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EASTERN UNIVERSITY

Eastern University, Sri Lanka
Faculty of Commerce & Management

Second Year First Semester Examination in BBA /BCOM

2015/2016 (Proper/Repeat) October/November 2017

MKT 2013 Marketing Management

Answer all questions

Time: 03 Hours

01. **Read the following case study and answer the questions given below.**

Lexus delighting customer after the sale to keep them coming back

Jordan Case has big plans for the ongoing expansion of his business. He's already put in wireless Internet access. He's adding a café. And he's installing a putting green for customers who want to hone their golf skills while waiting for service. Case isn't the manager of a swank hotel or restaurant. He's the president of Park Place Lexus, an auto dealership with two locations in the Dallas area, and he takes pride that his dealership is, well, the anti-dealership. In addition to the café, putting green, and Internet access, customer perks include free car washes and portable DVD players with movies loaned to waiting service clients. Last year, Park Place Lexus's passion for customer service earned it a Malcolm Baldrige National Quality Award, a business-excellence honor bestowed by the U.S. government, making it the first automotive dealership ever in the award's history to win the award. "Buying a car doesn't rank up there with the top five things you like to do," Case says. "So we try to make the experience different."

For many people, a trip to the auto dealer means the mind-numbing hour or two in a plastic chair with some tattered magazines and stale coffee. But JM Lexus in Margate, in the U.S. state of Florida, features four massage chairs, in addition to its Starbucks coffee shop, two putting greens, two customer lounges, plus a library. At another gleaming glass-and-stone Lexus dealership north of Miami, "guests," as Lexus calls its customers, leave their cars with a valet and are then guided by a caretaker to a European-style coffee bar offering complimentary espresso, cappuccino, and a selection of pastries prepared by a chef trained in Rome. "We have customers checking into world-class hotels," says a dealership executive. "They shop on Fifth Avenue and they expect a certain kind of experience."

Lexus knows that good marketing doesn't stop with making the sale. Keeping customers happy after the sale is the key to build lasting relationships. Dealers have a common goal: to delight customers and keep them coming back. Lexus believes that if you "delight the customer, and continue to delight the customer, you will have a customer for life." And Lexus understands just how valuable a customer can be—it estimates that the average lifetime value of a Lexus customer is \$600,000.

Still, when a car does need to be serviced, Lexus goes out of its way to make it easy and painless. Most dealers will even pick up the car, and then return it when the maintenance is finished. And the car comes back spotless, thanks to a complimentary cleaning to remove bugs and road grime from the exterior and smudges from the leather interior. And when a customer does bring a car in, Lexus repairs it right the

first time, on time. Dealers know that their well-heeled customers have money, "but what they don't have is time." According to its Web site, from the very start, Lexus set out to "revolutionize the automotive experience with a passionate commitment to the finest products, supported by dealers who create the most satisfying ownership experience the world has ever seen. We vow to value the customers as an important individual. To do things right the first time. And to always exceed expectations." Jordan Case of Park Place Lexus fully embraces this philosophy: "You've got to do it right, on time, and make people feel like they are the only one in the room." Proclaims the Lexus Covenant, "Lexus will treat each customer as we would a guest in our own home."

By all accounts, Lexus has lived up to its ambitious customer-satisfaction promise. It has created what appear to be the world's most satisfied car owners. Lexus regularly tops not just the industry quality ratings, but also its customer-satisfaction ratings worldwide. Last year, Lexus once again ranked number one in American Customer Satisfaction Index, which measures customer satisfaction with the overall ownership experience. Customer satisfaction translates into sales and customer loyalty. Lexus is the nation's number one selling luxury car.

Speak, the owner of a late-model Lexus LS 4300 sedan, says there is no doubt he will come to the store for a new vehicle in a year or two. "My wife and I are going to be fighting over who gets to take the car in now," he says over the chair's hum. "You're not kidding!" Jane Speak chimes in from the store's other massage chair. A Lexus executive puts it simply: "Lexus consistently delivers an exceptional ownership experience".

Questions:

- i. What are the marketing strategies that are led by Jordan Case to win 'Malcolm Baldrige National Quality Award'? (Marks 04)

- ii. 'Lexus works to keep customers happy after each sale, aiming to delight the customer in order to gain a customer for life'. In this pursuit, on which steps Lexus is focusing in the buyer decision process? (Marks 05)

- iii. Generally, people imagine, a trip to the auto dealer means the mind-numbing hour or two in a plastic chair with some tattered magazines and stale coffee. But instead of this, Jordan Case Lexus in Margate did differently. Briefly explain those different experiences? (Marks 05)

- iv. Lexus is being as one of leading brand. Discuss what are the Advantages of Strong Brands? (Marks 04)

v. Jordan Case Lexus value the customers as an important individual. If you place yourself in Jordan Case, express the strategies that you would adopt.

(Marks 08)

(Total 28 Marks)

Q2. i) 'Customer Relationship Management (CRM) is the process of carefully managing detailed information about individual customers and all customer touch points to maximize customer loyalty'. **Illustrate** CRM Strategies with suitable example.

(Marks 04)

ii) 'A mobile company wants to know how many and what kinds of people will buy its next-generation, ultrathin televisions'. In such situation, needed detailed information can be provided by marketing research. **Outline** the Marketing Research Process with an example.

(Marks 06)

iii) 'Porter's Five Forces Framework is a tool for analysing competition of a business'. **Illustrate** on this statement with example.

(Marks 08)

(Total 18 Marks)

Q3. i) 'Prices should reflect either the value that consumers are willing to pay', or 'should just reflect the cost'. **Elaborate** your view on the statement.

(Marks 05)

ii) 'Good service companies focus attention on both customers and employees'. **Differentiate** Services from Products.

(Marks 05)

iii) **Briefly explain** Marketing Orientation in the Market Place with suitable example.

(Marks 08)

(Total 18 Marks)

Q4. i) **Briefly explain** the following terms with examples.

a. Marketing Evangelism

b. Green Marketing

c. Value Chain

(Marks 06)

ii) *'Management is aware that each product will have a life cycle, although its exact shape and length is not known in advance'*. **Describe** the stages of the Product Life Cycle and the strategies used in those stages with suitable examples.

(Marks 06)

iii) *'Buyers are too numerous, widely scattered, and varied in their needs and buying practices. Moreover, the companies themselves vary widely in their abilities to serve different segments of the market'*. **Illustrate** the importance of Segmentation Targeting and Positioning (STP), addressing the situation mentioned above.

(Marks 06)

(Total 18 Marks)

Q5. i) **Explain** 'Marketing Intelligence System' with an example.

(Marks 03)

ii) **Briefly analyse** the steps in New Product Development Process with a suitable example.

(Marks 04)

iii) *'The Market Environment refers to factors and forces that affect a firm's ability to build and maintain successful relationships with customers'*. **Briefly describe** the components of Marketing Environment.

(Marks 05)

iii) **Explain** Ansoff's 'Product Market Expansion Grid with example.

(Marks 06)

(Total 18 Marks)