

Q. Definition of:

a) Exchange: It is a business transaction of goods or services against money, or good for another good.

b) Marketing Myopia: It is a marketing process by which a marketer or company goes to search customers without knowing the needs and wants of customers and without paying more attention to the benefits from the products.

c) Market: - It is a place where buyers and sellers meet for business transaction or it is a place where goods and services are sold.
- It is also the set of actual and potential buyers of a product or service.

d) Market offerings: These are goods and services the company brings at the market for selling to satisfy the need or want of the customer.

e) Marketing: It is a process of communicating goods and services by identifying, anticipating and satisfying needs and wants of customers.

f) Marketing management: - It is a process of controlling marketing activities of the company at the market.

- It is also an art and science of choosing target markets and building profitable relationship with them.

Q. The advantages of sole proprietorship business are:
→ There is quick decision making and direct independence.
→ The business profit is earned and used by one person.
→ It is easy to manage and control the business.

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- owners can establish a sole proprietorship instantly, easily and inexpensively.
- Sole proprietorship carry little if any ongoing formalities.
- owners may freely mix business or personal assets.
- providing jobs to family members.

- * The disadvantages of a sole proprietorship business are:
- In case of loss, the owner of the business support it alone.
 - The capital is limited to expand the business.
 - There is no innovation and creativity because of one business man idea.
 - It is not easy to get support/aid from the government.
 - It is not easy to be trusted by financial institutions.
 - owners are subject to unlimited personal liabilities for the debts, losses and liabilities of the business.
 - owners can not raise capital by selling an interest in the business.
 - Sole proprietorships rarely survive the death or incapacity of their owners and do not retain value.
 - Sole proprietorship is not legal entity.

6 marks

③ Difference between market segment and market targeting:

- Market segment is a small market with the same characteristics obtained from market segmentation. It is a small market obtained after dividing the whole market into homogeneous products or services.
- Market targeting: is a process of selecting customers who have ability and willingness to purchase products and services of the company.

4 marks

It is a process of offering products and services to one or more segment selected by a company after knowing their needs and wants.

4) The process of selecting target consumers:

- Purchasing power: In selecting target consumers the country should analyze the level of income of customers.
- Knowing needs and wants of customers: In selecting target consumers, the company should identify the needs and wants of customers.
- Identify the location of the business: in selecting target consumers, the company should choose the best location of the business where the customers can reach easily.
- Market Segmentation: Determining distinct group of buyers (segments) with different needs
- Market targeting: Evaluating and selecting which target segments to enter

3 marks

5) Yes, there is a difference between products and services where:

- products are tangible things sold at the market
- services are intangible things sold at the market.
- product is tangible thing because you can touch it, you can carry it or go with it
- service is intangible thing because you can not touch see or smell it. you can not carry it or go with it.

3 marks

6) Factors that affect consumer behavior are:

- Social - Cultural factors
- Economical factors
- Psychological factors
- personal factors
- Geographical factors (location)
- Low price and quality of goods and services

3 marks

- ✓ 7 Market research is very important because:
- It helps the company to know the needs and wants of customers
 - It helps the company to know the performance of the business
 - " to increase the customers
 - " to improve and correct the mistakes.
 - " to know the information of its competitors
 - " to exploit the opportunity at the market
 - " to produce products/services that match with needs and wants of customers
 - " to avoid the loss
 - " to make improvements (innovations and creativity).

8 Difference between selling concept and marketing concept.

Selling Concept	Marketing Concept
→ It is an activity of exchanging product/service into money/cash.	→ It is an activity of communicating products or services to the customers.
→ Selling converts already produced products into cash.	→ Marketing converts needs/wants into products/services to satisfy them.
→ Selling focuses on the seller's needs.	→ Marketing focuses on the customer's needs.
→ Profit is gained through the volume of products and services sold.	→ Profit is gained through understanding needs of customers and satisfy them.
→ Selling focuses on one single transaction.	→ Marketing focuses on inquiring customers and retaining them.

(9) Things to know in order to design a winning strategy as a marketing manager hired by Lemigo hotel:

→ What things other hotels do in term of service delivery, etc.

As a marketing manager of Lemigo Hotel, I will do the following:

- provide quality service and product
- provide good customer care to customers
- make promotion like advertisement, sales promotion, personal selling (discount, bonus, etc)
- Employ competent and trained employees
- Make innovation and creativity
- Know the customers that will be served
- Know the target market and how best the said customers will be served.

(10) No, we do not agree with Mugisha and Sam who said that production concept is the same as product concept because:

• The production is the process of making product by using resources and capital while a product is what produced from the production process. / 4 mark

(11) Sole proprietorship is not a legal entity. It simply refers to a person who owns the business and is personally responsible for its debts. It has no separate identity under the law. / 3 mark

(12) Yes, there is a difference between direct marketing and advertising:

• Direct marketing is a marketing process consists of communicating products, services directly to the customer through different devices like telephone, E-mail, personal selling, roadshow, exhibition, etc

7. • Advertising is an activity paid by the company done through different means of communication.

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It is a process of creating awareness to customers about the availability of products and services.

(13) Definition of :-

a) Commercial law: It is a set of rules and regulations applied in business activities.

b) Formal Economy: It is a part of business done by a company or group of people in the same environment as recognized by law.

Formal Economy refers to economic activity that is taxed and included in a government's Gross Domestic Product (GDP)

4 marks

c) Capital: It is an asset that a person puts in the business in order to generate income (it is among the factors of production)

d) Goods: These are tangible products (things sold at the market).

Goods are physical, tangible products, or used to satisfy people's needs and wants, such as vegetables, cars or books.

