

Name \_\_\_\_\_ Index No. \_\_\_\_\_ / \_\_\_\_\_

3814/203  
MARKETING  
November 2013  
Time: 3 hours

Candidate's Signature \_\_\_\_\_

Date \_\_\_\_\_



THE KENYA NATIONAL EXAMINATIONS COUNCIL

**HIGHER DIPLOMA IN ENTREPRENEURSHIP DEVELOPMENT**

MARKETING

3 hours

**INSTRUCTIONS TO CANDIDATES**

*Write your name and index number in the spaces provided above.  
Sign and write the date of examination in the spaces provided above.  
This paper consists of **SIX** questions.  
Answer question **1 (COMPULSORY)** and any other **THREE** questions.  
Question 1 carries 40 marks and the others carry 20 marks each.  
Candidates should answer the questions in English.*

**For Examiner's Use Only**

Question	1	2	3	4	5	6	TOTAL SCORE
Candidate's Score							

**This paper consists of 16 printed pages.**

**Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**

©2013 The Kenya National Examinations Council.

**Turn over**

1. *Read the case below and answer the questions that follow:*

### **BARAKA EXPRESS FOODS (BEF)**

Baraka Express Foods (BEF) was established as a business enterprise in the late 2008. The management volunteered their time and pooled their expertise for sustainable production and distribution of fortified porridge flour in Kenya. BEF developed as a sustainable enterprise that would accelerate economic growth in the emerging economies.

Although most Kenyan porridge is home made, typically from millet or products from competing manufacturers, BEF manufactured its products from sorghum, cassava and milk making it nutritionally superior to homemade or other store bought products. With many competitors, BEF sought advice from brand experts on how best to tap into the retail market. Because BEF's porridge was rich in both macronutrients and micronutrients, it would provide adequate energy at an affordable cost to many making it a preferred choice.

BEF prepared to launch the traditional porridge flour for the very first time to retail in the Kenyan market. If successful, the venture could be replicated in most parts of the country and beyond. By the year 2000, BEF's production had picked up and a quality control laboratory established at industrial area. The flour was available for distribution at specific points.

A market research had early been conducted to assess the market demand for porridge. According to the study, the popularity of porridge was consistent across regions, from urban to rural areas among all demographics. A good percentage of those interviewed had consumed porridge in the previous twelve months. The research further differentiated between core and occasional users.

BEF's product was fortified and required less cooking time and offered more micronutrient content per serving. However, some competing products also claimed to be enriched with vitamins, despite being essentially raw mixes.

The local competitors targeted the affluent market segments while BEF targeted middle income earners. Dania Limited was commanding a price three times that of the next highest priced manufacturer, Jomo Foods. Other porridge like products of foreign brand cereals such as Weetabix and Cerovita that claimed to strengthen health or to prevent various diseases, were considered substitutes. The diversity of prices and branding messages among porridge vendors revealed a more complex competitive environment than had been expected by BEF.

Comparing and contrasting BEF's products against the competitors, there were several potential differentiation attributes such as variety and quality, packaging, fortification, extrusion and affordability. BEF's products were broadly available at kiosks and convenient stores. Its sweet flavoured taste held a strong appeal for the business. The enterprise worked hard to monitor the packaging and distribution network of the two established competitors. Packaging was a critical concern as lack of proper packaging would impede BEF's ability to make its products available to a large customer base and to access established distribution networks. Good quality packaging would enable ease of distribution throughout the country, encourage broader distribution but also allow for more precise inventory control.

As BEF continued to grow and expand, the distribution system was characterised by fragmentation at both the producer and retail ends of the supply chain. The intermediaries had the market power creating long and insufficient channels resulting in high costs of distribution and complexity in reaching target markets. BEF's initial plan called for distribution to be across three channels; supermarkets, shops and kiosks.

Currently BEF is growing steadily and gradually through selected towns, peri-urban and rural areas to reach all income levels and new market regions in Kenya and beyond.

- (a) Explain the marketing strategies adopted by BEF in order to penetrate its market. (10 marks)
  - (b) Analyse the factors that necessitated BEF to venture into foreign market. (10 marks)
  - (c) Evaluate the effectiveness of the distribution channels employed at BEF. (10 marks)
  - (d) Explain the significance of market research carried out at BEF. (10 marks)
2. (a) Rocco Limited recently adopted a price reduction strategy in the Company. Justify this move. (10 marks)
- (b) A marketing expert has been recruited at Jimkana Manufacturers to brand a new product for the market. Explain the benefits that the enterprise may realise from such a strategy. (10 marks)
3. (a) Customer value analysis is an exercise which may assist an enterprise gain a competitive advantage. Describe the steps that may be followed in carrying out the analysis. (10 marks)
- (b) Explain the circumstances under which a sales promotion may be effective as a marketing communication tool. (10 marks)

4. (a) Denur Crafts is located in one of the Comesa countries. Explain the effects of the block market (COMESA) on its marketing activities. (10 marks)
- (b) Sulleiman Gogo, the manager of Gogo Enterprises, intends to segment his market on demographic basis. Explain the circumstances under which such segmentation is appropriate. (10 marks)
5. (a) Explain the factors to be considered when planning marketing programmes for a business enterprise. (10 marks)
- (b) Explain the reasons why small enterprises fail to undertake market research. (10 marks)
6. (a) Explain the limitations of marketing concept in solving marketing problems in an enterprise. (10 marks)
- (b) Explain the challenges an entrepreneur may face when marketing a service. (10 marks)

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---