

**INSTITUTE OF BANKERS IN MALAWI**

**DIPLOMA IN BANKING EXAMINATION**

**SUBJECT: PRINCIPLES OF MARKETING (IOBM – D205)**

**Date: Sunday, 16th November 2014**

**Time Allocated: 3 hours (08:00 – 11:00 hours)**

**INSTRUCTIONS TO CANDIDATES**

1 This paper consists of **TWO** Sections, A and B.

2 Section A consists of 4 questions, each question carries 15 marks.

Answer **ALL** questions.

3 Section B consists of 4 questions, each question carries 20 marks. Answer **ANY TWO** questions.

4 You will be allowed **10 minutes** to go through the paper before the start of the examination, you may write on this paper but not in the answer book.

5 Begin each answer on a new page.

6 **Please write your examination number on each answer book used. Answer books without examination numbers will not be marked.**

7 All persons writing examinations without payment will risk expulsion from the Institute.

8 If you are caught cheating, you will be automatically disqualified in all subjects seated this semester.

9 DO NOT open this question paper until instructed to do so.

**SECTION A (60 MARKS)**

Answer **ALL** questions from this section

**QUESTION 1**

(a) Define each of the following costs;

(i) Fixed costs *(2 marks)*

(ii) Marginal costs *(2 marks)*

(iii) Variable costs *(2 marks)*

(iv) Totals costs *(2 marks)*

(b) It has been proven that majority of customers for most products are price sensitive. Given this knowledge your Director of Marketing has asked you to briefly explain the pricing strategy the bank can use for it to appeal to these price sensitive customers for its new product. *(3 marks)*

(c) Given that the commonly used pricing method is cost plus (mark up), give any

**two** reasons to justify why this is the case. *(4 marks)*

**(Total 15 marks)**

**QUESTION 2**

Briefly explain the following growth strategies and explain when a bank can use each of them:

1. Market penetration *(5 marks)*
2. Market development *(5 marks)*
3. Product development *(5 marks)*

**(Total 15 marks)**

**QUESTION 3**

(a) Define market segmentation. *(3 marks)*

(b) Briefly explain any **four** benefits of market segmentation to a banking institution. *(12 marks)*

**(Total 15marks)**

**QUESTION 4**

Using examples of products from your bank, explain how each of the following marketing strategies can be applied;

(a) Undifferentiated (Mass) marketing. *(5 marks)*

(b) Differentiated marketing. *(5 marks)*

(c) Concentrated marketing. *(5 marks)*

**(Total 15 marks)**

**SECTION B (40 MARKS)**

Answer **ANY TWO** questions from this section

**QUESTION 5**

Nyasa Commercial Bank has four products in its product portfolio. In an effort to understand the performance of each of these products, the Director of Marketing has asked you to provide an analysis of each of them using the Boston Consulting Group (BCG) matrix. In your analysis emphasis should be made on the strategies the bank should apply in order to maintain or improve the performance of the product in question

**Hint:** Assume that the products belong to different quardrants of the BCG.

. **(Total 20 marks)**

**QUESTION 6**

The Product Life Cycle (PLC) defines the sales and profits made by a products as it goes through its life. As the Bank’s Marketing Consultant, you are required to present a briefing to the Bank’s Management on the **four** stages of the PLC and the general strategies that need to be applied at each stage for the bank to remain competitive.

**(Total 20 marks)**

**QUESTION 7**

(a) Briefly describe the **three** distribution strategies that organisations use to offer

their products to the market. *(9 marks)*

(b) Direct Marketing is increasingly being used by a lot of banks in getting their

getting their services to the customer. As a Marketing Executive of one of the

leading banks in Malawi, justify to your Director why your bank should increase

the use of Direct Marketing in order to remain competitive. *(11 marks)*

**(Total 20 marks)**

**QUESTION 8**

Briefly discuss any **eight** factors that positively influence the fast adoption of a product by any market. **(Total 20 marks)**

**END OF EXAMINATION PAPER**