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CERTIFIED PUBLIC ACCOUNTANT
FOUNDATION LEVEL 1 EXAMINATIONS
F1.4: BUSINESS MANAGEMENT, ETHICS AND
ENTREPRENEURSHIP

DATE: MONDAY 26, FEBRUARY 2024
MARKING GUIDE AND MODEL ANSWERS

QUESTION ONE

Marking Guide

Qn	Description	Total Marks
a	Role of a manager: Each of the answers must be explained. Unexplained points earn half marks (1 mark) At least 5 roles each at 2 marks 5 points * 2 mark = 10 maximum marks Consider other possibly equally correct answers	10
b	FIVE operational functions of human resource management: Each of the 4 functions must be explained 5 answers * 2 marks = 10 maximum marks Unexplained factors earn half marks (1 mark) Consider other possibly equally correct answers	10
Total		<u>20</u>

Model Answer:

a) Discuss how your role as a manager in the construction company can positively impact the success of the infrastructure project.

The accomplishment of organizational goals: Management achieves the organizational goals by properly planning organization. The success of the infrastructure project will depend on the extent of its effective and efficient attainment of the predetermined object or goals by properly utilizing its human and physical resources and facility, and by copying well with its environment element, such as consumers, suppliers, competitors, etc.

To run large-scale industry smoothly: It is the time of production. production enjoys some certain advantages but simultaneously faces some difficulties also. The main difficulty faced by the enterprise having production is to the activities and to manage the distribution of goods and services. My role as a manager is to help the construction company in overcoming these problems with the help of business administration and management. The company can carry out the production easily and can manage the proper distribution of goods and services.

Proper running of the business: My role as a manager will be to successfully lead and motivate the workers to perform their duties and responsibilities.

Designing of good organizational structure: People in an enterprise must be properly well constituted in purposeful groups to create cooperation and co-ordination in their thinking and activities only then they will be able to contribute effectively and efficiently towards the achievement of group goals and ultimately the business subjective. For establishing proper

control positions and clear relationships between and amongst, I will design the required structure and fill the created positions with right persons.

Creation of proper organization climate: The good working climate is a must for people to perform their task and responsibilities enthusiastically and economically. As a manager, I will create proper organizational climate by establishing effective reward system.

Creating and maintaining co-coordinating if people in the organization perform their linkages with one another. Such scattered activities and efforts shall result in all futile exercises. Productivity will be hampered results shall be dismal and disappointing and objectives shall remain unattained. Hence proper integration of physical resources and people is a must for successful business. As a manager, I will act as the force that integrates ideas and physics resources into creating and maintain among human and material resources towards the achievement of organizational objectives.

b) Examine five operational functions of human resource management to an organisation.

The following are the Operative Functions of Human Resource Management:

Procurement of Personnel: It is concerned with the obtaining of the proper kind and number of personnel necessary to accomplish organization goals.

Development of Personnel: Development has to do with the increase through training, skill that is necessary for proper job performance. In this process various techniques of training are used to develop the employees. Determination of the basis of promotion and making performance appraisal are the elements of personnel development function.

Compensation to Personnel: Compensation means determination of adequate and equitable remuneration of personnel for their contribution to organisation objectives. To determine the monetary compensation for various jobs is one of the most difficult and important function of the personnel management.

Maintaining Good Industrial Relation: The personnel manager must create harmonious relations with the help of sufficient communication system and co-partnership. If labour management relations are not good the moral and physical condition of the employee will suffer, and it will be a loss to an organisation vis-à-vis a nation.

Record Keeping: In record-keeping the personnel manager collects and maintains information concerned with the staff of the organization. It is essential for every organization because it assists the management in decision making such as in promotions.

Personnel Planning and Evaluation: Under this system different type of activities are evaluated such as evaluation of performance, personnel policy of an organization and its practices, personnel audit, morale, survey, and performance appraisal, etc.

