

Marketing and Commercial Law

T062

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WORKFORCE DEVELOPMENT AUTHORITY



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**ADVANCED LEVEL NATIONAL EXAMINATION, 2013,
TECHNICAL AND PROFESSIONAL TRADES**

EXAM TITLE: Marketing and Commercial Law

**OPTIONS: Hotel Operations (HOT)
Tourism (TOR)**

DURATION: 3hours

INSTRUCTIONS:

The paper is conceived in **Three (3)** Sections as follows:

Section I: Thirteen (14) questions, **Compulsory.** **55marks**

Section II: Five (5) questions, **Choose any Three (3).** **30marks**

Section III: Three (3) questions, **Choose any ONE (1).** **15marks**

MARKING SCHEME

Section I: Attempt all the 13 questions.

55marks

01. Explain the following sources of commerce law?

8marks

- a. Doctrine
- b. Legislation
- c. Customs
- d. Decided cases

Answer:

- a. **Doctrine:** doctrine refers to the opinions of academic lawyers to be found in text books, learned journals, the notes to cases reported in law reports. **2marks**
- b. **Legislation:** legislation refers to the way of setting down of binding rules and laws in formalized way by an authority such as parliament members. **2marks**
- c. **Customs:** results from long series of practice of people which by common adoption has become compulsory. **2marks**
- d. **Decided cases:** this is judiciary determination of issues of law in uniform and consistent manner in a way it has a declaratory force. **2marks**

02. A) What do you understand by the term goods? Give at least 3 examples of goods. **5marks**

Answer: 1mark for each correct e.g of the answer.

In business terms **goods** refer to inherently useful and relatively scarce tangible items. **2marks**

E.g. article commodity, material, merchandise, supply and wares.

(B) Define public goods and private goods.

4marks

Answer:

- (i) **Public good** is a product that one individual can consume without reducing its availability to another individual and from which no one is excluded e.g. Radio, television, public roads. **2marks**
- (ii) **Private goods:** is an item of consumption that if used by one party may not be available for others such as foods, clothing. **2marks**

03. What do you mean by "Target Market"? How it can be separated from the market? **5marks**

Answer:

Target market is consumers that a company wants to sell its products and services to, **1mark** and to whom it directs its marketing efforts, **1mark**. A target market can be separated from the market as a whole by geography, **1mark** buying power, **1mark** and demographics, **1mark**.

04. Give 3 essential objectives of marketing.

3marks

Answer: 1mark for each correct element of the answer

- a. Raising finance to support an investment in new product development
- b. Introducing quality assurance and lean production to improve product profitability
- c. Training staff to improve customer service standards

05. Outline the benefits of target marketing.

3marks

Answer:

Benefits of target marketing are as follows:

- a. An understanding of the unique characteristics and needs of the group to be satisfied is reached. **2marks**
- b. A better understanding of company's competitors is gained because it is possible to detect those who made a similar selection of target markets. **2marks**
- c. An improvement is possible in an understanding of the changes and developments in the needs of target market.

2marks

06. With the help of a distinctive table, highlight the difference between Domestic and International marketing.

5marks

Answer:

Both domestic and international marketing refer to the same marketing principles. However, there are evident dissimilarities between the two:

S/No	Comparison Item	Domestic marketing	International marketing
01.	Scale	The size of domestic marketing is limited and will eventually dry up	International marketing has endless opportunities and scope
02.	Benefits	As is obvious, the benefits in domestic marketing are less than in international marketing.	
03.	Sharing of technology	Limited in the use of technology	Allows use and sharing of latest technologies
04.	Political relations	Has nothing to do with political relations	Leads to improvement in political relations between countries and also increased level of cooperation as a result
05.	Barriers	There are no barriers.	There are many barriers such as cross cultural differences, language, currency, traditions and customs.

NB: 1mark for each line well explained

07. Explain clearly the importance of SWOT Analysis for a company.

4marks

Answer:

SWOT analysis: Strengths, Weaknesses, Opportunities and Threats. 1mark

SWOT analysis is used for identifying those areas where an organization is strong, where it is weak, the major opportunities the company can explore and the threats. 1mark

SWOT analysis is a useful tool for assessing the strategic position of a business and its environment.

