

COVENANT UNIVERSITY

TUTORIAL KIT

PROGRAMME: MARKETING

ALPHA SEMESTER

400 LEVEL



*Raising A New Generation Of Leaders*

## **DISCLAIMER**

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# COVENANT UNIVERSITY

CANAANLAND, KM 10, IDIROKO ROAD

P.M.B 1023, OTA, OGUN STATE, NIGERIA.

TITLE OF EXAMINATION: B.Sc. EXAMINATION

COLLEGE: CBS

SCHOOL: BUSINESS

DEPARTMENT: BUSINESS MANAGEMENT

SESSION: 2014/2015. (NOV. 2014) SEMESTER: ALPHA

COURSE CODE: MKT 413. CREDIT UNIT: THREE

COURSE TITLE: PRODUCT DEVELOPMENT AND MGT.

INSTRUCTION: Attempt any FOUR (4) Questions. *TIME: THREE HOURS*

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1. (a). As a marketing expert with vast experience in product management, what marketing efforts or programs would you employ at the **various stages of the product life cycle**?

(12½marks)

(b). Explain the corporate rationale for introducing new products. (5 marks)

2. (a). With a good definition of a brand; of what significance is branding of a product in achieving desired sales target? (10½marks)

(b). Enumerate components of brand equity as they stimulate value desire of an average consumer. (7 marks)

3. (a). Explain the terms '**Product Levels**' and '**Product Mix**'. Using a new Covenant University Student as an example, examine the different product levels which a new University Student expects to benefit as he pays for his University Admission. (12½ marks)

(b). Justify the reasons for the use of Packaging as a strategic marketing tool in modern times.

(5marks)

5. Classify innovation adopters, and explain the marketing implications of such classification in marketing practice. (17½ marks)

6. (a). Differentiate between Brand Equity and Brand Loyalty. (4marks)

(b) Explain what you understand by the **8Ms** of brand building and show how optimal usage of these could help an organization achieve its desired Marketing Objectives. (9½ marks)

(b). Articulate the factors that influence brand Loyalty. (4 Marks)

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**Q1.** (a). You have been selected to speak to a group of new marketing executives employed recently by Covenant Microfinance Bank Ltd. on: "Achieving Sales Targets". Make your presentation using the personal selling process. (8marks)

(b). Explain the various categories of sales objections which service marketers are likely to face in the course of their business. Highlight the techniques that could be used to overcome such sales objections. (9½marks)

**Q2.** (a) Examine the term 'sales-force management' and articulate the sequential steps involved in sales force management. (10 marks)

(b). Articulate the roles of an effective salesman in the face modern market dynamics. (7½ marks)

**Q3.** 'The selling environment is a composite of many other environments.' Discuss the above statement with reference to the happenings in the Nigerian selling environment. (17½ marks)

**Q4.**(a). Suppose the annual plan of Akinsam Ventures Nig. Ltd, manufacturers of corrugated iron sheet, calls for selling 860,000 bundles of iron sheet in the first quarter of 1998 at #2,000 per bundle. At quarter's end, only 500,000 bundles were sold at #1,500 per bundle. What is the sales performance variance and how much of this is due to price decline and how much to a volume decline. (8Marks)

(b). Suppose further that Akinsam Ventures sells in three territories and expected sales were 3000,000, 100,000 and 400,000 bundles respectively in Kwara, Niger and Kogi territories, all adding up to 800,000 bundles. The actual sales volume was 175,000, 125,000 and 200,000 bundles. Using micro sales variance analysis, determine the relative contribution of each territory to the underperformance / overachievement in sales. (9½ Marks)

**Q5.** Stereo industries Ltd is embarking on a programme of expansion and must decide between building a large or a small plant to produce Hifi- amplifier which is expected to have a market life of 10years. A large plant will cost #2.8million to build and put into operation while a small plant will cost #1.4million to establish and put into operation. The company's best estimate of a discrete distribution of sales over the 10 years period is as follows:

- a) High demand- probability= 0.4
- b) Moderate demand- probability=0.3
- c) Low demand – probability= 0.3

A volume profit analysis done by the management of Stereo industries Ltd indicates these conditional outcomes under the various combinations of plant size and market size.

