a previous devout focus on the price-conscious holiday maker who could tolerate uncomfortable but cheap flying.

Since 2012, both airlines redefined their offering in different ways. Easyjet reintroduced allocated seating in November of that year along with other optional services like airport-lounge access, targeting the particular businesspeople who care not to turn up to their meetings in a mess after their flights. True to his rasping character, Michael O'Leary promised improved services from his Ryanair in September 2014 in his own style. Indeed, Ryanair introduced "Business Plus" services in 2014, offering bundles comprising flexible ticketing and a hold-baggage allowance to entice corporate customers.

Moreover, both airlines seem to be adding more lace to their no-frills offerings. JLS Consulting's John Strickland observes how the two carriers are transforming their schedules to attract the time strapped business traveller by moving flights to airports that are closer to the cities they service, with Brussels and Paris as examples. This renovation comes at the expense of less popular destinations that are disappearing from the airlines' lists to increase capacity on the more popular business routes.

However, doubts abound about the real impact of these strategies on the airlines' bottom line. Macquarie's Douglas McNeill observes that Easyjet struggled to realize business-traveller segment penetration as the segment retains a stable proportion of the airline's business. Rather, it is falling oil prices that explain the airline's rising margins. The same holds for Ryanair, where thanks to its hedging of fuel prices during 2015, the airline's margins soared as oil prices continue to plummet in 2016.

Will this silver streak endure? The European market is a cut-throat arena for all low-cost and full-service rivals, suggesting that excess profits are likely to wither in the shorter term. Further acceleration of this change of fate is likely to manifest as both Ryanair and Easyjet continue expanding their capacity by 10% annually, concurrent to a forecast decline of revenues per passenger by 9% in 2016 for Ryanair. Capacity expansion by other low-cost carriers like Norway's Air Shuttle, Hungary's Wizz Air and Spain's Vueling is another contention that presses fares further downwards.

And the prospects? Ryanair still flies at the lowest unit costs in the industry. This cost position is the airline's trump card and puts the airline in the first place in a race for market share and volume. But with rivals chasing O'Leary's heels, Ryanair's shareholders should capitalize the short-lived windfall as a result of falling oil prices, before customers claim it back.

Adapted from: The Economist, January 2016.

Answer ALL questions in Section A

1. How have Europe's leading low-cost airlines applied the marketing concept to attract customers and to gain market share? (10 marks)
2. What was the impact of the macro environment on the airlines' product offering and their pricing structures? (5 marks)
3. Discuss how the low-cost airlines could use the marketing mix to improve their overall performance. (25 marks)

Section B

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

1. Distinguish and describe the various types of channels of distribution. Determine which channels of distribution would be appropriate for an organisation of your choice that supplies products or services to the local market. (30 marks)
2. Review the essentials of packaging. In your discussion, show by way of practical examples, how packaging is used as an effective marketing tool by companies. (30 marks)
3. (a) Explain the main reasons for a local firm to enter into an international export market. (10 marks)
(b) Describe the advantages and disadvantages of being part of a main trading block. (20 marks)
4. What is the communications mix? As a marketing manager of a new local supermarket, how would you apply the communications mix to increase public awareness of the store? (30 marks)