QUESTION TWO

Marking Guide

Qn	Description	Marks	Total Marks
a	Consider other possibly equally correct answers: Each point should be briefly stated (no need for detailed explanations). Each valid point should be awarded 1 mark. Poorly or listed answers are awarded 0.5 marks. Whether the interests of all parties, including third parties whose interests may be affected, could be harmed if the client or employer consents to the disclosure of information by the professional accountant	1	
	When a situation involves unsubstantiated facts, incomplete information or unsubstantiated conclusions, professional judgment shall be used in determining the type of disclosure to be made	1	
	The type of communication that is expected and to whom it is addressed	1	
	Whether the parties to whom the communication is addressed are appropriate recipients	1	4
b	SEVEN steps your company can take to better protect confidential information: Each point should be briefly stated (no need for detailed explanations). Each valid point should be awarded 1 mark. Poorly or listed answers are awarded 0.5 marks. NB: Answers need not be provided in a certain order.		7
c	Ethical threats and safeguards: Each correctly identified threat is awarded 1 mark and each correctly identified corresponding safeguard is awarded 1 mark (maximum 2 safeguards) Do Not Award extra marks for explaining.	4	
	Valuation services (1 mark for self-review threat and 2 marks for 2 correct safeguards. Consider other possible safeguards not in the model answer)	3	
	Taxation services (1 mark for self-review or advocacy threat and 2 marks for 2 correct safeguards. Award full marks if a candidate only identified 1 of the 2 threats. Consider other possible safeguards not in the model answer)	3	

Legal services (1 mark for self-review and 2 marks for 2 correct safeguards. Consider other possible safeguards not in the model answer)

3

9

Total

20

Model Answers

a) State four factors to consider in deciding whether to disclose confidential information.

- Whether the interests of all parties, including third parties whose interests may be affected, could be harmed if the client or employer consents to the disclosure of information by the professional accountant.
- When a situation involves unsubstantiated facts, incomplete information or unsubstantiated conclusions, professional judgment shall be used in determining the type of disclosure to be made.
- The type of communication that is expected and to whom it is addressed.
- Whether the parties to whom the communication is addressed are appropriate recipients.

b) Recommend seven steps your company can take to better protect confidential information.

- All confidential documents should be stored in locked file cabinets or rooms accessible only to those who have a business “need-to-know.”
- All electronic confidential information should be protected via firewalls, encryption, and passwords.
- Employees should clear their desks of any confidential information before going home at the end of the day. Employees should refrain from leaving confidential information visible on their computer monitors when they leave their workstations.
- All confidential information, whether contained on written documents or electronically, should be marked as “confidential.”
- All confidential information should be disposed of properly (e.g., employees should not print out a confidential document and then throw it away without shredding it first.)
- Employees should refrain from discussing confidential information in public places.
- Employees should avoid using e-mail to transmit certain sensitive or controversial information.

c) State ONE ethical threat that could potentially result from auditors providing the following services and suggest TWO safeguards for each threat.

(i) Valuation services

Ethical Threat:

A firm performing valuation services for an audit client may create a self-review threat.

Possible safeguards:

- Have a professional who is not involved in providing the valuation.
- review the audit or valuation of work performed.
- Ensure personnel providing such services do not participate in the audit engagement.

(ii) Taxation services

Ethical Threat:

When a firm performs certain tax services a self-review and advocacy threat is created.

Possible safeguards:

- Using professional who are not members of the audit team to perform the service.
- Senior partner/senior staff member to review tax calculations.
- Obtain advice from an external tax professional.
- Advice from tax authorities.

(iii) Legal services

Ethical Threat:

Legal services that support an audit client in executing a transaction (for example, contract support, legal advice, legal due diligence, and restructuring) may create self-review threats.

Possible safeguards:

- Using professionals who are not members of the audit team to perform the service.
- Having a professional who was not involved in providing the legal services provide advice to the audit team on the service and review any financial statement treatment.

