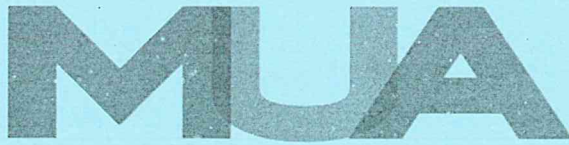


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BML 106 : FUNDAMENTALS OF MARKETING

DATE: 25TH JULY 2017

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION 1

Read the Case Study below carefully and answer the questions that follow:

AEROFLOT - A DOGFIGHT FOR INTERNATIONAL PASSENGERS

In stark contrast to British Airways, Aeroflot-Russian Airlines is new to the skies of international commercial airlines. Aeroflot's 114 planes transported 3.8 million passengers in 1996 compared to British Airlines' 25.35 million passengers. Aeroflot's figures are down considerably from 1991, the year before the dissolution of the Soviet Union, when its 5,400 planes carried 138 million passengers. Since 1991 the airline has had trouble adjusting from a monopoly to a competitive marketplace as the rival private Russian airline, Transaero, built passenger loyalty by stressing good service and on-time flights.

Aeroflot's attempt to become a world class airline has been hampered by a poor safety record, bad food, surly service, dilapidated cabins and frequently cancelled or late flights. At less than 60%, Aeroflot's load factor (the percentage of seats on each flight occupied by paying customers), is the lowest in the international airline industry.

In order to expand its business in this highly competitive industry Aeroflot has copied many of the strategies the leading airlines. In January 1997, the airline announced a marketing alliance with Continental Airlines to allow Continental flights from Newark, NJ to Moscow's Sheremetyeva International Airport. Aeroflot has renovated its training academy to include a curriculum that focuses on image and marketing, and includes the slogan, "the customer is always right." The airline launched Telephone Confidential, a customer complaint line, and in an effort to modernise its fleet ordered 10 Boeing 737s.

Marketing has been a big part of Aeroflot's fight to gain back passengers. The image the airline has selected for itself in its first multimedia advertising campaign attempts to convince sceptical consumers that the airline has solved its safety and service problems. The campaign uses magazine, billboard and TV commercials, and features a flying elephant with a slogan that translates into "light on its feet." The not so subtle message means that if elephants can fly, so can Aeroflot.

Aeroflot's web page (<http://www.aeroflot.org>), exhibits a decidedly western influence. The home page has links to pages that describe its airplane fleet, a graphic presentation and description of Moscow's Sheremetyeva airport, flight schedule, news, information, cargo, routeway, charter, and travel office. Judging from the neat, professional appearance of the Web page, Aeroflot's competitors need to be prepared for a dogfight to keep this airline from cutting into their business.

Of late the marketing effort has started to bear fruits when Aeroflot made its first profit since the collapse of the Soviet Union

Required:

- (a) Discuss the features of the marketing concept as applied by Aeroflot.
(6 marks)
- (b) Aeroflot is in the service industry. Discuss how the 7Ps Model applies to Aeroflot's marketing activities.
(14 marks)
- (c) Aeroflot is currently a strong brand in the aviation industry. Explain the steps they used to build the brand equity.
(5 Marks)

QUESTION 2

- a) Today's business environment is very unstable. Discuss how the current macro-environmental factors shape our marketing activities.
(7 marks)
- b) Explain the various types of organizational buying behaviour
(3 marks)
- c) Compare and contrast organization buying process and individual consumer household buying process
(5 marks)

QUESTION 3

- a) Primary marketing research is essential in situations when the data is collected for the first time. Discuss the several ways to conduct primary research for accompany entering a new market
(9 marks)

- b) Explain the concept of a product and discuss the various categories of a new product (6 marks)

QUESTION 4

- a) Explain Product positioning and discuss the four main factors upon which product positioning relies (5 marks)
- b) When purchasing a car one has to take time to make a decision of which car to buy. Explain the process someone most likely goes through as a consumer. (10 marks)

QUESTION 5

- a) You have been asked to develop a marketing plan for your organization Explain the components of a marketing planning. (10 marks)
- b) Recently a manufacturer discovered that the margin they give to wholesalers is very big and eats into the retailer's margin. The company decided to by-pass the wholesaler and distribute directly to the retailer. Advice the management why they still need the wholesaler in their channel (5 marks)

QUESTION 6

- a) Outline the six step procedure for setting a price (6 marks)
- b) Suppose a manufacturer had the following costs and expected sales: (6 marks)

Variable cost	KSh 20
Fixed costs	KSh 600,000
Expected unit sales	KSh 100,000

If he wants to earn a 20% mark-up on sales, calculate the manufacturer's cost per unit and mark-up price per unit.

- c) Explain three functions of marketing in the organization (3 marks)