



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

DATE: Wednesday, 19th April, 2023

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.

Sony aims to gradually replace PS4 with PS5 in the upcoming holiday season. They're facing high manufacturing costs of PlayStation 5, with scarce components and erratic supply of raw materials compounding its problems to set a balanced retail price. In addition, the impending launch of Xbox Series X by arch rival Microsoft Corporation has forced the company to adopt a waiting game in its price-setting decision to avert being too overpriced. Sony had earlier disclosed the product features of the upcoming model with various market teasers, revealing its several hardware enhancements. These include a faster hard drive that will significantly reduce or eliminate load times, a 4K Blu-ray drive and a more adaptive controller. The company is also reportedly splurging on the cooling system to ensure that heat dissipation from powerful chips inside the console does not cause any issue for gamers. Various insiders familiar with the proceedings have revealed that the scarcity of supply of DRAM and NAND flash memory, due to high demand from 5G smartphone manufacturers, has escalated the production costs of PS5 to around \$450 a unit. Sony plans to set the retail price of the PS5 at \$470. Videogame companies often keep slender profit margins from hardware sales or even undercuts the production costs to make more money through additional sale of lucrative gaming software and online subscription services. Meanwhile, Amazon.com, Inc. AMZN has forayed into the gaming domain with its 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 Chromecast media stick connection, without shelling out extra money for expensive gaming consoles and PCs.

- a. Using the Sony case as an example, explain the concept of want in marketing (3 marks)
- b. Identify two pricing strategies from the case that Sony plans to use (6 marks)
- c. Explain what product classification does the Sony play station fall under (3 marks)
- d. Which consumer behaviour should Sony expect from its consumers in regards to their new product and how they can ensure their product is successful (6 marks)
- e. Explain four issues/categories that Amazon and Google should address before launching their online products to help customers accept them faster (8 marks)
- f. Explain two successful segmentation reasons that convinced Sony, Microsoft, Amazon and Google decided to participate in the gaming industry (4 marks)

QUESTION 2.

- From the Sony Case identify the **core product, basic product, expected product, augmented product and potential product** for the Sony play station (9 marks)
- Identify and explain a macro environment facing Sony (3 marks)
- Identify and explain a micro environment facing Sony (3 marks)

QUESTION 3.

Bidco Ltd new goal is to be the preferred product provider for every household in the country. They want to make sure mothers 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, **Bidco Ltd** are perceived as a superior brand in the market

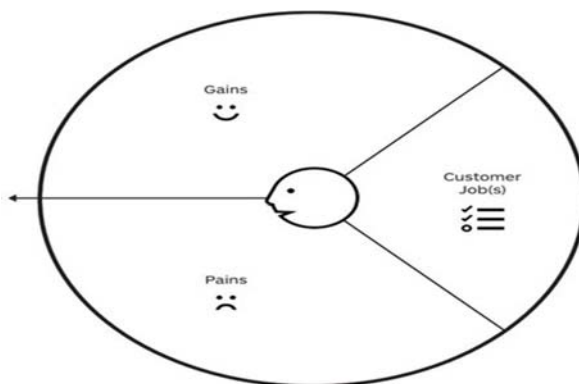
- Advice **Bidco Ltd** on how they should go about achieving their new goal of being available in every corner of the country (3 marks)
- Explain to **Bidco Ltd** four advantages of your recommendation above (8 marks)
- Bidco Ltd** would like to harvest as much profit from the market while there is still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

QUESTION 4.

- A sample of **Strathmore University** found the following courses, Law offered by the Strathmore Law School, MBA offered by Strathmore Business School, and several professional courses like ACCA, CPA and CFA offered by the Strathmore Institute. In the example above **identify: The product lines, The Products width, product depth** (6 marks)
- Milky Way ltd is a new producer of milk have approached you to help them understand their product further. Using your knowledge from this class, explain the classification of their product in the consumer's mind and suggest how they could utilise the marketing mix to make their products successful (9 marks)

QUESTION 5.

- Miss Hustler is starting a House Cleaning business in a very competitive market. Explain to Miss Hustler. three ways she can make her House Cleaning business successful and a preferred provider for customers (6 marks)



- Using Miss. Hustler's House cleaning business discuss 3 customer Job(s)/Tasks (3 marks)
- Using Miss. Hustler's House cleaning business discuss 3 customer Pains (3 marks)
- Using Miss. Hustler's House cleaning business discuss 3 customer Pains Relievers (3 marks)