L-Università ta' Malta

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE EXAMINATIONS BOARD

ADVANCED MATRICULATION LEVEL
2020 SECOND SESSION

SUBJECT:	**Marketing**
PAPER NUMBER:	I
DATE:	14th December 2020
TIME:	4:00 p.m. to 7:05 p.m.

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

1. Define customer lifetime value. (4)
2. Explain what is the microenvironment of a company. (5)
3. Mention and briefly describe the **THREE** major types of business buying situations. (6)
4. What is a brand? (5)
5. List the **FOUR** characteristics of a service. (4)
6. What is captive product pricing? Provide **ONE** example. (5)
7. Distinguish between advertising and public relations. (6)
8. Explain what consumer-to-consumer (C2C) online marketing is. (4)
9. Define consumerism. (5)
10. List and briefly describe any **TWO** types of wholesalers. (6)

(Total: 50 marks)

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

11. "Consumer purchases are influenced strongly by cultural, social, personal, and psychological characteristics" (Kotler & Armstrong, 2012). Discuss how these characteristics might influence your buying behaviour when purchasing **TWO** different items such as clothing and a smartphone. (25)

12. A local company is thinking of developing a new social gaming app aimed at teenagers. Before developing the app, the company wants to carry out market research to increase its chances of success. Discuss how the company can make use of the marketing research process to proceed with its research. (25)

13. (a) Distinguish between direct and indirect marketing channels. (8)
    (b) Discuss, with the help of **THREE** examples, which type of company might find it beneficial to use both direct and indirect distribution channels. (17)

(Total: 50 marks)

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ADVANCED MATRICULATION LEVEL
2020 SECOND SESSION

SUBJECT:	**Marketing**
PAPER NUMBER:	II
DATE:	15th December 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: <u>Walt Disney and the challenge of new media.</u>

On July 19th, 2018, Comcast Inc. withdrew from the battle to acquire Rupert Murdoch's 21st Century Fox, leaving the field clear for the Walt Disney Company. For Disney's CEO, Bob Iger, the acquisition would reinforce Disney's position as America's leading entertainment provider. For 87-year old, Rupert Murdoch – Fox's controlling shareholder – it signaled his intention to dissolve the multimedia empire that had been his life's work. For both companies it was an acknowledgement of the technological changes that were sweeping the media sector. A major motivation for the deal – according to Disney's CEO, Bob Iger – was to bolster Disney's efforts to adapt to these changes. During 2018-2019, Disney intended to rapidly build its presence in OTT ("over-the-top") video streaming: the direct provision of video content to consumers via Internet connection. Yet Fox's business were more "old media" than "new media"; its main involvement in OTT was its 30% stake in Hulu; its Internet streaming service, Holstar; and Sky's OTT service in Europe (Fox held a 39% controlling stake in Sky). For the most part, therefore, the acquisition would augment Disney's existing business in movie and TV production, cable channels and broadcasting network. (This is another distribution channel threatened by video streaming.) Given the size of the acquisitions, far bigger than any other of Disney's many acquisitions in recent decades – and efforts required to integrate Fox into Disney's vast entertainment empire – industry observers were divided over the wisdom of the deal for Disney. Would the acquisition reinforce Disney's efforts to address the challenges of the new era, or would it hamper its efforts to transition to new modes of entertainment distribution?

Changes within the Media and Entertainment Sector

The market for video entertainment had traditionally been segmented into home and out-of-home viewing; the home segment traditionally comprised television, while the out-of-home was cinema.

In both segments, the Hollywood studios, play a central role. The big-6 Hollywood studios - Disney, Warner Brothers, Universal, 20th Century Fox, Columbia Pictures and Paramount – accounted for an average of 77% of US box office takings since 2000 and they lead the world movie making industry. In addition, they are major producers for television. Ever since the advent of television, the demise of the cinema had been predicted. Yet, despite declining cinema attendance, box office revenues had been stable in America and growing worldwide. However, the economics of movie production had changed: all the industry's profits were generated by a few blockbusters. By 2017, 27% of box office revenues were generated by the top-grossing 1% of movies, double what it had been 20 years later.

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If movie production and distribution were havens for stability, technology had made home entertainment an arena of perpetual turbulence. The once major networks – ABC, CBS, and NBC, had been disrupted by cable TV, satellite TV, video cassette recorders and DVDs and most recently the internet. The potential of Internet distribution of video entertainment also encouraged the entry of digital technology companies into the sector. These include giants such as Apple, Alphabet, Microsoft and Amazon, as well as start-up enterprises. Most prominent had been Netflix – a major distributor of both Disney and Fox movies and TV shows.

Initially it appeared that the internet would lead to the end of 'mass entertainment': the ability to serve niche market segments and specialist tastes would cause broadcasting to be replaced by 'narrowcasting'. However, the 'blockbuster effect' – the propensity for audiences to converge around the same product - appears to dominate the specialist preferences. For example, Spotify and YouTube each offer many millions of products, yet user interest concentrates on a tiny fraction. Netflix has about 6000 movies and TV series available to US subscribers, but viewing has concentrated around a few widely popular series: *House of cards; The Crown, Orange is the New Black.* Netflix, is the global leader in OTT. Yet this field is also becoming increasingly crowded. In the U.S. and in some European countries, Amazon's Prime service is second in terms of subscriptions, followed by Hulu, HBO GO, HBO Now and Sony's PlayStation Vue. In addition, there are a number of no subscription services including Alphabet's YouTube and Google Play, mainly targeting mobile devices.

Source: Adapted from the Case Study: 'Walt Disney, 21st Century Fox, and the Challenge of new Media', in 'Contemporary Strategy Analysis' Robert M. Grant, Tenth Edition. 2018.

Answer ALL questions

1. Indicate, from the case study provided, **THREE** factors in the business environment, which are influencing Disney's competitive position in the market for video entertainment. (6)

2. Discuss, from the case study provided, how the factors indicated in Q1. above are changing the business environment for Disney. (20)

3. The case study text distinguishes between the 'old media', such as the traditional 'out-of-home' cinema and the 'new media' products, such as OTT – the ('over-the-top') video streaming. By making use of the Marketing Mix tool and case study material provided, indicate **TWO** Marketing Mix elements which have changed the video entertainment product being offered to consumers and explain why. (16)

4. The case study notes the 'blockbuster effect' in both cinema attendance ('old media') and internet ('new media'). Discuss this similarity which exists in 'old media' and 'new media'. (8)

(Total: 50 marks)

SECTION B

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

5. a) Briefly outline the main components of the Marketing Communications Mix. (10)
   b) Apply the components of the Marketing Communications Mix with the aim of launching a new diner, serving freshly prepared pasta dishes, speciality burgers, pizzas, salads, sandwiches etc. Imagine that this new diner is located near a university campus and also caters for patrons with special dietary requirements, such as food allergies and food intolerances. (15)

6. Discuss the stages a company would typically go through when developing a new product. (25)

7. By applying the Levels of Product Tool, compare the product offered by traditional hotel chains and the newer forms of accommodation offered by means of home sharing. (25)

(Total: 50 marks)