QUESTION THREE

Marking Guide:

Qn	Description	Marks	Total Marks
a	<p>FIVE components you will include in your business plan: Answers should be adequately explained. Unexplained answers earn half marks (1 mark) Any correct 5 components *2 marks = 10 maximum marks The order of answers does not matter. Candidates who use different correct names should be marked.</p>		10
b	<p>FIVE risks and their mitigation strategies: Each risk should be explained clearly and accompanied with an appropriate mitigation strategy 5 risks * 2 marks = 10 maximum marks Unexplained risks or risks with no mitigation strategy earn 1 mark Note: Candidates who use different correct names should be marked.</p>		
	Social & Ethics Risk	2	
	Financial Risk	2	
	Operational Risk	2	
	Information Technology Risk	2	
	Compliance to Laws and Regulations Risk	2	10
	Total	-	20

Model Answers

a) Explain any five components you will include in your business plan.

My business plan will contain the following components:

Executive Summary: It serves as a succinct overview, encapsulating the mission, vision, and objectives of the company. This section briefly highlights the agribusiness's achievements, current status, and future goals, providing potential investors and stakeholders with a snapshot of the company's financial projections and funding requirements.

Table of Contents: It is an organizational tool that facilitates easy navigation through the business plan. By providing page numbers for each section, the table of contents ensures that readers can quickly locate specific information, enhancing the overall accessibility of the document.

Company Description: It delves into the foundational aspects of the agribusiness. This section provides a detailed history, mission, vision, and legal structure of the company. It articulates the company's values, core competencies, and unique features that distinguish it in the market.

Product Description: It outlines the organic farming products offered by the agribusiness. The section details the quality, specifications, and uniqueness of the products. Any innovation or technology used in the production process is highlighted, providing a comprehensive understanding of the agribusiness's offerings.

Customer Analysis: The focus is on identifying the target market for the agribusiness's organic products. This section analyzes customer demographics, preferences, and buying behavior, shedding light on how the products fulfill customer needs and preferences.

Competitor Analysis: The agribusiness identifies and scrutinizes competitors in the organic farming industry. Strengths and weaknesses are assessed, and the section emphasizes how the agribusiness differentiates itself, showcasing plans to gain a competitive edge.

Industry Analysis: This section presents an overview of the organic farming industry in Gicumbi district and Rwanda. This section analyzes industry trends, opportunities, and challenges, demonstrating how the agribusiness fits into the broader industry landscape.

Business Strategy: This section articulates the overall strategy for the agribusiness, encompassing market positioning, growth plans, and strategic alliances. It details how the business plans to achieve its goals and sustain a competitive advantage.

Operations Plan: This section delves into the day-to-day operations of the agribusiness, covering farming practices, processing, distribution, location, facilities, and equipment. Key suppliers, partners, and operational processes are discussed, offering a comprehensive understanding of the agribusiness's operational framework.

Marketing Plan: This section lays out the strategy for promoting organic products. This section includes details on pricing, distribution channels, and promotional activities, elucidating how the agribusiness plans to build and maintain its customer base.

Financial Plan: In this section detailed financial projections are presented, encompassing income statements, balance sheets, and cash flow statements. Funding requirements are specified, and the section discusses how capital will be utilized, along with the assumptions made in the financial projections.

Critical Risks: This section identifies possible risks that could impact the agribusiness's operations and financial health. Mitigation strategies are proposed for each risk, emphasizing how risk management will be integrated into the overall business strategy.

Development Plan: This section outlines the agribusiness's growth and expansion plans. This section details planned improvements, expansions, or diversifications, discussing the timeline and resources required for these development initiatives.

Finally, the **Appendices** section includes supplementary materials, such as detailed financial models, market research data, or legal documents. This section provides any additional information that supports and enhances the understanding of the business plan.

Collectively, these components contribute to a comprehensive and well-rounded business plan, offering a clear roadmap for the agribusiness's future success and growth in Gicumbi.

b) Discuss FIVE risks you are likely to face in your attempt to expand your agrobusiness company and their mitigation strategies.

