

UGANDA MARTYRS UNIVERSITY, NKOZI CAMPUS

**FACULTY OF BUSINESS ADMINISTRATION AND
MANAGEMENT**

DEPARTMENT OF MANAGEMENT SCIENCES

BAM 2, BSC ACC& FIN 2, MF 2 SEMESTER TWO 2017/18

COURSE UNIT: PRINCIPLES OF MARKETING

DATE: Wednesday, 2nd May 2018

Time allowed: 2:00pm- 5:00pm

Instructions to Candidates:

Read the following before answering the examination questions.

- 1) Do not write anything on this question paper.
- 2) Start every question on a new page
- 3) Clearly state the question number & sections attempted
- 4) All questions in section **A** are **compulsory** and relate to the case study
- 5) Attempt any three **(3)** questions in section B
- 6) Use of relevant examples will earn you a credit

SECTION A: COMPULSORY

The wild outdoors bicycle company

The first mountain or off-road bikes were made in California in the late 1970s. Throughout the 1980s and 1990s the market grew rapidly. Although initially slow to recognize the growing market opportunities, Wombat, a manufacturer of road bikes aimed at adults and children and racing bikes aimed at the enthusiastic amateur, entered the market in 1987 with a small range of medium quality, medium priced mountain bikes which it sold throughout Europe. In common with most other bicycle companies, the majority of their manufacturing was carried out in China and Taiwan.

At the beginning of the 1990's the company restructured and concentrated its mountain bike operations in a new division which it called The wild Outdoors Company (referred to hereafter as WOBC), the division now accounts for 75% of the company's overall sales.

By the middle of 1997, the company was firmly established as a middle ranking player in the mountain bike market with annual sales of \$ 126 million.

In October 1997, the business planning team met to update the company's annual plan and develop the 3-5 year strategic business plan for Europe. The meeting began with the Business Director giving an overview of the market and WOBC's performance. Among the points made were:

- The market is becoming increasingly competitive and showing all signs of polarization, with customers and retailers at the bottom end becoming more and more price sensitive, while at the top end they are looking for more sophisticated and innovative products.
- One of the most important critical success factors is access to a broad distribution network. Increasingly, the big three manufacturers are trying to tie up distribution with a series of special offers and incentives.
- The bigger retailers are looking for more promotional and merchandising support and over the next year or so will probably begin rationalizing the ranges they offer. Because of this, some of the smaller and less specialized players will find it increasingly difficult to get wide distribution.
- Margins throughout the industry have been dropping over the past two years.

Turning to WOBC's performance, he highlighted the company's slightly higher than average sales and profit growth from 1993-1996.

Leaning forward and looking intensely at his colleagues, he paused for dramatic effect before saying, "it's obvious that the market out there is changing. Everything points to a shake-out over the next 2-3 years. To make sure that we survive, we need to be much more aggressive than we have been in the past. One of the problems that we face though is that we haven't done enough brand building and don't have a sufficiently strong brand strategy. It's obvious that there's a lot of potential out there. We can see that some of the competition is vulnerable. They are vulnerable because they have made a lot of money in the past and

now they are fat, lazy and complacent. With margins dropping, they simply don't know how to respond. So let's get out there and start winning some market share. Let's stop talking about being a challenger, let's go and do it.

As the other around the table nodded, the Business Director turned to the newly appointed Business Analyst. "As a first step, let's get some ideas on how to go about this. I suggest that we meet in a week or so and look at the situation again. So I'd like you to prepare the papers on how we might go about challenging some of the others in the market and how we can go about developing a strong international business strategy.

Required

QUESTION ONE

(a) Using the knowledge of principles of marketing you have learnt, state and explain in detail the promotion mix elements you should apply to improve sale performance and market share over 2-3 years of Wild Outdoors Bicycle Company in global market. **(20 marks)**

(b) Identify and explain the most critical success factors that the company should concentrate on in order to achieve market growth in the global market. **(20 marks)**

SECTION B

QUESTION TWO

(a) Assume you have been appointed sales and marketing Director of a firm with a new product which despite its good quality, is disliked by most of the target and actual customers. With a relevant example of your choice, identify and explain the market segmentation base you will employ to sell effectively this new product. **(15 marks)**

(b) Identify and explain the advantages associated with market segmentation. **(5marks)**

QUESTION THREE

- (a) What are the psychological factors that influence the buying behavior of an individual? **(10marks)**
- (b) In the purchase decision of any product, there are always different types of buying decision behavior. As a marketing consultant, write a paper informing the company management on different types of behavior in decision making of a buyer. **(10 marks)**

QUESTION FOUR

- (a) Distinguish between marketing research and market research **(5 marks)**
- (b) Every organization involved in the sale of goods and services, however small, ought to undertake some kind of marketing research. With relevant examples, state and explain the step involved in conducting of marketing research in an organization of your choice. **(15 marks)**

QUESTION FIVE

- (a) State and explain the importance of marketing environment to an organization **(8 marks)**
- b) With relevant examples, identify and explain macroeconomic environmental factors a marketing organization should understand in order to make better marketing decisions that will led to market growth of an organization. **(12 marks)**

QUESTION SIX

- (a) You a Marketing Manager for a small motorcycle manufacturing company. Your Regional Marketing manager has asked your advice regarding marketing mix strategies on that will help a company grow in local and international market. Identify and explain the appropriate marketing mix strategies that you would recommend to achieve the company objectives. **(15 marks)**
- (b) With examples, state and explain how human needs are identified. **(5marks)**