

Eastern University, Sri Lanka
Faculty of Commerce & Management



Final Year First Semester Examination in BBA/ Specialization in Marketing
Management - 2009/10

(Proper/Repeat)

MKT 4113 – Strategic Marketing Management

Answer all Questions

Time: Three Hours

Q1. If Simmons Is a Power Brand, Does That Help Sales Volume?

“Most people have a very myopic notion of what branding is,” says Dr. David A. Shore, associate dean at Harvard Business School. Scoffing at the common perception that branding is all about awareness, Shore says awareness is almost irrelevant. What matters, he says, is “strategic awareness.” Shore notes that, “when I ask people if they ever heard of Simmons mattresses, they say yes. When I ask them about other brands, they say Sealy and Serta or Stearns & Foster. But when it comes to buying a mattress, people are more influenced by the sales person than by the power of the brand.” According to Dr. Shore, this is because people cannot see any distinction between those brands, and thus there is high brand awareness but low strategic awareness. People do not seem to know what brand their mattress is and have no idea of what brand they would buy to replace their current mattress.

Dr. Shore suggests that most manufactures have a brand, but the question is how much brand equity has the manufacturer build in the market place. Most companies test for brand awareness, but that does not necessarily relate to sales volume; as Shore points out, in Denmark McDonald’s has a higher brand awareness than burger King, but young adults show a strong preference for Burger King. Shore says that in some industries one brand may score the highest awareness and another brand may enjoy an even higher preference, but a third brand can achieve the highest sales. Thus, Shore reasons, a company should measure its brand equity against competitive brands every 6 months, asking the key questions: Do your customers ask for your brand by name? Do customers see a difference between your brand and a competitive brand? Is the customer willing to purchase your brand?

Shore suggests sales managers should think not about awareness but about quality, because "it's all about perceived quality." Manufacturers invest millions of dollars in developing products to the highest levels of quality, but many customers are unable to assess quality. They substitute consistency, dependability, and trust as indicative of quality. A second substitute is longevity and a third is singular distinction, say Shore, emphasizing singular. By trying to be all things to all people, you end up being nothing to anyone. When companies emphasize too many benefits, then none of them stands out. Shore's example of stressing the singular distinction is Volvo. He says they have built a very safe car and everything they do reinforce that image. They have an integrated identity campaign and they coordinate communications to reinforce the same theme in the marketplace. "If you do this," says Shore, "the marketplace will begin to believe that theme". He cites brands that command a premium price because of their perceived quality, such as Zantac. The magazine *Selling Power* checked the price of 60 Zantac 150 mg, listed at www.drugstore.com for \$101.37, while the generic equivalent, Ranitidine 150 mg, sells for only \$10.98, which seems to support Shore.

Essence of a brand

But what is the essence of a brand? "Brands represent what people (customers) think about the product and the feelings they experience when they think about the product," says Shore. Suggesting that the sale is made in the customers' mind and hearts, Shore notes, "I would argue that typically it's not the product or service. It's something that surrounds it. For example, Nike does not sell sneakers, it sells heroism". Therefore, we need to decide what we want customers to think about. At the fundamental level, a brand to Shore "is more than name recognition and a promise to the customer. A good brand makes people willing to pay more, travel further, and wait longer. [But] taking charge of a brand image is often more challenging than herding cats."

Shore cautions that many companies delegate branding to their advertising agencies. Although ads may be a tactical component of branding, Shore explains, "I see branding as a larger umbrella under which communications, marketing, advertising, and sales fall." Suggesting that branding begins with a positioning statement; Shore notes it should say "here is what we want to own in the minds of the marketplace."

But to shore, “the sales force is the most visible manifestation of the brand. Salespeople need to say with a singular voice, ‘This is who we are and, by extension, this is who we are not.’ The critical element that power brands have is trust, and a sales force needs to become the trusted advisor to the customer.” To emphasize his point about trust, shore says, “This is an extraordinary responsibility. The sales force has the moral equivalent of a guidance counselor who clearly understands what the brand is and knows not to extend it too far and not to over promise.”