Social & Ethics Risk: Social and ethical considerations are vital in the organic farming sector. The agribusiness should be aware of potential social and ethical risks associated with its operations. This includes issues related to fair labour practices, community relations, and environmental sustainability. For instance, concerns about fair wages for farmworkers, community impact assessments, and adherence to environmentally friendly farming practices should be thoroughly evaluated. Mitigation strategies may involve implementing transparent and ethical labour practices, engaging with local communities, and adopting sustainable farming methods.

Financial Risk: Financial risk encompasses a variety of factors that could impact the agribusiness's financial health. This includes market fluctuations affecting product prices, currency exchange rate risks, and the potential for unforeseen expenses. To address financial risk, the business plan should incorporate detailed financial projections, consider different economic scenarios, and establish contingency funds. Diversification of revenue streams and effective cost management can also be part of the mitigation strategy.

Operational Risk: Operational risks in the agribusiness may arise from factors such as weather conditions affecting crop yields, supply chain disruptions, and equipment failures. Robust operational planning, regular maintenance of machinery, and contingency plans for adverse weather events can help mitigate operational risks. Additionally, maintaining relationships with reliable suppliers and implementing efficient logistics strategies are crucial components of managing operational risks.

Information Technology Risk: While information technology may not be the primary focus in traditional agriculture, it becomes increasingly relevant as businesses adopt digital tools for operations, data management, and market outreach. The agribusiness should be aware of potential risks related to data breaches, system failures, or cyberattacks. Implementing secure IT systems, regular cybersecurity assessments, and employee training on cybersecurity best practices are essential measures to mitigate information technology risks.

Compliance to Laws and Regulations Risk: Compliance with laws and regulations is critical in the agribusiness sector, which may involve adherence to environmental regulations, labour laws, and product quality standards. Failure to comply can result in legal consequences and damage to the company's reputation. To address this risk, the agribusiness should establish a robust compliance framework, stay informed about changes in regulations, and conduct regular audits to ensure adherence to legal requirements. This may involve working closely with legal advisors and staying engaged with relevant regulatory bodies.

QUESTION FOUR:

Marking Guide:

Qn	Description	Marks	Total Marks
a	Distinguish between mergers and acquisitions: Only definitions are sufficient		
	Merger (correct definition is awarded 1 mark. Consider alternative definitions proposed by candidates)	1	
	Acquisitions (correct definition is awarded 1 mark. Consider alternative definitions proposed by candidates)	1	2
b	FIVE types of mergers: Each type should be briefly explained 4 type * 2 marks = 8 maximum marks Only listed types earn 1 mark		
	Horizontal merger (Award 1 mark for a correct type identified and 1 mark for a correct brief explanation)	2	
	Vertical merger (Award 1 mark for a correct type identified and 1 mark for a correct brief explanation)	2	
	Product extension merger (Award 1 mark for a correct type identified and 1 mark for a correct brief explanation)	2	
	Market extension merger (Award 1 mark for a correct type identified and 1 mark for a correct brief explanation)	2	
	Conglomeration (Award 1 mark for a correct type identified and 1 mark for a correct brief explanation)	2	10
c	FOUR advantages of Mergers and Acquisitions: Each advantage should be explained 4 advantage * 2 marks = 8 maximum marks Only listed advantages earn 1 mark Note: Other logical answers should be considered		8
Total			20

Model Answers

a) Distinguish between mergers and acquisitions.

Mergers happen when two or more companies join together: one of the businesses usually wants to purchase a controlling interest in the other company, or both businesses have combined interests. A merger involves the total absorption of a target firm by the acquirer. As a result, one firm ceases to exist and only the new firm (acquirer) remains.

Whereas,

Acquisition refers to the takeover of one entity by another. An acquisition involves one firm buying only a portion of another firm. The acquisition may happen to acquire assets or an altogether different segment of the other firm.

b) Identify and briefly describe five types of mergers.

Horizontal merger. A merger in which two companies sell the same types of products and are in direct competition with each other.

Vertical merger: A merger between two companies that have a company/customer relationship or a company/supplier relationship.

