

**INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS
OF PAKISTAN**

PROFESSIONAL-IV EXAMINATION – SPRING (SUMMER), 2004

Tuesday the 25th May, 2004

MARKETING MANAGEMENT

621

Time Allowed – 3 Hours

Maximum Marks – 100

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- (i) Attempt FIVE questions including Question No. 1 which is compulsory. All questions carry equal marks.*
 - (ii) Answer must be neat, relevant and brief.*
 - (iii) In marking paper, the examiners take into account clarity of exposition, logic of arguments, presentation and language.*
 - (iv) Read the instructions printed on the top cover of answer script CAREFULLY before attempting the paper.*
 - (v) DO NOT write your Name, Reg. No. or Roll No. anywhere inside the answer script.*
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Q. 1 Read the following "Case" carefully and present your analysis as required :

In December 1988, Mr. Bhatti, Manager of NCR Corporation, Karachi, Pakistan, was facing the following situation. In order to gain a greater share of the Personal Computer Market, Mr. Bhatti wondered whether he should use TV advertising, which was highly expensive, but totally ignored by his competitors in Pakistan.

Company Background :

NCR Corporation, head office, Dayton Ohio, USA, was a multinational computer manufacturing company. Products included mainframe, mini computer, ATM and personal computers. The company had more than 1,200 branches in 120 countries of the world. Three branches were in Pakistan: Islamabad, Lahore and Karachi. Personal Computers (PCs) were introduced by the company in 1985. The market for PCs was much wider than that of Mainframe and Mini computers. NCR was the second largest computer selling company in Pakistan. Mr. Bhatti was looking forward to increasing the sales of his company to a level that it might become the biggest computer company in Pakistan. For this purpose he was looking for a more effective advertising medium. The

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advertising budget of NCR Pakistan was approximately US \$ 20,000 in 1986. This might increase to US \$ 100,000 in 1987, if advertising on TV was started. In 1986, the market share of NCR Pakistan was about 30% of the computer market. In 1986, the computer market in Pakistan was approximately US \$ 18 million and was expected to go up to approximately US \$ 30 million in 1987.

Promotional Programme :

NCR Corporation used newspapers, magazines, seminars and exhibitions to promote the PCs. Newspapers were an inexpensive and effective advertising medium in Pakistan. The company was using all the leading English newspapers on a regular basis for advertisements of NCR computers.

Professional journals and magazines were also used for advertisements. A vast majority of people associated with trade, commerce, business, industry and government offices were thought to be reading such publications.

Seminars were also used by the company for advertising the PCs. But this was not a mass medium. The seminars catered for a few selected people. The company could not afford to hold an unlimited number of seminars. As well, seminars occupied two to three days and the businessmen were reluctant to attend.

The company also used exhibitions. Exhibitions arranged in Pakistan were very expensive and limited in number. The use of this medium could not generate the contemplated results in terms of steady growth in sales.

TV Advertising :

Mr. Bhatti felt TV advertising could have some benefits :

- (i) TV was a mass medium.
- (ii) No competitor was using this medium. The manager thought that the PC vendor who advertises first on TV would take the lead.
- (iii) Prospective buyers were so busy that they might not have the time to watch TV.

Mr. Bhatti wondered whether TV advertising should be used for gaining a bigger share of the personal computer market.

Required :

