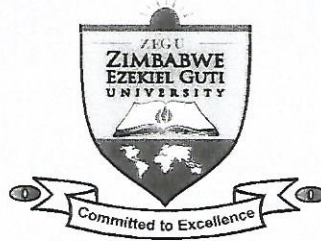


ZIMBABWE EZEKIEL GUTI UNIVERSITY



DEPARTMENT OF BUSINESS STUDIES

COURSE: BUSINESS-TO-BUSINESS MARKETING

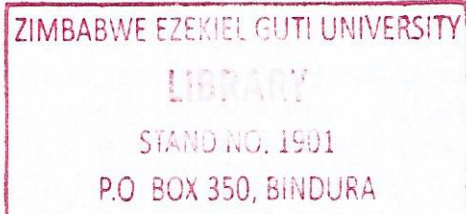
COURSE CODE: CMA 401

DURATION: 3 HOURS 30 MINUTES

DATE 19 JUNE 2017

INSTRUCTIONS TO CANDIDATES

1. No cell phones are allowed in the examination venue.
2. Begin each question on a new page.
3. Answer **all** questions in Section A and any other **three (3)** from Section B
4. Each question carries **25 marks**
5. The number of marks for each question or part question is shown in brackets.



SECTION A

Answer all questions from this section

Question 1

Case study: General Sales Agents

General Sales Agents (or GSAs) act for airlines in places in which the airline does not have, and perhaps cannot afford, its own direct presence. GSAs typically act for several airlines, and are responsible for all types of sale within their geographical region – passenger tickets, air freight, and onward ticketing through other airlines. A GSA will charge between 3 and 5 percent commission for all business it brings in.

Airlines use GSAs for several reasons. First, if the airline does not want to establish its own offices in the GSA's country the GSA will provide a presence. For airlines this is a common occurrence – airlines fly to a great many different countries, but may only have a few flights a week, making it extremely inefficient to maintain an office in that country. Second, GSAs will often have local contacts with freight forwarding and logistics companies, making it easy for them to sell air freight – note that the GSA will welcome the opportunity to offer more choice to potential customers, both in terms of destinations and of flight times.

One such GSA is Aviareps. Founded in Germany in 1994, Aviareps now has 40 subsidiaries worldwide. Each office is operated as an independent company, incorporated in the host country, but each reports back to corporate headquarters in Germany.

During the 1990s the company grew rapidly, not only in terms of expanding its direct business with airlines but also diversifying into tourism representation. Aviareps is able to represent hotels, cruise lines, railway companies, car rental companies, tourist attractions, and tourist resorts, and even tourist boards, as well as airlines, and is thus able to offer a seamless service to any company wanting to make bookings or provide services for most travel options.

There are, of course, countries where Aviareps does not have a presence. The company has therefore concluded reciprocal agreements with GSAs in those countries, so that through bookings can be made and organizations such as tour operators can do business through Aviareps without needing to contact separate GSAs in each country where they want to do business.

For a relatively young company, Aviareps has done extremely well – it has 80 airlines and 90 tourism entities in its portfolio, and operates in every continent. Turnover in 2010 was €82 million, and the company handled over a billion euros' worth of business for its clients in that year. Equity in the company amounts to €14 million. The company remains in private hands, with 46 percent of the equity held by its founder and chief executive, the rest being held by the other directors and a small amount by the investment company that helped finance the firm in its early days. The company does not allow clients or potential clients to hold shares; if Aviareps was publicly traded, it might happen that an airline would buy into the company, which would compromise its independent and impartial status.

The company's vision is to "bring people to the world, and bring the world to people."

This they are achieving by acting as the catalyst that brings together many players in the travel industry – moving far beyond what most GSAs can do.

Questions

- a) Outline the advantages of using Aviareps rather than other GSAs. (10 marks)
b) Discuss the sources of channel power that Aviareps has. (15 marks)

[Total 25 Marks]

SECTION B

Answer any three questions from this section

Question 2

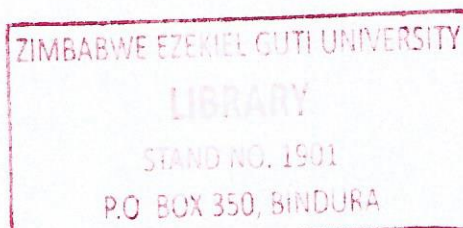
- a) With the aid of examples, define the following terms as they apply in Business-to-Business Marketing:
- i) Inbound logistics (2 marks)
 - ii) Competitive bidding (2 marks)
 - iii) An Icon (2 marks)
 - iv) Buying centre (2 marks)
 - v) New task (2 marks)
- b) Giving relevant examples, discuss the main differences between consumer markets and business markets. (15 marks)

[Total 25 Marks]

Question 3

- a) Giving examples, briefly outline the organisational buying decision making process. (7 marks)
- b) As a marketing manager of any B2B organisation of your own choice, you are requested to inform your CEO about the steps to be taken when setting a price in Business-to-Business scenarios. Write a memo to your CEO evaluating the pricing process from the first stage to the actual price level. Give examples to enable your CEO to understand. (18 marks)

[Total 25 Marks]



Question 4

- a) With the aid of examples, distinguish between collaboration and conflict in a distribution channel. *(5 marks)*
- b) Giving relevant examples, evaluate the significance of French and Raven (1959)'s power bases in business-to-business negotiations.

(20 marks)

[Total 25 Marks]

Question 5

- a) With the aid of a clearly labelled diagram, describe any five (5) types of channel flows in Business-to-Business Communication. *(5 marks)*
- b) As a specialist in Business-to-Business Marketing you are requested to resolve a conflict within a specific organisation. You are informed that the conflict is centred on the significance of Key Account Management (KAM) as a strategy in Business-to-Business markets. Conduct a proper evaluation of KAM as a B2B strategy with an endeavour to reconcile the conflicting parties. *(20 marks)*

[Total 25 Marks]

******End of paper******