



STRATHMORE INSTITUTE
DIPLOMA IN BUSINESS CREATION AND ENTREPRENEURSHIP – AL JAMEA
END OF SEMESTER EXAMINATION
DE 1301: PRINCIPLES OF MARKETING

DATE: 21st October 2022

Time: 2 Hours

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 (30 marks)

When it was launched, in 2000, eHarmony quickly made its mark as a new brand and new category in the online dating landscape: a dating site for the serious relationship seeker, particularly women. By focusing on women as its target segment, eHarmony made wise, profitable choices about its product and user experience to address this group's unique needs.

eHarmony entered an online market dominated by two well-established brands, Match.com and Yahoo, and it seemed to violate all the standard practices and conventional wisdom of the industry at the time. Unlike other dating sites, eHarmony decided not to allow users to search and browse their Web site for potential mates. Instead, it requires participants to complete an exhaustive questionnaire before they can receive any information about prospective suitors.

This process creates a much better user experience for eHarmony's target demographic in a couple ways. First, women do not feel like they judged solely on their looks. They perceive that they are being matched according to a complex array of compatibility criteria—not just superficial markers like age or income. Second, the entire eHarmony process is very time-consuming. It takes at least forty minutes to fill out the initial questionnaire, and users must court their potential mates through a series of essay questions and then write reviews of any contenders. By making the process so time-consuming, eHarmony has the natural effect of weeding out non-serious users and helping women to feel less vulnerable. This makes the product much better for the serious female relationship seeker who do not want to waste time on or take a chance with casual dating.

The result of creating a product suited to women seeking marriage or long-term relationships has had two huge financial benefits for eHarmony. First, they can charge much more and enjoy much better margins than competitors enjoy because the customer perceives more value in being matched with a "soul mate" than in just being helped to "find a date," eHarmony is able to charge more than other dating sites (\$50 per month versus \$20 per month). Second, eHarmony is able to generate revenue from women users much more effectively than other dating sites, (many of which make most of their money on men): almost 60% of eHarmony's paying users are women.

- a. Satisfying customers' needs is at the heart of every marketing endeavour. Using the EHarmony case as an example, show how needs are affected by society and/or culture (3 marks)

- b. Using concepts from this class, Identify two pricing strategies/objectives in the case and explain if you agree or disagree with EHarmony's pricing strategy(6 marks)
- c. Explain one of EHarmony's marketing philosophies using specific examples from the article above(3 marks)
- d. Citing specific examples from the case , describe the subjective aspects of EHarmony's product and why it's important (4 marks)
- e. Identify and a micro environment factor facing EHarmony (3 marks)
- f. Identify and a macro environment factor facing EHarmony (3 marks)
- g. Identify and explain two aspects in EHarmony's Value proposition? (4 marks)
 - Identify and explain Two critical factors that led EHarmony into targeting this specific sector (4 marks)

QUESTION 2 (15 marks)

- a. Using the EHarmony case study in page 1, identify the core product, basic product, expected product and augmented product (6 marks)
- b. Apart from invisibility, list 4 characteristics of a service (4 marks)
- c. How can E-Harmony ensure e that their service business is a success (5 marks)

QUESTION 3 (15 marks)

Kodak ignored the beginning of digital camera by assuming people wanted photographic film, but the quickly lost sales as people embraced digital cameras and even mobile phone to take pictures. Kodak have now decided to gain entry and fight for a share in the digital camera space since their name is still well known and respected in the market. Their experience means they can produce cameras at a very low cost compared to the competition. In the film era, Kodak used to price their camera to be very affordable in the hope that they would recover money from customers purchasing camera films (rolls). They also want to introduce a mobile phone line that they will sell at half price if customers purchase it together with the Camera.

- a. Using the principles learnt in marketing class, explain why Kodak lost their position as market leader once the digital era began (4 marks)
- b. Advice Kodak how they should price their new digital cameras and why (6 marks)
- c. Using concepts from this class, explain if you agree or disagree with their mobile phone pricing strategy (3 marks)
- d. Explain the strategy they were using before (2 marks)

QUESTION 4 (15 marks)

Simba Cement new goal is to be the preferred product provider for every household in the country. They want to make sure builders can buy their products from every Corner in the country even though their factory is located in Mombasa. Even though their cost of production is the same as their competitors, Simba Cement are perceived as a superior brand in the market

- a. Advice Simba Cement on how they should go about achieving their new goal of being available in every corner of the country (3 marks)
- b. Explain to Simba Cement four advantages of your recommendation above (8 marks)
- c. Simba Cement would like to harvest as much profit from the market while there is still excitement about their new products. How should they price their products and why? (4 marks)

QUESTION 5 (15 marks)

Omoka Ltd a betting company became successful very rapidly in the Kenyan marked. Customers, especially the youth, loved it but many of them were increasingly becoming addicted to betting and accumulating massive debts. Even though Omoka Ltd utilised some of their profits in supporting local sports, the government eventually shut the company down after a tax dispute and sustained complains from the public about the effects it was having on the youth.

- a. Omoka ltd were of the opinion that as long as users were using their product voluntarily, everything was well. Using specific concepts from this class, explain why their opinion was misguided (5 marks)
- b. Citing specific principles from this class, explain two reasons why Omoka ltd eventually went out of business (4 marks)
- d. Identify and explain the three pillars (considerations) of the societal marketing concept (6 marks)