

**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**P.O. Box 972-60200 – Meru-Kenya**

**Tel: 020-2069349, 061-2309217. 064-30320 Cell phone: +254 712524293, +254 789151411**

**Fax: 064-30321**

**Website:** [**www.must.ac.ke**](http://www.must.ac.ke) **Email:** [**info@must.ac.ke**](mailto:info@must.ac.ke)

**University Examinations 2015/2016**

FIRST YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF

MASTER OF

BUSINESS ADMINISTRATION

**BFA 5127: MARKETING MANAGEMENT**

**DATE: AUGUST 2015 TIME: 3 HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***three***questions.

**QUESTION ONE (25 MARKS)**

**Study the case and answer the questions that follow:**

**FAIDA COMMERCIAL BANK LTD**

Faida Commercial bank (FCB) Ltd. was established 75 years ago, as a result of a merger between two strong banks, First Farmers bank and the International bank. First Farmer Bank had an extensive local retail network while the International Bank Ltd. had a worldwide network. The synergy form the merger assured Faida Commercial Bank of a big market shares in both local and foreign trade. The bank’s market share grew continuously which had a positive impact on profit. More resources where spent on opening new retail outlets.

In a past board meeting, Mr. Maendleo expressed the view that the bank should have a strategic marketing plan for sustainable business growth and expansion in the increasingly competitive environment. In response to this, Mr. Maendeleo expressed the view that the bank should have a strategic marketing plan for sustainable business growth and expansion in the increasingly competitive environment. In response to this, Mr. Mwendapole retorted, ‘why spend money on strategic plan when we are making huge profit every year? We are also able to exploit any business opportunities that arise”. There was mixed reaction from the floor about the views expressed by the two directors.

Due to its past good performance, Faida Commercial Bank Ltd. Developed new products and services delivery programmes without market research as it thought it knew what was best for its customers. At one point, Faida commercial Bank Ltd. had State-of-the-Art information systems, which worked so well for so many years that the need to change or update it was felt to be unnecessary.

While Faida commercial Bank Ltd. was engrossed with success and the feeling that it was beyond reproach, the financial industry was transforming at a fast pace. The main retail bank adopted an aggressive campaigns to acquire modern information at a fast pace. The main retail bank adopted an aggressive campaign to acquire modern information technology system, and offer new and competitive products focused on clear market segments.

The international banks were busy attracting Faida Commercial Bank Ltd’s corporate customers in large number due to their services and ability to negotiate attractive terms. Faida found itself being attacked in all core market segments, without ability to stop erosion of its market shares and profitability.

The shareholders have been adversely affected by the huge losses reported by the bank in the last two years. They have not received any dividend during this period. The Chief Executive, Mr. Wise Brows in the Annual General meeting was quoted saying, “The mist has cleared from our eyes, I assure shareholders and all stake holders that the fortunes of Faida will change in the next one or two years through an extensive rationalization programme.”

Questions

1. Which business orientation/philosophy does Faida Commercial Bank pursue? Discuss other four marketing orientations showing their limitations (15 marks)
2. Comment on Mr. Mwendapole statements on the strategic marketing plans and why such plans are important. (10 marks)

**QUESTION TWO (25 MARKS)**

1. Discuss the unique characteristics of services and show how markets handle the challenges associated with these characteristics (15 marks)
2. Assess the importance of research in marketing management (10 marks)

**QUESTION THREE (25 MARKS)**

1. Most producers do not sell their goods directly to the final consumers. Between the producers and the final users stand one or more marketing channel members. Explain the need for the channel members and factors that a marketer would consider in their selection. (20 marks)
2. Distinguish between habitual buying behavior and dissonance reducing buying behavior.

(5 marks)

**QUESTION FOUR (25 MARKS)**

1. Discuss why target marketing is so important to the contemporary marketer, and what are the criteria for effective segmentation? (13 marks)
2. Using examples, discuss the different types of conflict which can occur in channels of distribution and how these might be minimized by managers. (12 marks)

**QUESTION FIVE (25 MARKS)**

1. Organizations that sell to consumer and business markets recognize that they cannot appeal to all buyers on those markets or at least not to all buyers in the same way. Buyer are too numerous, too widely scattered, and too varied in their needs and buying practices. Briefly discuss the basis to be followed by marketing managers in segmenting the markets. (10 marks)
2. Using your understanding of the product Life Cycle, show how pricing promotion strategies change as the product moves along the various PLC stages. (8 marks)
3. Discuss the present day importance of marketing research and what is the contribution of marketing research in marketing decision? (7 marks)

**QUESTION SIX (25 MARKS)**

1. Advise company XYZ the importance of adopting a customer oriented culture and the challenge it is bound to encounter in this endeavor (12 marks)
2. Marketing operates within a dynamic global environment, requiring marketing managers to think freshly about their marketing objectives and practices. From your point of view, explain the marketing challenges at the twenty first century. (13 marks)