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|---|----|
| (a) Develop a list of advantages and disadvantages for each promotion medium. | 10 |
| (b) Does Mr. Bhatti's target market watch TV ? | 2 |
| (c) Should one medium be used exclusively over all other promotional media ? Why or why not ? | 2 |
| (d) Develop a promotion strategy for Mr. Bhatti. | 6 |
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		Marks
Q. 2	(a) What is the difference between Efficiency and Effectiveness ? Draw Efficiency versus Effectiveness Matrix and explain the impact of each combination.	8
	(b) How is approach to "Marketing Cost Analysis" similar to that of "Product Costing" ?	5
	(c) What would you be aiming at while developing "Marketing Cost Analysis" for your company ?	7
Q. 3	(a) What are major elements of Planning ?	6
	(b) What are various stages of Planning Process ?	6
	(c) Draw and discuss the planning and implementation matrix. What does each cell of this matrix predicts ?	8
Q. 4	(a) If you prefer to be a market challenger and not a market follower then making this choice, what variety of factors need to be considered in the competitive consequences ?	10
	(b) What kind of attack strategies, by virtue of their cumulative effect, give you a competitive advantage as a market challenger ?	10
Q. 5	(a) What is investment appraisal ? What are various examples of investment projects ? What steps are taken to carry out investment appraisal for any project ?	10
	(b) Show diagrammatically what external factors do impact on marketing organisations and what elements influence these factors ?	10
Q. 6	(a) Briefly explain your understanding of feedforward and feedback approaches in the context of marketing.	10
	(b) Illustrate the application of feedforward and feedback approaches in the context of marketing.	10

Special instructions for Q. 7 A & B :

- * An overwritten reply will carry no mark.
- * Use the format given below to answer this question :

Sr No	Your choice	Rationale (brief reason for your answer)
(i)		
and so on		

Q. 7 (A) State whether the following statements are TRUE or FALSE.

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- (i) Economic growth is affected by how many major new technologies are discovered, but technological discoveries do not seem to arise evenly over time.
- (ii) Core beliefs are easier to change than secondary beliefs because core beliefs are central to people's lives.
- (iii) Companies that are frustrated with attempting to effectively segment markets are increasingly turning to mass marketing.
- (iv) Because niche markets require decentralization of efforts for large companies, and are by definition small markets, they tend to attract few competitors.
- (v) What appear to be brand-loyal purchase patterns may often be attributed to other factors.
- (vi) Firms that engage in product specialization must also engage in undifferentiated marketing.
- (vii) The order in which consumers position products in their minds is called a product ladder.
- (viii) If buyers have only a vague idea of the brand, don't really see it as special, and consider it to be just another entry in the marketplace, the product is experiencing confused positioning.
- (ix) The basic strategy for managing the growth stage of the PLC is product expansion.
- (x) The product life cycle is most valuable as a forecasting tool.

(B) Select the correct options from the following :

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- (i) Which one of the following is the best definition of trend ?
 - (a) A trend is unpredictable and short-lived.
 - (b) A trend has no social, economic, and political significance whatsoever.
 - (c) Trends are large social, economic, political and technological changes that are slow to form but once in place, influence us for some time.
 - (d) A trend is a set of beliefs and values that shape peoples perception of reality.
 - (e) A trend is a direction or sequence of events that have some momentum and durability.

- (ii) The first microenvironmental force that marketers typically monitor is :
- (a) The international political-legal environment
 - (b) The technological environment
 - (c) The economy
 - (d) Population issues
 - (e) Suppliers, consumers, and employees
- (iii) _____ trends are highly reliable for forecasting consumers' demands for short and intermediate time frames.
- (a) Technological
 - (b) Demographic
 - (c) Natural environment
 - (d) Political-legal
 - (e) Psychographics
- (iv) Which one of the following statements best describes the accelerating pace of technology ?
- (a) The time period between introduction and peak production of a product has decreased significantly.
 - (b) Businesses have recognized that there are unlimited opportunities for innovation.
 - (c) Given the speed with which one can communicate with the rest of the world, it is no longer necessary to spend technology funding on defense.
 - (d) Consortiums are not controlling research and development activities; individual companies are.
 - (e) Government has taken a leadership role in technology innovation through business-supportive federal and provincial regulations.
- (v) The first step in the target marketing process is :
- (a) Mass marketing
 - (b) Market targeting
 - (c) Market segmentation
 - (d) Market concentration
 - (e) Market positioning

THE END