

**EASTERN UNIVERSITY, SRI LANKA**  
**FACULTY OF COMMERCE & MANAGEMENT**  
**SECOND YEAR FIRST SEMESTER EXAMINATION IN BBA & B.COM DEGREE**  
**PROGRAMMES – 2005/2006 ( JULY/AUGUST 2007) –(PROPER/REPEAT)**  
**MGT 2114 - MARKETING MANAGEMENT**

ANSWER ALL FIVE QUESTIONS

TIME : THREE HOURS

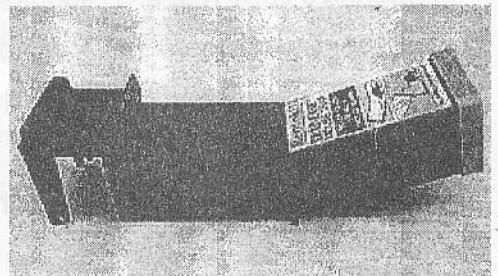
**1. TRAP – EASE AMERICA: THE BIG CHEESE OF MOUSETRAPS**

On a spring morning in April, 1987, Martha House, President of Trap – Ease America, entered her office in Costa Mesa, California, She paused for a moment to contemplate the Ralph Waldo Emerson quote which she had framed and hung near her desk.

“If a man [can] ..... make a better mousetrap than his neighbor..... the world will make a beaten path to his door.”

Perhaps, she mused, Emerson knew something that she didn't. She had the better mouse trap – Trap-Ease-but the world didn't seem all that excited about it.

Martha had just returned from the National Hardware Show in Chicago. Standing in the trade show display booth for long hours and answering the same questions hundreds of times had been tiring, Yet, this show had excited her. Each year, National Hardware Show officials hold a contest to select the best new



product introduced at the show. Of the more than 300 new products introduced at that year's show, her mousetrap had won first place. Such notoriety was not new for the Trap-Ease mousetrap. It had been featured in People magazine and had been the subject of numerous talk shows and articles in various popular press and trade publications. Despite all of this attention, however, the expected demand for the trap had not materialized. Martha hoped that this award might stimulate increased interest and sales.

Trap-Ease America had been formed in January, 1987, by a group of investors who had obtained worldwide rights to market the innovative mousetrap. In return for marketing rights, the group agreed to pay the inventor and patent holder, a retired rancher, a royalty fee for each trap sold. The group then hired Martha to serve as President and to develop and manage the Trap-Ease America organization.

The Trap-Ease, a simple yet clever device, is manufactured by a plastics firm under contract with Trap-Ease America. It consists of a square, plastic tube measuring about 6 inches long and 1 and ½ inches square. The tube bends in the middle at a 30 – degree angle, so that when the front part of the tube rests on a flat surface, the other end is elevated. The elevated end holds a removable cap into which the user places bait (cheese, dog food, or some other tidbit). A hinged door is attached to the front end of the tube. When the trap is “open,” the door rests on two narrow “stills” attached to the two bottom corners of the door.

The trap works with simple efficiency. A mouse, smelling the bait, enters the tube through the open end. As it walks up the angled bottom towards the bait, its weight makes the elevated end of the trap drop downward. This elevates the open end, allowing the hinged door to swing closed, trapping the mouse. Small teeth on the ends of the stilts catch in a groove on the bottom of the trap, locking the door closed. The mouse can be disposed of live, or it can be left alone for a few hours to suffocate in the trap.

Martha felt the trap had many advantages for the consumer when compared with traditional spring-loaded traps or poisons. Consumers can use it safely and easily with no risk of catching their fingers while loading it. It poses no injury or poisoning threat to children or pets. Further, with Trap-Ease, consumers can avoid the unpleasant “mess” they encounter with the violent spring-loaded traps-it creates no “clean-up” problem. Finally, the trap can be reused or simply thrown away.

Martha's early research suggested that women are the best target market for the Trap-Ease. It seems, however, that men are more willing to buy and use the traditional, spring-loaded trap. The targeted women, however, do not like the traditional trap. They often stay at home and take care of their children. Thus, they want a means of dealing with the mouse problem that avoids the unpleasantness and risks that the standard trap creates in the home.

To reach this target market, Martha decided to distribute Trap-Ease through national grocery, hardware, and drug chains such as Safeway, K mart, Hechingers, and CB Drug. She sold the trap directly to these large retailers, avoiding any wholesalers or other middlemen.

The traps sold in packages of two, with a suggested retail price of \$2.49. Although this price made the Trap-Ease about five to ten times more expensive than smaller, standard traps, consumers appeared to offer little initial price resistance. The manufacturing cost for the Trap-Ease, including freight and packaging costs, was about \$.31 per unit. The company paid an additional 8.2 cents per unit in royalty fees.