Product extension merger: A merger between two companies selling different but related products in the same market, such as the merger between

Market extension merger: A merger between two companies that sell the same products in different markets.

Conglomeration: A merger between two companies that have no common business areas but instead merge to obtain diversification.

c) Explain four advantages of Mergers and Acquisitions.

Synergy Realization: One of the primary advantages of M&A is the potential for synergy. By combining the strengths of two companies, whether in terms of resources, expertise, or market presence, synergies can be realized. This synergy can lead to cost savings, operational efficiencies, and improved overall performance. For example, a merger might allow for the sharing of distribution channels or the consolidation of administrative functions, resulting in reduced expenses and increased profitability.

Market Expansion and Diversification: M&A activities provide companies with the opportunity to expand their market presence and diversify their product or service offerings. Acquiring or merging with another business can open up new geographic markets, customer

segments, or industry verticals. This diversification helps mitigate risks associated with reliance on a single market or product, enhancing the company's resilience to economic fluctuations and changes in consumer preferences.

Enhanced Operational Efficiency: Combining the operations of two companies can lead to increased efficiency. This may involve streamlining redundant processes, eliminating duplicated functions, and leveraging shared resources. For instance, a merger could result in the consolidation of production facilities, leading to economies of scale and improved production efficiency. Enhanced operational efficiency contributes to cost reductions and improved competitiveness in the marketplace.

Access to Resources and Capabilities: M&A activities provide companies with the opportunity to gain access to valuable resources, capabilities, and intellectual property. For instance, acquiring a company with advanced technology or a strong research and development team can accelerate innovation and enhance the acquirer's competitive edge. Additionally, mergers can provide access to a broader talent pool, bringing in skilled professionals and diverse expertise that contribute to the overall strength of the combined entity.

QUESTION FIVE

Marking Guide:

Qn	Description	Marks	Total Marks
a	SIX requirements before a franchise is awarded: Each requirements should be explained 4 requirements * 2 marks = 8 maximum marks Only listed requirements earn 1 mark Note: Other logical answers should be considered		12
b	Specific integration strategies: Answers should be linked to the food retail company. Those not linked to the food retail company earn half marks Vertical Integration (Award 1 mark for a correct strategy identified and 1 mark for a correct explanation) Backward Integration (Award 1 mark for a correct strategy identified and 1 mark for a correct explanation) Forward Integration (Award 1 mark for a correct strategy identified and 1 mark for a correct explanation) Horizontal Integration (Award 1 mark for a correct strategy identified and 1 mark for a correct explanation)	2 2 2 2	8
Total			<u>20</u>

Model Answers

a) Discuss six requirements before a franchise is awarded.

Before a franchise is awarded, both franchisors and potential franchisees need to go through a thorough evaluation process to ensure a successful and mutually beneficial partnership. Here are some key requirements and considerations:

Financial Stability: Franchisors typically assess the financial stability of potential franchisees. This involves reviewing their financial statements, credit history, and ability to invest in the franchise. The franchisee needs to have sufficient capital not only to cover the initial franchise fee but also to support the business during the initial phases of operation.

Business Experience and Skills: Franchisees are often expected to have relevant business experience and skills, especially in the industry of the franchise. Franchisors look for individuals with a track record of success in managing businesses or specific expertise that aligns with the requirements of the franchise. This ensures that franchisees are well-equipped to run a successful operation.

Compatibility with Brand Values: Franchisors want to ensure that potential franchisees align with the brand values and ethos of the company. This includes a shared commitment to customer service, quality standards, and overall brand image. Franchisees are expected to represent the brand consistently and uphold its reputation.

Legal and Regulatory Compliance: Both parties must comply with legal and regulatory requirements. Franchisors often provide a Franchise Disclosure Document (FDD), which contains important information about the franchise opportunity. Potential franchisees should carefully review this document and seek legal advice if needed to ensure a clear understanding of their rights and obligations.

