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Eastern University, Sri Lanka
Faculty of Commerce & Management
First Year First Semester Examination in
Master of Business Administration – 2018/2019
(August 2019) (Proper/Repeat)
MBA 1043 Marketing Management

Answer all questions

Time: 03 Hours
Pages 01-04

Q1. Read the following case study and answer the questions given below.

Managing external influences: Case study of A FirstGroup plc

Introduction

FirstGroup plc. (known as First) is the UK's largest surface transportation company. It has revenues of over £5 billion a year. It employs over 137,000 staff throughout the UK and North America and moves more than 2.5 billion passengers a year.

- First is the largest UK rail operator carrying almost 275 million passengers every year. This is one quarter of the passenger network. First operates rail passenger services, which include regional, intercity and commuter services such as First Great Western, First TransPennine Express, First Capital Connect, First ScotRail and Hull Trains.
- First is Britain's largest bus operator running more than one in five of all local bus services. A fleet of nearly 9,000 buses carries around three million passengers a day in more than 40 major towns and cities, such as Manchester, Leeds and Glasgow.
- The company also operates First GBf, a rail freight business and the Croydon Tramlink network which carries almost 26 million passengers a year.
- In North America, First is the largest provider of student transportation carrying nearly 4 million students every day.

First is the leader in providing reliable, safe, innovative and sustainable transport services. Although First is a global business, it aims to be local in its approach. This means that local issues are dealt with by people that largely live and work in that location. This ensures a clearer understanding of what needs to happen and a more prompt response.

External influences

Running a business would be simple if the directors and managers only had to think about what went on inside the business. They could concentrate on internal decisions, such as determining routes, timetables and operating buses. However, business planners have also to

understand what goes on outside the business.

Businesses are able to identify external changes that may affect it by carrying out a PESTEL analysis. This is a business tool in which each of the letters in PESTEL describes a type of change that takes place in the external business environment.

Many of these external changes may be outside the control of the company, for example new government legislation. Some changes may present a threat to the business, such as a competitor using new or improved technology.

Social changes may bring opportunities, for example, migrant workers bringing new skills to the employment market. Environmental impacts, such as those caused by carbon dioxide (CO₂) emissions or the management of waste, are of particular concern to businesses like First.

Business strategy

A business must assess what external changes are likely and which it needs to react to or take advantage of. Business planners can then create strategies to help the business respond effectively. We use the term "business strategy" to refer to a plan for a group of related products. First's strategy relates to its transportation plans and takes into account all of the PESTEL factors in its environment.

Conclusion

It is possible to see PESTEL factors as threats. However, First prefers to see them as opportunities. Social trends are creating increasing numbers of older passengers seeking comfortable easy-to access buses. Government pressure is encouraging more and more individuals (particularly on school runs) to use public transport. Many people are seeking 'greener' form of transport. A detailed PESTEL analysis helps First to make appropriate plans to rise to the challenges of a changing environment. First is able to move forward with confidence and grow its business.

Questions:

1. Apply SWOT analysis to the 'FirstGroup plc.'

(Marks 0)

2. Analyze the macro environment of 'FirstGroup plc.'

(Marks 1)

3. If you are the CEO of 'FirstGroup plc', how would you handle this comparison considering the marketing strategies which are suitable to the changing environment?

(Marks 1)

(Total 28 Marks)

Q2.

The banking industry has been rapidly developing the use of Internet banking as an efficient and viable tool to create customer value. It is one of the popular services offered by the traditional banks to provide speedier and reliable services to online users. With the rapid development of computer technology as a commercial tool, Internet banking can be used to attract more customers to perform banking transactions in related banks. Further, customer satisfaction is an important factor to help banks to sustain competitive advantages.

i) **Identify** the Customer Relationship Management Strategies that would be used to reduce the customer switching.

(Marks 04)

ii) **Assess** the following terms with example.

- a. Value Proposition
- b. Customer Life Time Value
- c. Customerization

(02 Marks x 3 = Marks 06)

iii) *Online shopping is easy, quick and literally a click away. But it has its own difficulties.* **Evaluate** the problems of online shopping citing suitable examples.

(Marks 08)

(Total 18 Marks)

Q3. i) *Market research is an effective tool to assist business planning. It is about collecting information that provides an insight into the customers thinking, buying patterns, and location. In addition, market research can also assist to monitor market trends and keep an eye on what the competition is doing.*

Briefly explain the Market Research Process with example.

(Marks 04)

ii) **Elaborate** the similarities and differences between the Product Life Cycle and the BCG matrix (or growth-share matrix).

(Marks 07)

iii) Is consumer behaviour a function of age or generation? **Appraise** this statement.

(Marks 07)

(Total 18 Marks)

Q4. i) *Market intelligence uses multiple sources of information to create a broad picture of the company's existing market, customers, problems, competition, and growth potential for new products and services.*

Demonstrate the steps to improve the Marketing Intelligence.

(Marks 04)

ii) Business to business (B2B) refers to business that is conducted between companies.

Briefly explain the buying situations in B2B markets citing examples.

(Marks 06)

iii) *Mass marketing is a market strategy in which a firm decides to ignore market segment differences and appeal the whole market with one offer or one strategy.*

Mass marketing is still a viable way to build a profitable brand. Argue this statement with suitable example.

(Marks 08)

(Total 18 Marks)

Q5. i) *The company is in charge for distributing the product to channel members. But it is the function of channel members to ensure that the goods are distributed to end customer at the earliest and in optimum condition.*

Describe the functions of the channel members with examples.

(Marks 05)

ii) *The best way to challenge a leader in the market place is to attack its strengths.*

Critically evaluate this statement citing the Porter's Generic Strategies.

(Marks 06)

iii) *The cost of a product or service is relative to what the buyer thinks that cost should be. Based on his or her previous experiences, the customer will judge whether prices are too high, too low, or on target.*

How should a company adapt prices to meet varying circumstances and opportunities?

Explain your answer with example.

(Marks 07)

(Total 18 Marks)