



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

**DATE: 10<sup>th</sup> January 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.**

In 2005, a Turkish immigrant in New York, Hamdi Chobani, had a vision of a better yoghurt: the thick, rich yogurt he had enjoyed in Turkey but could not find in the United States. According to Chobani, what was available was not what the rest of the world was eating – he believed he could make a better yoghurt targeting people who did not like the yogurts currently existing in the U.S. Market. Further, the company chose to target both men and women instead of only women, a favourite target segment for the U.S. yogurt industry.

The recipe for Chobani, which is thicker and creamier than regular yogurt, includes five live and active cultures, three probiotics, twice the protein and none of the preservatives and artificial flavours found in conventional yogurt. “We look at our yogurt as pure, healthy, simple, and something that you enjoy tasting. That is very, very important for us.” Chobani turned this competitive advantage into the yogurt’s slogan: “Nothing but good.”

Existing premium yogurt lines were often sold in expensive high scale stores. Chobani hoped to sell his yogurt brand to a wider customer base through mass-distribution channels of grocery store chains. Chobani’s first shipment included five different flavours—blueberry, peach, strawberry, vanilla, and plain.

Chobani worked to develop a two-way dialogue with customers. “We’re on all the major social media platforms. The growth of Chobani really started virally, where one person would try it, tell five friends who each told five friends, and it really became a brand people loved to discover on their own and tell other people about. We had great success at being able to talk to our fans. I think one of the great things about our company is our relationship with consumers”

Chobani priced its product at roughly \$1; existing market prices for Premium yogurt was \$1.34 and 65 cents for regular Yoghurt. Chobani set the price assuming economies of scale—that the company would gain efficiencies as sales increased—instead of trying to recover the early costs. The price factored in the higher cost of premium ingredients, which also supported the product and promotion goals.

Chobani has also committed to supporting local farmers and strengthening economic growth in the communities where it is located, which contributes to its reputation as a healthy brand.

**QUESTION 1.** (use case study on page 1)

- a. Satisfying customers' needs is at the heart of every marketing endeavour. Using the Chobani 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 Chobani's pricing strategy **(6 marks)**
- c. Explain two of Chobani's marketing concept/philosophies using specific examples from the article above **(6 marks)**
- d. Citing specific examples from the case, describe the subjective aspects of Chobani's yoghurt and why it's important **(4 marks)**
- e. Explain why Chobani chose the tag line "Nothing but Good" **(3 marks)**
- f. Explain the distribution method that Chobani choose and its advantages **(8 marks)**

**QUESTION 2.**

- a. Using the Chobani case study in page 1, identify the **core product, basic product, expected product and augmented product (6 marks)**
- b. A sample of **Excel Varieties Company** found the following products in their offering, bananas, pineapples, watermelons and mangoes. Additionally they offer dry beans, rice, dry maize and peas. Based on their expertise in the food industry, they have recently decided to open a chain of restaurants in the city. In the example above **identify: The product lines, The Products width, product depth (6 marks)**
- c. Explain how Companies identify attractive market segments. **(3 marks)**

**QUESTION 3.**

Amazon.com, Inc. AMZN has forayed into the gaming domain with it's nearly \$1 billion acquisition of Twitch, a leading live streaming platform for gamers. Alphabet's GOOGL gaming platform Stadia has also outsmarted rivals by enabling users to stream games online on any device like smartphones, laptops, desktops and tablets or on televisions with the aid of Chrome cast media stick connection, without shelling out extra money for expensive gaming consoles and PCs. With rivals creating such significant inroads in the gaming domain, critics wonder whether Sony's PS5 gamble would be worth it.

- a. Explain to amazon and Google If there are any critical issues they should address before launching the new products to help customers accept them faster **(4 marks)**
- b. Explain to amazon and Google The behaviour and pattern they should expect from customers in regards to accepting these new products **(5 marks)**
- c. Identify and explain the three pillars of the societal marketing concept **(6 marks)**

#### QUESTION 4.

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 ( 5 marks)
- c. Describe three criteria/categories marketers can segment a market (6 marks)

#### QUESTION 5.

- a. Cool Trends Barber Shop has recently been introducing additional services to its list offerings, which originally included just haircuts. They are now offering customers several colours to dye their hair, and even dial-a-barber services. There is even talk that they are going to open a barber school. From the passage above, **identify: The core product, The Basic Product, The Expected product, The augmented product and The Potential Product** ( 6 marks)
- b. Explain to Cool Trends three ways they can make their barber shop a preferred destination for customers(6 marks)
- c. List 3 sources that consumers use to gather information about products ( 3 marks)