

UNIVERSITI SAINS MALAYSIA

Second Semester Final Examination
Academic Session 1995/96

April 1996

AGW515 - MARKETING MANAGEMENT

Time : [3 hours]

INSTRUCTION

Please make sure that this examination paper consists of **FOUR (4)** printed pages before you begin.

There are **SIX (6)** questions here. Questions **ONE (1)** and **TWO (2)** are compulsory and answer any other **TWO (2)** questions.

1. (a) What is marketing concept?
- (b) What is the difference between marketing and selling?
- (c) What is the function of marketing in society and organisation?
- (d) Can marketing be applied in non-business organisations?
- (e) Explain the concept of marketing-mix.

[20 marks]

2. Read the attached Letter to the Editor in Exhibit 1 on page 3. Evaluate the writer's argument that the consumers and farmers will be better off if the middlemen are done away with.

[20 marks]

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3. Select and discuss one environmental factor which in your opinion has greatly influenced the management of marketing-mix in Malaysia.

[20 marks]

4. (a) Explain market segmentations.
- (b) Suggest useful ways to segment the market for the following products:
- (i) household detergents
 - (ii) toothpaste
 - (iii) coffee
 - (iv) automobile tyres

[20 marks]

5. Discuss the changes in the promotion-mix and price-mix at different stages of the product life cycle.

[20 marks]

6. (a) Discuss why some products are purchased after extensive searching, and why others are bought at a moment's notice.
- (b) How do industrial buyers make their buying decisions?

[20 marks]

NST SEPTEMBER 1, 1987
The Editor

FRUITS FARMERS IN VICIOUS CIRCLE

LOCAL fruit farmers are caught in a vicious circle. Due to poor demand for their fruits, many orchards and farms are left unattended, becoming overgrown with weeds, as it is no longer viable to work the fields.

This has nothing to do with quality but is because the poor demand has priced their fruits out of the market.

Imported fruits are much cheaper.

FAMA's *Pasar Tani* project is commendable but it works only for small scale farmers as it caters for a small percentage of consumer only. Medium-sized farms and orchards are thus left out because their production volume is larger.

Therefore, they have to depend on middlemen to dispose of their bountiful harvests.

In order to earn a good profit, the middlemen would have to buy the fruits at a lower price and sell them for more to wholesalers, who would in turn add their own margin of profit to the cost.

Finally, the fruit reaches the consumer at an inflated price. Demand falls and when wholesalers reduce their purchases, the middlemen do the same. The result is that fruit farmers are left with a huge surplus.

In the end, the fruit farmers still lose out. If the middlemen are done away with, the fruits will cost much less and be more affordable to consumers. This will raise the demand for local fruits and spur the farmers to raise their level of productivity or plant more.

Export markets can then be looked into more realistically as by then our local fruits will be more competitive.

This will benefit the Government; foreign fruits import bills will be lower and the Government will benefit more from foreign exchange when the export of local fruits increases. The conclusion is that everybody will benefit, with:

- farmers having an increased demand for their fruits;
- wholesalers seeing increased sales which means more profit.
- consumers being able to buy fruits cheaper; and
- the Government facing lower fruit import bills and increasing foreign exchange from exports.

In other words why do we not expedite the formulation of a directory whereby businessmen who are truly interested in promoting local fruits can get a head start instead of depending on middlemen.

The following is a simplified guide to the situation of local fruit farmers and their profit margin, with the aid of agents or middle-men, using mango fruits as an example.

FARMERS

Cost price \$1.50/kg
Selling price \$2.00/kg
Estimated profit 33 per cent

AGENTS/MIDDLEMEN

Cost price \$2.00/kg
Selling price \$2.80 to \$3.20/kg
Estimated profit 40 to 60 per cent

WHOLESALEERS

Cost price \$2.80 to \$3.20/kg
Selling price \$3.50 to \$4.00/kg
Estimated profit 25 per cent

SUPERMART OUTLETS

Cost price \$3.50 to \$4.00/kg
Selling price \$4.50 to \$5.00/kg
Estimated profit 25 to 40 per cent

This means that the consumer will be buying the fruits at \$4.50 to \$5.50 a kilogramme. But if the middlemen is done away with, the fruit farmers and consumers will benefit as follows:

FARMERS

Cost price \$1.50/kg
Selling price \$2.00/kg
Estimated profit 33 per cent

WHOLESALEERS

Cost price \$2.00/kg
Selling price \$2.50 to \$3.50/kg
Estimated profit 25 to 75 per cent (depending on the fruits)

VENDORS

Cost price \$2.50 to \$3.50/kg
Selling price \$3.00 to \$4.50/kg
Estimated profit 15 to 20 per cent

CONSUMERS

Buying price \$3.00 to \$4.50/kg

This will mean that the consumers can save up from \$1 to \$1.50 per kilogramme of the fruits.

It will definitely increase the demand for all our local fruits simply because the lower prices will make them attractive to the consumer.

REX A.S. TAN