1mark SWOT Analysis helps a company to know where it stands by exploring key issues 1mark

08. Differentiate Macro and Micro environment in marketing.

6marks

Answer:

	Micro-environment	Macro-environment
Composition factors	Is made up of factors that are close to the firm and affect it on a day to day basis. 0.5mark	In general macro environment factors are not close to the firm. 0.5mark
	Usually Micro-environment factors interact with the firm. 0.5mark	Macro environment factors could be national or global measures and affect many industries and groups. 0.5mark
	Some of the factors within the micro environment can be controlled while others cannot. 0.5mark	Macro environment factors are uncontrollable factors but still influence company strategy. 0.5mark
Scope - examples	Customers 0.5mark, Banks 0.5mark and Trade unions 0.5mark and Competitors 0.5mark	Legislation 0.5mark, Economy (e.g. inflation, VAT changes) 0.5mark, and Technological change 0.5mark.

09. What do you mean by latent demand?

2marks

Answer:

Latent demand means the desire or preference which a consumer is unable to satisfy due to lack of information about the product's availability, or lack of money.

10. When a person or moral person is said to be bankrupt?

2marks

Answer:

A person or other moral person is said to be bankrupt when he cannot repay his/her debts he/she owes to creditors.

11. What do you think about feedback in communication system? **2marks**

Answer:

Feedback communication is concluded when a seller gets a reaction from a customer after buying on how well or badly is a service or a product; and how it could be improved.

12. Briefly, explain how mass media is an important tool of communication to inform the customers about a product or Service. **3marks**

Answer:

Mass media as a tool of communication:

- *Speed of Information about a product or service, 1mark*
- *Access of information to many people, 1mark*
- *It shows the place location of Product or service, 1mark*

13. State the characteristics of service? **3marks**

Answer:

- 1) *Lack of ownership*
- 2) *Intangibility*
- 3) *Inseparability*
- 4) *Perishability*
- 5) *Heterogeneity*
- 6) *Variability.*

0.5mark for each correct element of the answer.

Section II: Choose and Answer any Three (3) questions **30marks**

14. Define Commercial Law and identify the major factors that highlight its necessity in Rwandan Business community. **10marks**

Answer:

Commercial law is referred to the branch of law that sets rules applicable to traders in their exercise of business. 3marks

(i) It helps speed up and simplifies business operations e.g. simple exchange of letters, calls electronic commerce, etc. 1mark

(ii) It offers protection of goods, business transactions and ensures that contracts between parties are not breached anyhow. 1mark

(iii) It ensures that technical works are designed correctly by specialists. 1mark

(iv) Propels mutual trust among business people. 1mark

(v) It helps to maintain a spirit of solidarity among business people. 1mark

(vi) It determines the standard of living of people since it adjust production, distribution and services on the market. 1mark

(vii) Establishes guidelines and rules on how business is conducted 1mark

15. A) Define a contract?

4marks

Answer:

A contract is a legal agreement, **1mark** between two individuals or two parties, **1mark**. It is aiming to bind those two person, **1mark** in respecting their rights and obligations, **1mark**. 4marks

B) What are the key elements of a contract law?

6marks

Answer:

Key elements of contract law are:

1. Offer **2marks** 2. Acceptance **2marks** 3. Consideration **2marks**

16. Explain clearly the Marketing Mix.

10marks

Answer:

Marketing mix is within the control of management and refers to decision made in 4 Ps such as:

10marks

- 1) **Product:** Goods manufactured by organizations for the end-users are called products, **0.5mark**. Products can be of two types: Tangible Product, 0.5mark and Intangible Product (Services), 0.5mark.

The marketing mix depend as much on the ability to select the right target market as on the skill in developing a product offer which will generate high levels of satisfaction. **1.5mark** 3marks

- 2) **Price:** The money which a buyer pays for a product is called as price of the product. 1mark

- 3) **Promotion:** refers to the various strategies and ideas implemented by the marketers to make the customer be informed about the product or service. 1mark

- 4) **Place (distribution):** refers to the location where the products are available and can be sold or purchased. 1mark

The marketing mix for a service has additional elements because the characteristics of a service are different to the characteristics of a product. 1mark

- 5) **People** - The individuals involved in the sale and purchase of products or services. 1mark

