



FUNDAMENTALS OF MARKETIN

OCTOBER 2021

MOCK EXAMS

Time: 5:30PM – 8:30PM

Date: 4th OCTOBER 2021

Three hours duration

The Mock will be 3 hours in duration

The mock has **TWO** Parts.

Task 1 is worth 50% of the total marks available

Task 2 is worth 50% of the total marks available

You are required to give your answers in the CIMG answer book provided. Do not repeat the task in your answer, but show clearly the number of the task attempted on the appropriate pages of the answer book. Please start each task on a new page.

Rough work and notes **must** be written in the answer book or on supplementary sheets and **must** be clearly identified.





PART A - CASE STUDY: KOKOMPE CARS GO IN FOR A SERVICE

To many people, cars come close to the goods-dominant extreme of a goods–services continuum. They are produced in factories from the combination of thousands of components, and to most people the physical properties of a car can readily be assessed. But recent experience from the car sector suggests that car manufacturers may be rather more enthusiastic to describe themselves as service-oriented companies.

The days are long gone when a car manufacturer would sell a car on the strength of its design features, and then forget about the customer until the time came to replace the car three years later. Car manufacturers have realized that car buyers seek more than the tangible offering—important though that is. Over time, they have moved increasingly into services to gain a larger share of car buyers' wallets.

In Ghana, Kokompe has led the way in many aspects of this increasing service orientation. It saw an opportunity in the 2000s with the liberalization of consumer credit regulations to offer car buyers loan facilities with which to make their car purchase. Not only did this make it easier for middle-income groups to buy its cars, it also allowed Kokompe to retain the margins which would otherwise have gone to banks who were the main alternative source of car loan finance. Kokompe Motor Credit has become a licensed credit broker and a major profit centre within the company.

The next major attempt to gain a greater share of car buyers' wallets came through offering extended warranties on the cars it sold. Traditionally, new cars had come with just twelve months warranty, but Kokompe realized that many buyers wanted to buy peace of mind that they were not going to face unexpected repair bills after their initial warranty had expired. Increased competition from Japanese importers, and the improving reliability of its new cars encouraged this development.

By the mid-2000s, Kokompe came round to the view that many of its customers were buying mobility services, rather than a car per se. So it came up with schemes where customers paid a small deposit, followed by a fixed amount per month, in return for which they received comprehensive finance and warranty facilities. In addition, it promised that the company would take back the car after three years and replace it with a new one. Marketed under the 'Options' brand name, Kokompe was soon selling nearly half of its new cars to private buyers using this method. Over time the scheme was developed to include facilities for maintaining and insuring the car.

Repairs and maintenance have always been important in the car sector, but manufacturers tended to lose out on much of the benefits of this because of a fragmented dealership network. Separate customer databases for maintenance and new car sales often did not meet and Kokompe found that it had very little direct communication with



the people who had bought its cars. By the 2010s, the dealership network was becoming more closely integrated with Kokompe's operations and new opportunities were seized for keeping new car buyers within the Kokompe dealership system. Recent buyers could be alerted to new services available at local dealers, using a database managed centrally by Kokompe.

Numerous initiatives were launched, such as Kokompe's own mobile phone service. Kokompe sought to make it easy for customers to get back on the road when their own car was taken in for servicing, so the provision of car hire facilities contributed to the service ethos. In 2006 the company linked up with Bondcard to offer a Kokompe branded credit card, so Kokompe found itself providing a service to its customers which was quite removed from the tangible cars that it sold (although points accrued using the card could be used to reduce the price of a new Kokompe car)

By 2020, volume car manufacturers had ceased to make big profits. In 2019, Kokompe, with 18 per cent of the market made just Ghc800 million in profits on its national operations. Falling profit margins on selling new cars were partly offset by profits made on service-based activities. In the same year, the company made GHc1.38 billion continentwide from its credit arm, which arranged finance for about 40 per cent of all new cars that it sold. But adding services is not a guaranteed route to increased profitability. Kokompe's acquisition of the Pamprom tyre fitting chain failed to be a success and it was later sold back to its founder at a price well below what Kokompe had paid for it. Could this have been a warning that Kokompe's core competencies lie in engineering and design, rather than running labour intensive service operations?

Question One

You are employed in the Central Marketing Division of the Kokompe Motor Corporation (KMC) as a Marketing Assistant and have been asked by your Manager to write a report that:

- a. evaluates how the company's core business areas deliver customer value and business success (15 marks)
- b. explains the concept of market segmentation and identifies FIVE ways in which the KMC can segment its markets (20 marks)
- c. describes FIVE roles of relationship marketing in providing value to KMC and its customers. (15 marks)

(Total 50 marks)



PART B – Answer TWO Questions Only

Question Two

Using examples from a B2B (Business-to-Business) market of your choice:

- a. identify FIVE different marketing communications tools that can be used to promote a product or service in this context **(15 marks)**
- b. explain FIVE factors that influence selection among the various marketing communications tools available to a business in this context. **(10 marks)**

(Total 25 marks)

Question Three

Using examples from a consumer services market of your choice:

- a. explain the concept of the extended (7Ps) services marketing mix **(14 marks)**
- b. identify and illustrate FIVE factors that influence the pricing of your products in the markets (10 marks) **1 Mark bonus for appropriate format.**

(Total 25 marks)

Question Four

You work as a Marketing Assistant for a manufacturer of TV and hi-fi products. Using examples from this business:

- a. explain the value of marketing research and information in undertaking this company's marketing audit process (15 marks)
- b. examine how the Boston Consultancy Group (BCG) matrix could be used in this company's marketing audit process. (10 marks)

(Total 25 marks)



Question Five

In the context of a product from the food and drink industry:

- a. explain the concept of a product as a tangible and intangible 'bundle of benefits' that provides value to customers (10 marks)
- b. identify and illustrate how the Product Life Cycle (PLC) concept can be used to influence marketing mix decisions. (15 marks)

(Total 25 marks)