- i) A large plant with high demand would yield 2million annually in profits
- ii) A large plant with moderate demand would yield 600,000 annually in profits.
- iii) A large plant with low demand would lose #200,000 annually because of production inefficiencies.
- iv) A small plant with high demand would yield only #250,000 annually in profits.
- v) A small plant with moderate demand would yield #450,000 annually in profits because the cost of lost sales would be somewhat lower.
- vi) A small plant with low demand would yield #550,000 annually because the plant size and market size would be matched fairly optimally.

**You are required:**

- a) Construct a payoff table (5 marks)
- b) To draw the decision tree illustrating the alternatives graphically and show the outcome of each option. (6 marks)
- c) To recommend a strategy for adoption and state your reason. (6½ marks)

**Q6.** A firm has 1,030 accounts classified into three basic types as follows;

Type of Account	Number of customers	Frequency of call	Desired length of each call
Type A	200	Every week	60 minutes
Type B	350	Every 2 weeks	30 minutes
Type C	480	Once a month	20 minutes

Using Build up method, you are expected to answer the following;

- (i) Calculate the workload involved in covering the entire market. (6 marks)
- (ii) Suppose a time study of sales people's effort suggested the following division; selling (60%), Non selling (20%), traveling (20%), calculate the number of sales

people needed.  
marks)

(6

(iii). Account for reasons for evaluating sales-force performance. (5½ marks)

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P.M.B 1023, OTA, OGUN STATE, NIGERIA.

CENTER FOR ENTREPRENEURIAL DEVELOPMENT STUDIES

TITLE OF EXAMINATION: B.Sc. EXAMINATION

SESSION: 2014/2015

SEMESTER: ALPHA

COURSE CODE: MKT415

CREDIT UNIT: 3

COURSE TITLE: Financial Marketing Management

INSTRUCTIONS: Attempt any FIVE (5) Questions.

TIME: 3hours

- 1.(a.) Iriba Yogurt has a cost of ₦60 and a markup percentage of 25% on selling price. What price should be placed on this product. (5marks)
- (b.) Apex Appliances Company Ltd sells 20 units of product Q for ₦100 each and 10 units for ₦80 each. What is the markdown percentage for product Q. (5marks).
- (c.) In 2010, EDIMO PLC commissioned a team of researchers to conduct a consumer survey intended to establish the company's market share. The team came up with the following result:
- |                      |      |
|----------------------|------|
| Customer Penetration | 70%  |
| Customer Loyalty     | 60%  |
| Customer Selectivity | 90%  |
| Price Selectivity    | 135% |
- Use this information to determine the company's overall market share. (4marks)
2. Udom Ltd produces a new brand of correction pen, called metagold. Its sales response to advertising in 2010 was estimated at 5, sales revenue was ₦400,000, saturation level sales were ₦1,000,000; and the company lost .2 of its sales per period when no advertising expenditure was made. If the company spent ₦100,000 in advertising.
- (i) Use the Vidale – Wolfe Advertising Budget model to determine how much the company could have realized as additional revenue from sales. (4Marks)
- (ii) State the Marketing implication of your result. (2Marks)
- 2.(b). Identify the major systems for tracking customer attitude, and the likely corrective actions to be taken when actual performance deviates from the annual-plan goal (8marks)
- 3.(a). Dami Concept Ltd- a publisher of motivational books, has forecasted its sales for next year to be 700, 000 books with a distributor price of ₦400 each which allows a discount of 5%. The manager again estimates next year's variables cost at ₦80 per book. In addition, the product is charged with a fixed cost of ₦10 per book. The company is satisfied with a profit level of ₦75, 600,000.
- Required:
- Using the following formulas where applicable:  
PQ; [(P – K) – C] Q; [(p-k) – C] Q – F; [P-K-C] Q – F – Z.
- Determine:**
- i The planned sales revenue (3 Marks)
- ii The Gross contribution Margin (3 Marks)

- iii The Net Contribution Margin (3 Marks)
- iv The Marketing Budget (3Marks)

