



GARISSA UNIVERSITY

UNIVERSITY EXAMINATION **2017/2018** ACADEMIC YEAR **ONE**
SECOND SEMESTER EXAMINATION

SCHOOL OF BUSINESS AND ECONOMICS

FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

COURSE CODE: MBA 802

COURSE TITLE: MARKETING MANAGEMENT

EXAMINATION DURATION: 3 HOURS

DATE: 17/04/18

TIME: 09.00-12.00 PM

INSTRUCTION TO CANDIDATES

- The examination has FIVE (5) questions
- Question ONE (1) is COMPULSORY
- Choose any other THREE (3) questions from the remaining FOUR (4) questions
- Use sketch diagrams to illustrate your answer whenever necessary
- Do not carry mobile phones or any other written materials in examination room
- Do not write on this paper

This paper consists of THREE (3) printed pages

please turn over



QUESTION ONE (COMPULSORY)

Case study: Dynamic pricing – smart pricing

DHL used to have one-price-fits-all list prices for shipping packages in the United States and around the world, and when potential customers called for rates DHL scared them off by asking for more than FedEx or UPS. With Web pricing tools, DHL tested the market by offering cold callers different prices to see how low prices could go and still make a profit. In the end, DHL wound up changing hundreds of prices. There were plenty of surprises. Most prices did go down, but the company did not have to match the competition. In fact, by lowering prices a bit, DHL's "ad hoc" business not only stabilized but it also grew. For instance, of people who called to get a quote, 17% actually shipped prior to the pricing overhaul. The new prices have increased the ratio to nearly 25%.

Constant price revision, however, can be tricky where consumer relationships are concerned. Research shows it tends to work best in situations where there is no bond between the buyer and the seller. One way to make it work is to offer customers a unique bundle of products and services to meet their needs precisely, making it harder for them to make price comparisons. This tactic is being used to sell software, which is vulnerable to price wars because the cost of producing more copies is near zero. Application service providers are 'renting' their software and support by the month instead of selling an unlimited-use license.

The tactic most companies favor, however, is to market perfect pricing as a reward for good behavior rather than as a penalty. For instance, shipping company APL, Inc., rewards customers who can better predict how much cargo space they will need with cheaper rates for booking early. Customers are getting savvier about how to avoid buyer's remorse. They are changing their buying behaviour to accommodate the new realities of dynamic pricing – where prices vary frequently by channels, products, customers and time.

QUESTION

- (a) Explain the success of DHL's ad-hoc business from a pricing perspective. **[7 marks]**
- (b) Under what conditions will dynamic pricing be smart and successful? **[8 marks]**



QUESTION TWO

- (a) Firms which systematically analyze and diagnose the environment are more effective than those which do not. Elucidate. **[7 marks]**
- (b) Discuss the various stages of demand **[8 marks]**

QUESTION THREE

- (a) Majority of the firms shy away from the task of new product development. Justify the statement **[6 marks]**
- (b) What do you understand by product line? Discuss attributes associated with product line management. **[9 marks]**

QUESTION FOUR

- (a) To elaborate on pricing methods, three groups of factors which determine prices must be taken into consideration. Discuss the methods. **[6 marks]**
- (b) Discuss the various pricing strategies available to an organization **[9 marks]**

QUESTION FIVE

- (a) Discuss the activities involved in sorting function performed by intermediaries under channel management. **[6 marks]**
- (b) What is marketing control? Discuss the various steps involved in formal marketing control process **[9 marks]**