(14) Importance of laws in business operations are

- Laws regulate business operations
- Laws give brand security
- Laws give guidelines of the business
- Laws protect buyers and sellers rights
- Laws help to avoid Fake products
- Laws help to instill discipline in business operation
- Laws allow ensuring conformity with government expectations.

4 marks

→ Laws obligate the business people to pay taxes

(15) No, The consequences of not registering a business are so many as shown below:

- Being fined
- Suspension of operations
- Inability to issue official invoices
- Operating outside official system
- Limitation to financial services
- The business has no protection by law
- The company cannot get support/aid from government.
- The company can not get/ have contract with the government if not registered.
- The company is not trusted by creditors

(16) SECTION II

(16) Characteristics distinguish goods and services are:

- i) Tangibility: service can not be touched, felt and tasted while product is tangible. It can be touched and tasted.
- ii) Perishability: service can not be stored for future use while the product is unperishable. It can be stored for future use.
- iii) Variability/Heterogeneity: service varies from one service provider to another while the product does not vary.
- iv) Inseparability: service is produced and consumed at the same place while a product can be produced and consumed away from the place of production.
- v) Desirability: service depends on the customer desire while product depends on the manufacturing process, appearance and quality of the product.

(11) a) Goal of market segmentation for a company is:

Market segmentation is a process of dividing a market into groups of similar consumers and selecting the most appropriate group(s) for the firm to serve.

It helps the company to reach the segment market easily by satisfying needs and wants of customers.

b) Stages of market segmentation are:

- a) Select potential customers
- b- Analyse each segment of the market
- c) select profitable segment of the market
- d) Define potential market
- e) Consider variables of market segmentation like age, sex, occupation, education, location, etc
- f) Delineate the firm's current situation
- g) Determine consumer needs and wants
- h) Divide the market on relevant dimensions.
- i) Develop product positioning
- j) Decide segmentation strategy
- k) Design marketing mix strategy

10 marks

(12) a) The application for commencement of insolvency may be filed by the following persons:

- 1^o Creditors ✓
- 2^o Debtors ✓
- 3^o Members of the Board of Directors or one of them
- 4^o Registrar General (art. 17 of the law n° 12/2009 of 26/05/2009 relating to commercial recovery and settling of issues arising from insolvency in Rwanda)

5 marks

b) Conditions to be called insolvent:

- > The person must be unable to pay his/her debt to creditors
- > The person is not trusted by financial institutions / Banks
- > It is approved by the government declaration and competent court.

(19) Challenges faced faced by local companies which enter foreign markets are:

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- Limited Capital
- Communication / language barriers
- Social and cultural beliefs
- problem of advanced technology
- High expenses in transportation
- political instability
- lack of raw materials / resources
- High Competition
- High promotion
- price fluctuation (increase and decrease of price)
- Import restrictions: tariffs, import quotas and other types of restriction hinder global business
- Exchange Controls and ownership restrictions: some nations establish limits on the amount of earned and invested funds that can be withdrawn from it.
- Economic Conditions
- Change of climate conditions

(20) Goals sought by the marketer as they try to communicate with target consumers are:

- To create awareness: NO one can purchase a product unless he is aware of it
- To build positive image: when products have distinct image in the minds of customers, the latter better understand the value that is being offered. positive images can even create value for customers by adding meaning to products.
- To retain customers: to provide more advantages than competitors
- To identify prospective customers and understand their needs and wants to improve sales
- To build a relationship with the organization's Channel members (retailer, wholesaler, etc).
- To know the feedback of the customer: the response from customer
- To attract customers, → To increase the number of customers

SECTION III

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Q1) Definition of insolvency:

It is a state of a business person registered by the government and who is not able to pay her/his debt to creditors.

Advantages of declaration of insolvency for creditors

- The government can pay the creditors after the insolvency declaration.
- The government can reduce taxes to creditors.
- The government can give creditors long time loan to recover their loss.
- The government takes risks of paying their loans.

Advantages of declaration of insolvency for debtors

- Cancellation of debts and removal of disqualification.
- Fresh start in life by debtors.
- The government gives tax reduction.
- The government provides subsidiary to pay in long term.

Q2) Categories of companies according to the law in R.d.a:

- Public Companies (introduced by government and managed by it)
- Private Companies (introduced by private people and managed by them)
- Mixed Companies (managed by both private and public)

In accordance with article 6 of Rwandan company law of 2009, private company must have these features:

- Restricting the right to transfer its shares and debentures
- Limiting the number of its shareholders to one hundred, person employed or formerly employed by the company not included.
- Prohibiting any invitation to the public to subscribe for any shares or debentures of the company.

14) Types of Companies

* Sole proprietorship Companies: These are business Companies owned by one person.

* Partnership Companies: These are Companies owned by many people with different shares and different interests.

* Cooperative Companies: Companies where people have the same shares and the same interests.

They include:

- Company limited by guarantee

- Company limited by shares

- Company limited by shares and guarantee

- Unlimited Company

- Cooperative Company

(23) Advertising is an important strategic device for maintaining a competitive advantage in the market place because:

- It increases sales of the products

- It helps to attract customers to purchase products

- It helps the Company to communicate/inform customers about products and services

- It helps to extend the market of the market Company

- It helps to change the consumer attitudes

→ Advertising is an action paid by a company done through different means of communication like radio, television and billboard. It is more important as discussed below:

→ Advertising increases sales of products because many people will be aware of them and be motivated to buy them, therefore, the sales are increasing.

→ It helps to attract customers as many people are motivated and interested to see different products advertised and they take decision to buy them.

→ It helps the Company to communicate/inform customers about products/services through different communication tools like television, radio and bill boards.

It helps to extend the market of the company because
once people are motivated to buy more products and
services, the market of the company will be extended
and the customer base increasing considerably.

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