

2012\_Q2 Outline the THREE essential elements of a sales and purchase contract of a product. (6 marks)

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2012\_Q 5 State THREE benefits to a bookstore of using e-marketing to perform its distribution function. (6 marks)

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Revision Q1): Explain the THREE Marketing Strategies for a market leader with an example each.(6 marks)

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Revision Q2): Explain the THREE Marketing Strategies for a market challenger with an example each.(6%)

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2012-Q2.

The essential elements of a sales and purchase contract of a product include offer, acceptance and consideration.

**Offer** refers to buyers offering to buy a product on certain terms.

**Acceptance** refers to sellers accepting the offer.

**Consideration** refers to the agreed terms to be received by sellers and the products to be received by buyers under the contracts.

2012-Q5

If a bookstore uses e-marketing to perform the distribution function, it can access to potential customers in overseas markets easily. Also, services hours can be lengthened and costs can be saved by reducing rental cost and labour cost.

Revision Q1-marketing strategies for a market leader: (Highest Market Shares)

### 1. Expand total market

- a) increase the number of customer: market penetration (greater market effort like heavy promotion)
- b) find new users: enter new market (geographical expansion: expand into new area)
- c) invent new usage of its products: discover or promote new use, increase amount/frequency of consumption

### 2. Increase market share

- a) steal customers from competitors
- a) offer better services / more discounts/ more products' versions / special offers gift

### 3. Protect current market share:

- a) Better package deals / better pricing / offer discounts
- b) Continuous innovation
- c) Keep existing customers

Revision Q2-marketing strategies for a market challenger:

### 1. (Attack the weakness of the market leader and other weaker competitors)

- a) create a strong brand name
- b) adopt a new look or image
- c) offer better service, e.g. more trendy & comfortable layout
- d) more choices of products/services offered
- e) have movie stars / celebrities as spokesperson to promote the brand

### 2. Enhance the quality of its existing products

- a) use social media (facebook) to build better relationship with customers in order to provide better service
- b) maintain close quality control on products or services provided in order to ensure consistence of quality

### 3. Lower the prices of its products

- a) offer very competitive pricing

2012-Q9.

(a) The bases of market segmentation for a new hotel can be categorized into the followings:

As for **geographic segmentation**, a market is divided into segments based on regions, countries, cities or neighborhoods. The new hotel can target the visitors from the Mainland.

As for **demographic segmentation**, a market is divided into segments based on age, gender, family life cycle, income, education level, etc. The new hotel can target the visitors with high income if it is a 5-star hotel.

As for **psychographic segmentation**, a market is divided into segments based on social class and lifestyle. The new hotel can target the upper-class visitors if it is a 5-star hotel.

As for **benefit segmentation**, a market is divided into segments based on the benefits being sought by customers. The new hotel can target the visitors seeking for convenient location if it is near bus or rail station.

(b) **CRM is very important to a hotel.**

Customer Relationship Management (CRM) refers to a process of managing detailed information about individual customers in order to build and maintain customer relationships for maximisation of their loyalty.

CRM is important to a hotel as it can know more about customers so as to provide them with better and tailor-made services. For example, if there is a group of female guests whose favorite flower is rose, the hotel can use rose as a theme of their guest rooms. This can enhance customer satisfaction.

Besides, CRM allows a hotel to track and determine profitable customers easily. Thereby, the hotel can make promotion specific to these types of customers. For example, the hotel can hold a champagne party for the high-income guests.

In addition, faster response to customers' inquires can be made if the customer database is well-organised. For example, the hotel can quickly look for the availability of a non-smoking guest room for a guest if they know the guest is a non-smoker.

a The SWOT analysis for Donald's company is as follows:

- **Strengths:** Donald's shop has a well-established reputation in the neighbourhood. It has a group of loyal customers. It also seems that Donald has good connections with various dried seafood suppliers in the Mainland of China. This helps stabilise his supply of dried seafood and ensure product quality. (2 marks)
- **Weaknesses:** The shop seems to be relatively small in terms of its operational scale and resources. It may be difficult to compete with other more resourceful competitors when these firms enter the market. Donald also lacks the marketing knowledge to formulate his marketing strategies systematically so as to deal with competition or the changing business environment. (2 marks)
- **Opportunities:** Hong Kong people are fond of dried seafood. (2 marks)
- **Threats:** After the financial turmoil, Hong Kong people's purchasing power has declined. Since the barriers for entering the market are not high, Donald's company also may face keen competition when new competitors enter the market. (2 marks)

b **Possible ways that Donald can improve his company's sales performance include:**

- Donald may source somewhat less expensive dried seafood and sell it to more price-conscious customers.
- Donald may consider his son's idea of redecorating the old-fashioned shop to attract young customers. This can extend the range of his customers and open up more opportunities for business growth.
- Donald may introduce volume discounts to his customers. Customers who buy certain amounts would be given discounts.