Training and Support: Franchisees should be willing to undergo the training provided by the franchisor. This training covers operational procedures, marketing strategies, and other aspects crucial to the successful running of the franchise. Franchisees need to be receptive to ongoing support from the franchisor and participate actively in the shared learning process.

Location Selection: Franchisors may have specific criteria for selecting the location of the franchise. Potential franchisees should work closely with the franchisor to identify suitable locations based on factors such as target demographics, market demand, and competition.

Business Plan: Franchisees are often required to submit a detailed business plan to demonstrate their understanding of the local market, competition, and strategies for success. This plan should align with the overall goals and standards set by the franchisor.

Communication and Relationship Building: Effective communication is essential for a successful franchise relationship. Franchisees and franchisors should establish open and transparent communication channels. Building a strong relationship based on trust and mutual respect is crucial for the long-term success of the franchise.

Adherence to System Standards: Franchisees must adhere to the system standards set by the franchisor. This includes following operational procedures, using approved suppliers, and maintaining the quality and consistency of products or services. Consistency is key to preserving the brand's reputation.

b) Propose and explain specific integration strategies that the food retail company could adopt to enhance its supply chain and overall operations.

Vertical Integration: Vertical integration involves expanding operations either upstream (towards suppliers) or downstream (towards customers). In the context of the food retail company, vertical integration could include both backward integration (towards suppliers) and forward integration (towards customers).

- *Backward Integration:* The company could consider acquiring or forming strategic partnerships with suppliers of key ingredients or products. By having more control over its supply chain, the company can ensure a stable and cost-effective source of raw materials. This could lead to better quality control, cost savings, and increased responsiveness to market demands.
- *Forward Integration:* Exploring opportunities for forward integration, such as establishing its distribution channels or even opening its own cafes or outlets, can provide the company with more control over the customer experience. This can lead to increased brand loyalty, improved profit margins, and a more direct connection with consumers.

Horizontal Integration: Horizontal integration involves expanding operations within the same stage of the value chain. In the food retail sector, this could involve acquiring or merging with other food retail companies. Acquiring or merging with competitors in the region can lead to market consolidation. This can result in increased market share, reduced competition, and enhanced negotiating power with suppliers. However, careful consideration is required to avoid potential antitrust issues.

QUESTION SIX

Marking Guide

Qn	Description	Marks	Total Marks
a	<p>FIVE advantages of implementing Customer Relationship Management (CRM) strategies for Ambara Company: Should be explained 5 advantages * 2 marks = 10 maximum marks Simply outlined advantages score 1 mark Note: Other logical advantages should be considered</p>		10
b	<p>FIVE types of marketing research which can be used Ambara Company: Answers should be linked to the food retail company. Those not linked to the food retail company earn half marks</p> <p>Ad Tracking (Award 1 mark for a correct type identified and 1 mark for a correct explanation) 2</p> <p>Advertising Research (Award 1 mark for a correct type identified and 1 mark for a correct explanation) 2</p> <p>Brand Equity Research (Award 1 mark for a correct type identified and 1 mark for a correct explanation) 2</p> <p>Commercial Eye Tracking Research (Award 1 mark for a correct type identified and 1 mark for a correct explanation) 2</p> <p>Coolhunting (Award 1 mark for a correct type identified and 1 mark for a correct explanation) 2</p>		10
Total			20

Model Answers

a) Examine five advantages of implementing Customer Relationship Management (CRM) strategies for Ambara Company.

Customer Relationship Management (CRM) strategies are essential for Ambara Company, the clothing retail business in Karongi district, to foster strong connections with its customer base and enhance overall business performance.

Growing Share of Customer: Implementing CRM strategies allows Ambara Company to focus on growing its share of customer. By understanding customer preferences, behaviours, and needs, the company can tailor its offerings and services, encouraging customers to engage more frequently and spend more on a variety of products. This approach goes beyond individual transactions, emphasizing the lifetime value of each customer.