3.(b) The data below were generated from the books of HACHI Holdings Ltd:

Total Revenue (TR)	₦50m
Total Variable Cost (TVC)	₦20m
Marketing Expenditure (ME)	₦5m

Required:

Use the Matanovich’s formula to determine the Return on Marketing Investment. (2 marks)

4. Mr. Oni is the product manager of Tega Electronics Ltd. He has been selling Laptops for some years using a low price / low promotion strategy. The current price is ₦16,000 and ₦100,000 is being spent on advertising and another ₦100,000 on sales promotion. Sales are around 12,000 units and profits around ₦140,000. The Management of the company considers this impressive. Mr. Oni is anxious to find a better strategy to increase profits. Hence, he has generated the following alternative Marketing Mix Strategies as shown below

Marketing Mix and Estimated Sales

Marketing Mix No.	Price (P) in ₦	Advertising (A) in ₦	Promotion (S) in ₦	Sales Q
1	16,000	100,000	100,000	12, 400
2	16,000	100,000	500,000	18,500
3	16,000	500,000	100,000	15,000
4	20,000	500,000	500,000	22,600
5	20,000	100,000	100,000	5,500
6	24,000	100,000	500,000	8,200
7	24,000	500,000	100,000	6,700
8	24,000	500,000	500,000	10,000

**Required:** Using the profit equation:  $Z = [(P - K) - C] Q - F - A - S$

- (i) Determine the profit level for each Marketing Mix (8marks)
- (ii) Determine the Marketing Mix that minimizes profit and the one that maximizes profit for the company (2marks)
- (iii) Interpret your result in (II) above to management for marketing decision. (4marks)

**Additional information:**

Fixed costs (F) are ₦38,000; unit variable costs (c) are ₦100; and the contemplated allowance off list price (K) is 10% of the price.

5. Use the following information to answer questions (i) through (iii)

TEA COY:

Fiscal year ended June 30, 2010

Net Sales	₦800,000
Cost of Goods Sold	400,000
Net Income	70,000
Average Inventory at Cost	150,000
Total Assets (Total Investment)	250,000

- (i). What is the inventory turnover rate for TEA Coy? From what sources will the marketing manager determine the significance of the inventory turnover rate? (4marks)

- (ii). What is the capital turnover ratio for fiscal year 2010? What is the net income ratio? What is the return on Investment (ROI)?  
(5marks)
- (iii) How many Naira of sales did each naira of investment produce for TEA Coy in fiscal year 2010?  
(5marks)

6. Nwene Nigeria Ltd is a producer of female handbags. Its annual plan called for selling 40,000 handbags in the first quarter of 2010 at ₦1,000 a bag. At quarter's end, only 30,000 bags were sold at ₦800 a bag. The company sells in three territories and the expected sales in these territories were 15000, 5000 and 20,000 units respectively. The actual sales volume was 14,000, 5,250 and 10,750 respectively.

**Required:** Prepare the statement of earnings showing:

- (i) The quarters gross sales and the variances (3marks)
- (ii) The territorial earnings and variances (3marks)
- (iii) Summary of sales variances (3marks)
- (iv) Summary of performance variances (3marks)
- (v) Net variance (2marks)

7. A. J. Smith sells sport wears. Each sport wear is sold for ₦200. Variable cost per sport wear is ₦100.

Fixed cost total ₦240,000. Calculate

- a) How many units must be sold to Break even?  
(3marks)
- b) How much profit/loss is made when 5000 unit of sport wear is sold?  
(2marks)
- c) Imagine no unit cost is known, calculate the volume of sales needed to BEP and the P/V Ratio. when sales is ₦ 60,000 , Variable cost is ₦24,000 and Fixed cost is ₦ 14,000. (3marks)

B. A business can produce A, B, C products. But the factory is limited to 60,000 labour hours

	A	B	C
Contribution per labour hour	2	1	3
Labour hour per unit	4	4	3
Total demand in Units	5,000	5,000	10,000

- a) Calculate, how many units of each product should be produced to maximize profit.  
(3marks)
- b) State the assumptions and limitations of Break Even Analysis. (3marks)