



EXAMINER'S REPORT

MAY 2000

BUSINESS-TO-BUSINESS MARKETING

General Comments

This year the pass rate is just over 61%. Generally candidates performed well in section B of the examination: the theory part. In contrast to previous years, the scripts demonstrated that greater use was made of extra material to support the line of argument in the answers. This is a welcome feature and one that should be encouraged. It shows that candidates can build upon the basic material that is covered in the lectures and in the prescribed text. The stronger scripts also demonstrated that candidates were prepared to share their own experiences and opinions with regard to the evaluation of the propositions contained in the various questions.

On a less positive note, section A, the case study section, revealed a high degree of variation in the scripts. The weaker attempts highlighted the fact that many candidates do not prepare adequately for this part of the paper. It is not good enough to provide a summary of the case allied to a small number of superficial comments and observations. This year's case, Dell Computer Corporation, should have provided a clear platform for students to show their ability to apply theory to practice. The company operates in Ireland and has been at the forefront of many newspaper articles and features. Yet the weaker answers did not provide any evidence that the candidates could relate to the subject matter.

SECTION A

Question 1

This section traditionally appears to cause problems for candidates and this year was no exception. The stronger answers correctly identified the entrepreneurial contribution of Michael Dell to strategy development and implementation. The ethos of the company revolves around the ability to deliver a product at a lower price than the competition. This requires the company to manage its margins and costs. It can be argued that the involvement of retailers in the notebook product infringed upon one of the core competencies of the company and one of its competitive advantages. The company quickly corrected this error, retrenched and ultimately regained its advantage by adhering to its original core strength: direct marketing. Weaker answers failed to sufficiently acknowledge this issue: particularly in sections B and C. Such scripts also did not develop the key strategic issues in section B. It is not sufficient to list points: they have to be properly assessed. Candidates should avoid repeating material that is contained in the case unless they are prepared to use it to develop a point or make some assessment or evaluation.

SECTION B

Question 2

It was possible to identify a clear delineation between strong and weak answers to this question. The latter focused on a basic “regurgitation” of the industrial buying process and some general comments about the DMU. Discussion on developments within e-commerce was notably absent. Some candidates provided a general descriptive summary of the role of the Internet. However they did not address the specific issue raised in the question. By contrast, the stronger answers provided a detailed assessment of the role of e-commerce as applied to the different buying situations: new task, straight rebuy and modified rebuy. This categorisation allows candidates to more fully identify the potential and/or limitations of e-commerce for industrial marketers. Such answers also contained some relevant examples to support the line of argument.

Question 3

Weak answers simply focused on the basic industrial segmentation variables that are employed in this area. However a careful appraisal of the question should indicate that this is a very limited and facile interpretation of what is required. The better answers correctly acknowledged that more accurate management of information leads to a better understanding of the individual customer’s requirements and a more accurate ability to forecast demand. Advances in manufacturing technology mean that it is increasingly becoming more feasible to tailor products and services to the specific requirements on the individual corporate customer. Thus more precise segmentation can occur. This of course has implications for industrial marketers; particularly in their ability to improve customer service and quality.

Question 4

Candidates in this question were asked to focus on the relevance of non-cost issues in the task of developing an appropriate pricing strategy. The clue here lay in the ability of candidates to recognise the need to “add value” where possible. While some industrial products undoubtedly can be classified as commodity products, many such products and services cannot. The stronger answers identified the influencing factors and provided some examples to support the line of argument. Many industrial products allow marketers to address specific problems and generate solutions. This adds value to the business proposition and, as a consequence, can generate a price premium that customers are willing to pay for.

Question 5

Stronger answers correctly identified the range of roles and responsibilities that have to be performed in the value chain, regardless of who does so. Clearly extra channel members in the chain contribute to rising prices to the ultimate consumer, as they have to receive payment for performing certain tasks. The real question revolves around whether or not they add real value? If the answer is in the affirmative, then they have an important role in the supply chain. However, if the manufacturer can perform such tasks, then it is possible to eliminate certain types of intermediaries. Many candidates made reference to the Dell Corporation to support the line of argument. Weaker answers, by contrast, ignored the roles and responsibilities.

Question 6

This question again revealed a high level of variation. In essence, candidates either “knew” the concept or could correctly identify the major dimensions, or they focused on the various elements of

control. The stronger scripts also proactively related the discussion the specific situation and industries presented in the question. Weaker answers ignored this aspect completely.

The “balanced scorecard” has relevance for many companies, irrespective of size. It forces management to consider key dimensions such as customer service, financial contribution and the overall environment within which companies operate. For small companies, it can be argued that it needs to be modified and perhaps used in a more informal and less rigid manner than might be the case in large corporations. These issues were explored in the stronger answers.