Satisfying the Customer Needs: CRM strategies enable Ambara Company to gain insights into customer preferences and expectations. By understanding what customers value and require, the company can tailor its product offerings, marketing messages, and customer service to better meet their needs. This leads to higher levels of customer satisfaction and strengthens the company's competitive position in the market.

Maximize Revenue: CRM helps Ambara Company identify cross-selling and upselling opportunities. By analysing customer data and purchase patterns, the company can suggest complementary products or upgrades, thereby maximizing revenue from each customer. This approach is more cost-effective than constantly acquiring new customers and contributes to sustainable revenue growth.

Managing Company Interaction: CRM strategies enable Ambara Company to manage interactions with customers more effectively. Through centralized databases and customer profiles, the company can track customer communications, purchase history, and feedback. This ensures consistent and personalized interactions across various touchpoints, fostering a positive and cohesive customer experience.

Electronic Customer Relationship Management (E-CRM): E-CRM, an integral part of CRM strategies, involves leveraging electronic channels such as email, social media, and online platforms to interact with customers. Ambara Company can use E-CRM to engage with customers in real-time, gather valuable feedback, and deliver targeted marketing messages. This enhances the overall customer experience in the digital age.

Customer Relationship Management (CRM) Systems: Investing in CRM systems allows Ambara Company to efficiently manage customer data and interactions. These systems centralize customer information, making it easily accessible to relevant departments. The use of CRM systems streamlines internal processes, facilitates communication across teams, and ensures a coordinated approach to customer relationship management.

Business Value of Customer Relationship Management Systems: The implementation of CRM systems delivers tangible business value to Ambara Company. These systems enable data-driven decision-making by providing insights into customer behaviours, preferences, and the effectiveness of marketing campaigns. The ability to analyse this data empowers the company to make informed strategic decisions, allocate resources effectively, and adapt to changing market dynamics.

b) **Explain five types of marketing research which can be used Ambara Company.**

Ad Tracking: Ad tracking research involves monitoring and evaluating the performance of advertising campaigns. Ambara Company can use ad tracking to assess the effectiveness of its marketing messages across different channels. By measuring key metrics such as ad recall, brand awareness, and customer response, the company can refine its advertising strategies to maximize impact and return on investment.

Advertising Research: Advertising research focuses on understanding the effectiveness of specific advertising elements, creative concepts, and media placements. Ambara Company can use advertising research to test different ad formats, messaging approaches, and visual elements. This helps in optimizing advertising efforts to resonate better with the target audience and achieve marketing objectives.

Brand Equity Research: Brand equity research assesses the perceived value and strength of a brand in the eyes of consumers. For Ambara Company, understanding brand equity is crucial for building a strong brand identity and fostering customer loyalty. This research can involve measuring brand awareness, associations, perceived quality, and overall brand loyalty.

Commercial Eye Tracking Research: Commercial eye tracking research involves studying how consumers visually engage with advertisements, product displays, or retail environments. Ambara Company can utilize this research to optimize store layouts, product placements, and visual merchandising. Understanding where customers focus their attention can lead to more effective marketing and a better in-store experience.

Coolhunting: Coolhunting, or trend spotting, involves identifying emerging trends and consumer preferences. For Ambara Company, staying ahead of fashion trends is essential. Coolhunting research can involve monitoring social media, fashion blogs, and other sources to identify evolving consumer preferences. This helps the company stock products that align with current and upcoming trends.

Buyer Decision Making Process Research: Researching the buyer decision-making process involves understanding how customers go through the stages of awareness, consideration, and ultimately, the purchase. Ambara Company can benefit from this research by tailoring marketing strategies to align with each stage of the customer journey. This includes providing relevant information, addressing concerns, and creating positive buying experiences.