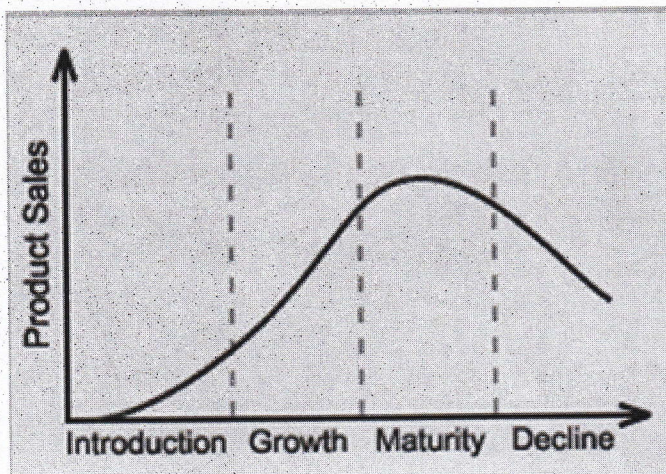
- 6) **Process** - Process includes the various mechanisms and procedures which help the product to finally reach its target market. 1mark

- 7) **Physical Evidence** - With the help of physical evidence, a marketer tries to communicate the benefits of a product to the end users. 1mark

17. Draw and explain clearly the stage of product life cycle.

10marks

Answer:



Market time

3marks

The main stages of the product life cycle are:

- **Introduction** – researching, developing and then launching the product. **1.5mark**
- **Growth** – when sales are increasing at their fastest rate. **1.5mark**
- **Maturity** – sales are near their highest, but the rate of growth is slowing down, e.g. new competitors in market or saturation. **1.5mark**
- **Decline** – final stage of the cycle, when sales begin to fall. **1.5mark**

The product life cycle describes the stages a product goes through from when it was first thought of until it finally is removed from the market. Not all products reach this final stage. Some continue to grow and others rise and fall. **1mark**

18. Market segmentation enables target market. Discuss with clear examples.

10marks

Answer:

Market segmentation enables companies to target different categories of consumers who perceive the full value of certain products and services differently from one another. **2marks**

Generally three criteria can be used to identify different market segments: **0.5mark**

- 1) **Homogeneity** (common needs of the group within the segment) **1.5marks**
- 2) **Distinction** (unique need from other groups) **1.5marks**
- 3) **Reaction** (similar response to market) **1.5marks**

Marketing segmentation allows knowing different customers' needs and wants through the above criteria and helps determine which group to focus on. **1.5marks**

In brief, target market helps to decide how to satisfy those different customers' needs and wants. **1.5marks**

Section III: Choose and Answer any one (1) question

15marks

19. With the help of a distinctive table, highlight the difference between ‘Sales and Agreement of Sale’.

15marks

Answer:

	Sales	Agreement of Sale
Transfer of property 1mark	The property in the goods passes from the seller to the buyer at the time the contract is made. 1mark	To sell the transfer of property takes place at some future time or until some conditions is fulfilled. 1mark
Nature of Contract 1mark	No property passes whereas a sale is an executed contract plus a conveyance. 1mark	An agreement to sale is executor contract pure and simple. 1mark
Risk of loss 1mark	The buyer immediately becomes the owner of the goods and the risk as rule passes to the buyer. 1mark	The seller remains the owner and the risk is with him. 1mark
Insolvency of the buyer 1mark	If the buyer is adjudged an insolvent the seller in absence of lien over the goods is bound to deliver the goods to the official receiver. 1mark	If the buyer has already paid the price and the seller becomes insolvent the buyer can claim only a rate able dividend and not the goods. 1mark
Insolvency of the seller 1mark	The seller becomes insolvent the buyer is entitled to receive the goods from the official receiver or any government appointee for that as the property of goods is with the buyer 1mark	If the buyer has already paid the price and the seller becomes insolvent the buyer can claim only a rate able dividend and not the goods. 1mark
5marks	5marks	5marks
15marks		

20. Supposed you are a seller in Kigali city and you are facing a great number of customers of different needs and wants. What could you do in order to handle that issue? (Minimum 1½ page).

15marks

Answer:

Main points in the answer:

- Market segmentation (different needs and wants from various customers) **5marks**
- Target market (choosing the most profitable customers): **5marks**
- Increase sales accordingly; **5marks**

21. "The customer is not dependent on us, we are dependent on him". Discuss (Minimum 1½ page). **15marks**

Answer:

Key points:

A customer is the most important visitor on our premises, he is not an interruption in our work but he is the purpose of it **3marks**.

A customer is not an outsider in our business but he is a part of it **3marks**.

Also we are not doing him a favour by serving him; he is doing us a favour by giving us an opportunity to do so **3marks**.

If we give him a customer care he will talk to the potential customers about our service **3marks**.

In brief, if we have good customer care, many customers will visit us and we will make profit; but if our customer care is bad no one will visit our company and we will close our business **2marks**, so our business should be increased based on image reflected outside **1mark**.