Martha priced the traps to retailers at \$.99 per unit and estimated that after sales and volume discounts, Trap-Ease would realize net revenues from retailers of 75 cents per unit.

To promote the product, Martha had budgeted approximately \$60,000 for the first year. She planned to use \$50,000 of this amount for travel costs to visit trade shows and to make sales calls on retailers. She would use the remaining \$10,000 for advertising. So far, however because the mousetrap had generated so much publicity, she had not felt that she needed to do much advertising. Still, she had placed some advertising in Good Housekeeping and in other "home and shelter" magazines. Martha currently was the company's only "salesperson," but she intended to hire more salespeople soon.

Martha had initially forecasted Trap-Ease's first-year sales at five million units. Through April, however, the company had sold only several hundred thousand units.

Martha wondered if most new products got off to such a slow start, or if she was doing something wrong. She had detected some problems, although none seemed overly serious. For one, there had not been enough repeat buying. For another, she had noted that many of the retailers upon whom she called kept their sample mousetraps on their desks as conversation pieces – she wanted the traps to be used and demonstrated. Martha wondered if consumers were also buying the traps as novelties rather than as solutions to their mouse problems.

Martha knew that the investor group believed that Trap-Ease America had a "once-in-a-lifetime chance" with its innovative mousetrap. She sensed the group's impatience. She had budgeted approximately \$250,000 in administrative and fixed costs for the first year (not including marketing costs). To keep the investors happy, the company needed to sell enough traps to cover those costs and make a reasonable profit.

In these first few months, Martha had learned that marketing a new product is not an easy task. Some customers were very demanding. For example, one national retailer had placed a large order with instructions that the order was to be delivered to the loading dock at one of its warehouses between 1:00 and 3:00 PM on a specified day. When the truck delivering the order had arrived late, the retailer had refused to accept the shipment. The retailer had told Martha it would be a year before she got another chance. Perhaps, Martha thought, she should send the retailer and other customers a copy of Emerson's famous quote.

## QUESTIONS:

1. 'Martha and the Trap-Ease America investors feel they face a "once-in-a-lifetime opportunity'. What information do they need to evaluate this opportunity?

(04 Marks)

2. Has Martha identified the best target market for Trap-Ease? What other market segments might the firm target?

(05 Marks)

3. How has the company positioned the Trap-Ease relative to the chosen target market? Could it position the product in other ways?

(06 Marks)

4. Describe the current marketing mix for Trap-Ease. Do you see any problems with the mix?

(06 Marks)

5. How would you change Trap-Ease's marketing strategy? What kinds of control procedures would you establish for this strategy?

(07 Marks)

(Total 28 Marks)

2. (I) Explain the different functions of Marketing Management.

(05 Marks)

- (II) " The Marketing Concept is applicable to all business organisations irrespective of size or nature of goods and services marketed ". Discuss this statement.

(06 Marks)

- (III) Identify the major stages involved in carrying out a Marketing Research exercise and briefly explain the problems associated with each stage.

(07 Marks)

(Total 18 Marks)

3. (I) Explain the significance of Marketing Mix Strategies to an organisation.

(04 Marks)

- (II) Describe, and justify, the difference between the communication mix that is typically used in industrial markets and in consumer markets.

(06 marks)

- (III) " There is nothing the manager can do once the product reaches the decline stage of the product life cycle". Comment on this statement, explaining why you either agree or disagree with it.

**(08 Marks)**

**(Total 18 Marks)**

4. (I) Explain the required characteristics of a good brand name.

**(04 Marks)**

- (II) " Many organizations decide on a selling price for their products by adding a percentage to their cost". Comment briefly on this approach to pricing, indicating the other factors which should be taken into consideration when deciding on the price of a new product.

**(08 marks)**

- (III) Describe the HP colour Laser Jet in its introductory stage in terms of ;

- a. Marketing objective,
- b. Competition,
- c. Product,
- d. Price,
- e. Promotion,
- f. Place

**(06 x 01= 06 Marks)**

**(Total 18 Marks)**

5. (I) " Marketing of services is difficult than the marketing of products". Describe with suitable examples.

**(06 Marks)**

- (II) Explain the difference between an undifferentiated, a differentiated and concentrated marketing strategy. Illustrate your answer with examples.

**(05 Marks)**

- (III) " Oil price hike is a severe problem faced by the people in Sri Lanka". If you are an expert marketing manager what strategies you would suggests to the government of Sri Lanka to minimize this problem.

**(07 Marks)**

**(Total 18 Marks)**