Shore offers a formula for integrating brand power with sales power by using the acronym ASK. “The first letter, ‘A,’ is for affective feelings, for example, when people shop on fifth avenue in New York, or on Rodeo Drive in Beverly Hills, what counts is the emotional experience involved in the purchase, not the price of the product.” The second letter, “S,” is for skills: “the ability to deliver on the promise, the ability to skillfully assess and serve the needs of the customer.” The third letter, “K,” is for knowledge. Shore explains, “The more knowledgeable someone is about you, the more brand savvy, the more customers will look at you. The problem is that at first glance all brands look very similar. That’s why you need strategic awareness-so you can get a share of the market.”

Questions

1. What is the definition of a “Power Brand”?

(04 Marks)

2. Do you agree that “brand awareness” is not a sufficient measurement for market success? Why? Or, Why not?

(05 Marks)

3. How does Dr. Shore describe the relationship between a “Power Sales Force” and a “Power Brand”? Do you agree with this description? Cite your experience in this regard.

(06 Marks)

4. Is Simmons a power brand? Support your arguments

(06 Marks)

5. Name some brands you believe are worthy of the "Power Brand" label.

(07 Marks)

(Total 28 Marks)

Q2. a) Sustainable Competitive Advantage (SCA) means long-term success based on unique assets and skills that determine strategic thrust. Explain the basic strategies of SCA.

(08 Marks)

b) Natural ecocycles show the patterns tend to form 'rhythms of life'. Explain marketing organization ecocycle with a brief example.

(06 Marks)

c) Explain the relationship between internal marketing, customer satisfaction and profitability

(04 Marks)

(Total 18 Marks)

Q3. a) Explain the process that you would follow when determining a market-segmentation strategy for a new line of exercise equipment. Would the process be different for the services of a non-profit disaster relief organization? Justify your answer.

(08 Marks)

b) Product modification might be recommended as a result of test marketing, but this is no longer the principal reason for test marketing. Briefly explain the advantages and disadvantages of test marketing?

(06 Marks)

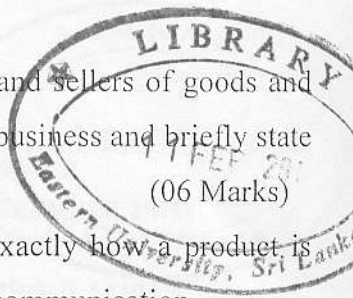
c) "True definition of quality is meeting and exceeding customer expectations" Explain the key element in new marketing concept and the issues arising from it.

(04 Marks)

(Total 18 Marks)

Q4. a) New clothing styles are adopted quickly by a large portion of the population whereas product such as Teflon coated kitchenware take many years to become widely accepted. Why do some products diffuse more rapidly than others? Explain your view on it.

(06 Marks)



b) Retailers serve final customers by being both buyers and sellers of goods and services. Briefly explain the trends and issues in retail business and briefly state about why 'non-store retailing' is mostly focused on. (06 Marks)

c) Suggest some reasons why it is important to know exactly how a product is distributed before developing an integrated marketing communication. (06 Marks)

(Total 18 Marks)

Q5. a) Buyers tend to feel a higher level of perceived risk when buying services than when buying tangible goods for several reasons. Explain the factors that contribute to a customer's perception of risk in purchase situations as follows.

1. Minor surgery performed by an unfamiliar physician
2. An overseas airline travel
3. A major automobile repair (09 Marks)

b) The set of assets associated with a brand that add value is defined a brand equity. Explain the brand elements and the competitive advantages of strong brand equity.

(05 Marks)

c) Strategic inflection point is the point at which the threats of a changing environment can be converted into opportunities by following certain actions'. Explain this statement using 5 forces model for strategy development.

(04 Marks)

(Total 18 Marks)