



MUEO

**MOI UNIVERSITY**

**OFFICE OF THE DEPUTY VICE CHANCELLOR, ACADEMIC  
AFFAIRS, RESEARCH & EXTENSION**

**UNIVERSITY EXAMINATIONS  
2013/2014 ACADEMIC YEAR**

***THIRD YEAR END OF SEMESTER I/II EXAMINATIONS***

**FOR THE DEGREE OF  
BACHELOR OF BUSINESS MANAGEMENT**

**EXAM CODE:-       BBM 330**

**COURSE TITLE:-    MARKETING MANAGEMENT**

**DATE:- 30<sup>TH</sup> MAY, 2014**

**TIME:- 9.00A.M. - 12.00NOON.**

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**INSTRUCTION TO CANDIDATES**

➤ **SEE INSIDE.**

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## BBM 330: MARKETING MANAGEMENT

INSTRUCTIONS Answer question ONE and any other THREE Questions

### QUESTION ONE

Read the case and answer the questions that follow. (25 Marks)

#### Case: ELECTRIC MOTORBIKE

Electric motorbike dealers have slashed retail prices by close to a fifth to spur demand following slow uptake of the machines in the Kenyan market. The low-end models of the bikes are now retailing at about Ksh40,000 to Ksh65,000, an 18.75 per cent drop from about Ksh80,000 when they were introduced one year ago.

"It has been a bit difficult to sell the bikes due to a lack of grasp of the technology in the market," said Joyce Ndegwa, a sales representative at Unimax Electricycle Automotive Dealers, which imports the Smit models. "We have brought down our prices and are engaged in advertising".

The price cuts will squeeze importers' profit margins which are also under pressure from the weakening shilling, high borrowing costs and steep inflation rates.

The shilling has lost 28.3 per cent to the dollar since the beginning of the year, slumping to a record low of 104.20 from an average of 81.2 units to the dollar in January. The bikes, marketed as a green energy option, were expected to be a major attraction in Kenya given the increased usage of bodaboda (bike taxis) as a means of transport and the surging fuel prices.

They are popular in India and China, which has in excess of 120 million units on its roads. The number of registered motorcycles rose to 117,266 last year, from 91,151 in 2009 and 51,581 in 2008. Apart from the relatively lower operational and maintenance cost associated with electric bikes, they are also considered to be less labor-intensive and more environment-friendly, as they do not pollute.

Electric bikes run on a battery-powered engine that is plugged to power for about six hours enough to make a 100 kilometers journey. The bikes can do a speed of upto 80 kilometers per hour when fully re-charged. Their classification is pegged on voltage, unlike the fuel powered bikes that graduated on engine capacity. MsNdegwa said there had been a marginal increase in uptake attributable to motorists seeking to cut fuel costs, but the market enthusiasm was still "lower" than anticipated.

Fears about enough local expertise to maintain the bikes have also discouraged would-be buyers. MsNdegwa, however, declined to disclose her sales numbers. Other motorbike dealers argued that "quality bike concerns" were slowing uptake of the electric bikes.

"Though the need is there, the price of a quality bike would be beyond the Kenyan market. We have not heard of the product from other leading brands such as Honda and Suzuki and you have



to question why”, said a marketing manager with one of the leading motorcycle brands who decline to be named discussing her business rivals.

Use of electric bike have been high in India, China, United States and Europe where it is viewed as a way of beating traffic can convenient means of running errands even for the elderly.

Motorcycle accidents have been a concern in Kenya, with most of them blamed on lack of professional training for the riders who conduct *bodaboda* business without licences. Police in the Rift Valley have estimated the number of deaths at between 30 and 40 each month. Uptake of electric cars also been slow in Kenya. Eco Cabs, a Nairobi based taxi company, said last year it was operating exclusively on a fleet of Toyota Prius hybrid cars, which are said to be fuel-efficient as they run on a dual engine system combining fuel and battery power.

“Technical adoption is not easy especially if there is no communication of the idea. They should target buyer of traditional bikes and show them the benefit of having the electric ones with demonstrations,” said Boniface Ngahu, a marketing and research director at Strategic Business Options.

### Question ONE

- a) Why has the electric motorbike dealers slashed the retail price (5 marks)
- b) How is the electric motorbike positioned in the market (5 marks)
- c) What are the strengths and weakness of electric motorbike (5 marks)
- d) Why is the electric motorbike adoption slow in Kenya (5 marks)
- e) Which environmental factors are affecting the electric motorbike business in Kenya (5 marks)

### QUESTION TWO

- (a) Discuss the macro- environmental factors that affect marketing activities (10 marks)
- (b) Explain how companies respond to environmental factors. (5 Marks)

### QUESTION THREE

- a) Describe the product life cycle and its marketing implications. (5 marks)
- b) Discuss how the product life cycle can be extended. (5 marks)
- c) Explain how production diffusion process takes place. (5 marks)

### QUESTION FOUR

You are a sales manager in a fast moving consumer goods company with the responsibility over a range of brands. Your marketing director has asked you to:

- a) Prepare a briefing highlighting different possible ways of promoting the products. (5 marks)
- b) Also prepare a report on the major distribution channel strategies the company can make. (10 marks)

### QUESTION FIVE

- a) In the Situation analysis companies undertake two activities, that is assessment of business of performance and assess of opportunities. Discuss how the Boston Consulting Group portfolio and Ansoff growth opportunities models are utilized in the situation analysis (10 marks).
- b) Explain the necessity for the development of mission statement. (5 marks)

### QUESTION SIX

- (a) Marketing strategies and plans become useful only when they are implemented. Explain the activities that take place in the implementation. (10 Marks)
- b) Outline and discuss the activities that take place in the evaluation and control of marketing plans. (5 Marks)