QUESTION SEVEN

Marking Guide

Qn	Description	Marks	Total Marks
a	FIVE factors that Shikama Ltd should consider when assessing and selecting a suitable market for its software products: Should be explained 5 factors * 2 marks = 10 maximum marks Simply outlined factors score 1 mark Note: Other logical factors should be considered		10
b	FIVE methods which Shikama Ltd may use to protect its business idea: 5 methods * 2 marks = 10 maximum marks Simply outlined methods score 1 mark Note: Answers should be linked to the case study.		10
Total			<u>20</u>

Model Answers

a) **Discuss five factors that Shikama Ltd should consider when assessing and selecting a suitable market for its software products.**

Market Volume, Growth, and Structure: Shikama Ltd needs to analyze the size and potential growth of the target market for its software products. Understanding the current market volume and its growth trajectory is crucial for estimating the business potential. Additionally, assessing the market structure, including the number of competitors and market segments, helps Shikama Ltd identify niches where its software solutions can create a significant impact.

Price Structure: Examining the price structure within the target market is essential for Shikama Ltd to set competitive yet profitable pricing for its software products. Factors such as customer willingness to pay, price sensitivity, and the pricing strategies of competitors should be considered. This analysis ensures that Shikama Ltd positions its products effectively in the market while maintaining a sustainable pricing model.

Cost Situation: Understanding the cost dynamics within the chosen market is critical for Shikama Ltd's profitability. This involves evaluating the cost of production, distribution, and any market-specific expenses. By comprehensively assessing the cost situation, the company can determine the feasibility of entering a particular market and develop strategies to optimize operational efficiency and cost-effectiveness.

Procurement Situation: Analyzing the procurement situation involves understanding how businesses or consumers acquire software products in the target market. This includes

evaluating procurement processes, preferred channels, and potential partnerships. Shikama Ltd should tailor its distribution and sales strategies based on the procurement practices prevalent in the chosen market, ensuring accessibility and convenience for customers.

Infrastructure: The infrastructure of the target market plays a significant role in the successful deployment and adoption of software products. Shikama Ltd needs to assess the technological, logistical, and communication infrastructure to ensure its software can seamlessly integrate and function. The availability of reliable internet connectivity, supportive technology platforms, and accessibility to necessary resources are crucial considerations for market selection.

b) Explain five methods which Shikama Ltd may use to protect its business idea.

Customers: While not a traditional method of protection, building strong relationships with customers can indirectly safeguard business ideas. Establishing a loyal customer base creates a competitive advantage, as satisfied customers are less likely to switch to competitors. Positive customer testimonials, case studies, and feedback can enhance Shikama Ltd's reputation and act as a form of indirect protection against imitation.

Trademarks: Shikama Ltd can protect its brand identity and software products by registering trademarks. Trademarks provide legal ownership and exclusive rights to the company's logos, names, and distinctive features. This prevents others from using similar identifiers that could cause confusion among consumers. Registering trademarks reinforces the brand's uniqueness and helps build brand recognition and trust in the market.

Patents: For any innovative software features or processes developed by Shikama Ltd, obtaining patents can provide legal protection. Patents grant exclusive rights to the company for a specified period, preventing others from making, using, or selling the patented invention. This is particularly relevant if Shikama Ltd has developed novel algorithms, functionalities, or technologies within its software products.

Copyrights: Copyright protection is applicable to the original expressions of ideas, such as software code, graphical user interfaces, and other creative elements within the software. By securing copyrights, Shikama Ltd gains exclusive rights to reproduce, distribute, and display its software. This legal protection prohibits others from copying or replicating substantial parts of the software's creative components without permission.

Trade Secrets: Protecting business ideas and proprietary information as trade secrets involves maintaining confidentiality. Shikama Ltd can use non-disclosure agreements (NDAs) with employees, contractors, and collaborators to prevent the unauthorized sharing of sensitive information. Internal security measures, such as restricted access to certain code repositories or development processes, can further safeguard trade secrets.

Digital Rights: In the context of software, digital rights management (DRM) can be employed by Shikama Ltd. DRM technologies control access to digital content and restrict unauthorized

distribution or copying. This ensures that only legitimate users have access to Shikama Ltd's software, preventing piracy and unauthorized use.

END OF MARKING GUIDE AND MODEL ANSWERS