

**CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD**

**General Certificate of Education Examination**

JUNE 2014

ADVANCED LEVEL

Subject Title	MARKETING
Paper N <sup>o</sup> .	PAPER 2
Subject Code No	7125

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**Three hours**

Answer any **THREE** questions

All questions carry equal marks

Show all the preliminary steps in your calculations.

*You are reminded of the necessity for good English and orderly presentation in your answers.*

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1. The choice of becoming the marketing manager of NUTRI-C milk Company SA can be linked to a hierarchy of human motivation.
- Required:**
- With the aid of a diagram, situate Abraham Maslow hierarchy of human needs in this given situation. (17 marks)
  - Consumer's buying choice of NUTRI-C milk are influenced by four major psychological factors. State and explain them. (10 marks)
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2. ABC Company based in Tiko - Cameroon, manufactures and sells a variety of consumer products with raw materials imported from Japan. The raw materials are delivered Free-On-Board. The finish products are sold all over the national territory.

**Required:**

- List and explain the various means of transportation suitable for the above transactions. (6 marks)
  - Explain the term "Free-On-Board". (2 marks)
  - Outline four barriers to International Trade. (6 marks)
  - As a marketing student, give reasons why a company might buy abroad rather than in the home market. (7 marks)
- (c) With the aid of a diagram, show the appropriate channels of distribution of the raw materials and the finish products. (6 marks)

3. BIH Ltd is a distributor of CD players, selling mainly to specialist retailers of TV's video recorders and sound entertainment system.
- The following document was submitted by the sales manager to his sales team at their annual review meeting held at the Mount Cameroon Hotel Buea.

Table 1: Document on Budgeted and Actual Values.

Element	2007		2008		2009	
	Year 1		Year 2		Year 3	
	A	B	A	B	A	B
Sales revenue/ unit	180	185	190	185	200	190
Sales promotion cost/ unit	9	9	10	9.5	10	10
Distribution cost/ unit	10	10	11	12	12	12
Quantity	100	110	105	100	90	120

A - Actual

B - Budget

Before the meeting, the sales manager for West region had checked the population trends using marketing research and noted with interest that Bamenda, Buea, Douala and Yaounde, had all experienced an increase in population between 2004 and 2007. He assumed that trend had continued and he also consulted the marketing review for 2008, which showed that the percentage of adults owning CD's had increased by 10%

**Required:**

- Calculate the variance for 2008 and 2009 for sales revenue, sales promotion, and distribution costs. (6 marks)
- Suggest reasons why the variance for revenue and cost are as different. (3 marks)
- What may be the problem for the sales manager and his team considering that the results for West area were "very poor"? (3 marks)
- What should the sales manager do to encourage his team? (3 marks)
- Explain the goals and task of promotion. (6 marks)
- Using a diagram, show the relationship between diffusion process and product life cycle? (4 marks)

4. Clerete Company (2C) is in the process of setting a selling price for one of its standard products X, which has just undergone some light modifications in design. The following cost data was accumulated on the redesigned product.

Element	Cost per unit	Total
Direct materials	6,000	
Direct labour	4,000	
Variable overhead	70,000	70,000,000
Fixed selling and administrative expenses		10,000,000

NB: Markup to cover selling and administrative expenses and desired profit, 50% of manufacturing.

The competitive situation is such that the selling price determined above would result in far less than 50,000 units being sold each year. On the other hand at a lesser selling price, demand might be so great that the company would be swamped with orders.

After some years, the company suddenly discovered that the margins they had been obtaining for many years was no longer obtainable because of the large chain supermarkets that has reduce its market share.

**Required:**

- 4.1 (a) Define cost plus pricing method. (3 marks)  
 (b) What should the company do to make the cost plus pricing workable? (3 marks)  
 (c) Compute the selling price using the cost plus pricing method. (6 marks)
- 4.2 (a) What are the features of a good product name? (4 marks)  
 (b) Explain three ways of product modification. (3 marks)  
 (c) List the main cost factors that affect pricing. (5 marks)  
 (d) Advise the Manager of Clerete Company on what to do when the competitive position of the firm is strong and when it is threatened. (3 marks)