



**STRATHMORE INSTITUTE  
DIPLOMA IN BUSINESS MANAGEMENT  
DIPLOMA IN ENTREPRENEURSHIP  
END OF SEMESTER EXAMINATION- EXAM  
DBM 1205/DE1301: PRINCIPLES OF MARKETING**

**DATE:** 25<sup>th</sup> August 2022

**Time:** 2 Hours

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**Instructions**

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.
3. Do not write on the question paper.

**QUESTION 1**

Kenya Power will start selling high-speed internet to businesses in the race to diversify its revenues and capitalize on growing data usage in the country. This is a step-up by the electricity distributor, which has been leasing fiber-optic cables attached to its transmission lines to internet service providers. The company will in coming weeks announce a package that will allow its corporate customers to buy internet and electricity as a bundle after running pilot tests with larger power users. This will see it take the battle for internet customers to Safaricom, Wananchi Group (Zuku) and Jamii Telecoms that control 85.1 percent of Kenya fixed data market. Kenya Power reckons it would offer affordable packages to gain market share, signaling a pricing war in a telecoms market where operators are looking at data as the new frontier for growth.

In the next three to 10 years, the Kenya Power will seek to sell internet directly to homes, with its target being rural homes. The two plans look set to rattle Internet Service Providers (ISPs) that have been riding on the Kenya Power network to sell data, giving the electricity distributor a head-start in the race for rural Kenya because it would ride on its transmission network to link fiber networks to homes. ISPs have been relying on Kenya Power's expansive power transmission network to access the nearly eight million electricity customers and substantially reduce the cost of expensive infrastructure support involving the digging of trenches to lay terrestrial cables.

Initially, Kenya Power conceived the fiber optic cables as a tool to improve its monitoring of the grid. However, internet providers got some comfort from its fibre optic network since vandals may not be able to access it as it lies on top of live electricity cables. The vast network of fibre cables attached to its transmission lines will offer Kenya Power the least cost entry into the fixed internet market compared to firms like Safaricom.

Kenya Power has 8.59 million customers, including 404, 800 small businesses and big industrial customers. The CA says that the fixed internet market is largely untapped, offering telecoms firms and Kenya Power an opportunity to grow revenues. Demand for fixed internet has surged in the wake of coronavirus as people work from home and schools adopt e learning.

“Looking at the business landscape, the opportunities are immense and available for everyone,” says Kenya Power. It expects revenue from selling data to its corporate customers will diversify income and help it tackle challenges facing the electricity division. As the sole electricity distribution in the country, Kenya Power faces a host of problems, including vandalism, outages associated with ageing infrastructure and rising operation costs amid pressure from the State to cut consumer tariffs.

## QUESTION 1

- Citing examples from the case, describe two pricing strategies Kenya power is planning to use for its new product ( 6 marks)
- Citing examples from the case, describe e Two pricing Objectives Kenya power is planning to use for its new product ( 4 marks)
- Using Kenya Power's new internet solution identify the core product,basic product, expected product and augmented product their Internet product ( 6 marks)
- Explain one of Kenya Power's marketing philosophy using specific examples from the article above( 3 marks)
- Citing specific examples from the case , describe the subjective aspects of Kenya Powers's product and why it's important ( 4 marks)
- Identify a micro environment factor facing Kenya Power (2 marks)
- Identify a macro environment factor facing Kenya Power (2 marks)
- Identify and explain Kenya Power's Value proposition? ( 3 marks)

## QUESTION 2.

Tesla Motors has recently introduced the electric car into the market and are also thinking of introducing a self-drive model, no steering wheel or pedals. The adoption of their cars by customers has not been as fast as they had hoped They have approached you to help them understand:

- Three critical issues they should address before launching the new products to help customers accept them faster ( 6 marks)
- The behaviour and pattern they should expect from customers in regards to accepting these new products (6 marks)
- Explain to Tesla why the product is categorised as a shopping good and why understating this is important to them (3 marks)

## QUESTION 3.

- The process consumers use to buy products and services is different for every individual and every category of product. Describe four behaviors and Characteristics exhibited by consumers in their buying process ( 8 marks)
- Fat Cow Milk ltd have approached you to help them understand their products from a marketing and consumer perspective. Using your knowledge from this class, explain the classification of their products in the consumers mind and suggest how they could utilise the marketing mix to make their products successful (7 marks)

## QUESTION 4.

More Power ltd based in Kisumu has launched a new energy drink (MPower) which has been doing very well in their 3 shops in Kisumu. They now want to make MPower available all over kenya. They are of the opinion that they should open MPower Shops all over kenya to reach the 50 million Kenya.

- Advice MPower on how they should go about achieving their new goal of being available in every corner of the country ( 3 marks)
- Explain to MPower four advantages of your recommendation above ( 8 marks)
- Mpower being relatively new to the crowded energy drink Kenyan market would like to gain as much market share as quickly as possible How should they price their products and why? (4 marks)

## QUESTION 5.

A list of Tata Enterprises products include : Tata Steel, Tata Motors, Tata Power, Tata Chemicals, Tata, Tata Communications, Tata Consumer products which includes tea and coffee with various varieties like Tetley, Good earth and Vitax among others. Based on their vast experience Tata Enterprises is thinking about starting a consulting business

- In the example above identify: The product lines, The Products width, product depth – use of diagram is allowed ( 6 marks)
- How can they ensure that their new consulting business is a success ( 5 marks)
- Apart from intangibility, describe two other characteristics of service(4 marks)