

EASTERN UNIVERSITY, SRI LANKA  
FACULTY OF COMMERCE AND MANAGEMENT

2<sup>RD</sup> YEAR 2<sup>ND</sup> SEMESTER EXAMINATION IN ECONOMICS - 2003/2004

(JUNE - 2005)

MGT 2013 - MARKETING MANAGEMENT

Answer All Questions

Time: 03 Hours

01. Read the case and answer the questions.

**Intel Builds Brands Awareness from the Inside Out**

In 1996, thirty years after leaving his native Hungary, Andy Grove founded Intel Corp., pioneer of the micro processing chips that provide the brainpower for most personal computers. The company's 8086 and 8088 chips powered early IBM personal computers, and today, its 486 and Pentium microprocessors dominate the market. Every year some 40 million personal computers are sold, and inside almost every one, including such well known brands as IBM and Next Step is at least one Intel chip. Revenues of almost \$5 billion, earnings that grew more than 30 percents in one year, and innovative new products have earned Intel in place near the top of "The Business marketing 100" list.

When personal computing was in its infancy, companies designed, built, and sold completely integrated systems including chips, software and disk drivers. Buyers had to choose a whole package or nothing. Because today's most successful products are all compatible, original equipment manufacturers can assemble computers with parts from various firms. A new computer might well be a hybrid of Intel processor sharp display, Toshiba memory, U.S. Robotics modem, and Microsoft operating systems. Although Intel continues to maintain its near monopoly of the microprocessor market, competition from firms such as Digital Equipment and Advanced Micro Devices is now making necessary to differentiate from clones.

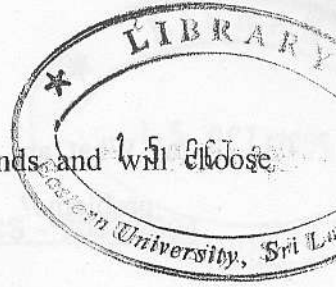
Recognizing that most PC users never check their computers to see which microprocessors constitute the brains, Intel decided to make sure users think twice about whose silicon chips are in there. To boost brand awareness and preference for its products Intel launched its \$250 million global "Intel Inside" campaign. First, Intel created a logo, the words *Intel Inside* surrounded by an oval that doesn't quite close. In partnership with original equipment

manufactures (OEMs), the company is working to make that logo a symbol of quality and proven performance. Every time a participating manufacturer's advertisement for 486sx or Pentium products incorporates the "Intel Inside" logo, Intel reimburses that manufacturer for up to 50 percent of its media placement costs. About a hundred OEMs, including industry frontrunners IBM, Zenith Data Systems, NCR, and Dell Computer, feature Intel's logo in their advertisements, and another two hundred firms have signed up for the program. IBM's first "Intel Inside" advertisement, launched in computer and business magazines, bore the caption "How to spot the very best PC s".

Intel provides detailed and uncompromising guidelines for using the logo, including reproduction, placement, and even color, it does not reimburse OEMs for advertisement containing competing products. OEMs must always identify the Intel logo as a registered trademark of the Intel Corp. Official logo colors are blue, red, and green only. Using supplied logo sheets, advertisers may not add graphics to the logo, place it on a patterned background, reduce its size, connect it to any other logo type, or otherwise alter it. If firms put removable logo stickers on their products, they must place them on the top right - or left - hand corner, but not on the monitor, keyboard, or other peripheral components.

Besides trade advertising, the logo can strengthen other marketing efforts, such as brochures and trade show displays and consumer advertising. At COMDEX, the computer industry's largest trade show, billboards (and a huge banner hung outside the entrance) amplified Intel's presence by displaying the increasingly well-known symbol. High-tech television commercials carrying the logo and animated by George Lucas's Industrial Light and Magic illustrate how Intel chips streamline computers. Print versions appear in intensely circulated publications such as *The Wall Street Journal*, *Business Week*, *Fortune* and *PC World*.

By developing close partnerships with OEMs and directing them in effective logo use, Intel has heightened brand awareness and increased its customers' preference for Intel components. When they spot the "Intel Inside" logo, says the firm's marketing director, customers instantly recognize the quality product with an Intel chip inside. Although participating computer firms claim that the logo has boosted their advertising effectiveness, industry skeptics predict that the campaign will not establish long-term brand loyalty. Recently, Compaq Computer began using Pentium class microprocessors from NexGen, the first major endorsement of a Pentium rival. Smart customers, experts insist, will realize that



there are no important differences between Intel and NemGem brands, and whichever is more economical.

Intel may have recently regretted its brand's high profile, when Intel's Pentium chip made some errors in math intensive calculations; Consumers identified the processor's brand and company from the "Intel Inside" campaign. Some industry analysts even contend that the Pentium controversy neutralizes the company's investment in the "Intel inside" program, because with trust in the Intel brand tarnished, customers have no reason to choose an Intel product over any other.

These days, Intel is too busy staying ahead of the market to pay much attention to these dire predictions. The company recently announced another record quarter with sales of its Pentium chip topping those of the older 486 for the first time. Intel's president asserts that two essential steps will help the company maintain its preeminent status: continuing to pioneer better micro processing technology and marketing, sure that customers know Intel products are better. Intel believes that its marketing investment in the "Intel Inside" campaign will help it achieve the second goal.

Questions:

1. What types of organizational markets does Intel serve? (06 marks)
2. What are the characteristics of the demand for Intel computer chips? (07 marks)
3. To what extent is it possible for Intel to create customer loyalty toward its computer chips? (07 marks)
4. Identify and evaluate other producers' attempts to stimulate customer preference for components of finished goods. (08 marks)

(Total 28 marks)

02. (a) Briefly explain the philosophies in the Marketing? (10 marks)
- (b) What are the characteristics of good Marketing research? (05 marks)
- (c) Define the term "Marketing Decision Support System". (03 marks)

- (a) What are the major limitations of using secondary data to solve marketing problems? (03 marks)
- (b) What are the major stages in the consumer buying decision process? Are all these stages used in all consumer purchase decisions? Why, or why not? (07 marks)
- (c) Describe a reference group. How do they influence buying behaviour? Name some of your own reference groups? (04 marks)
- (d) Identify the seven publics that impact an organisation's ability to achieve its objectives. (04 marks)
- (a) What dimensions are used to segment organisational market? (09 marks)
- (b) "A number of creative ideas – generating techniques can help individuals and groups to generate ideas when developing new product". Name the idea generating techniques. (03 marks)
- (c) How do Convenience products and shopping products differ? What are the distinguishing characteristics of each type of product? (04 marks)
- (d) What do you understand by "Product support service? Explain with examples. (02 marks)
- (a) When developing a new product, what are the pricing strategies that are used by the organizations? (04 marks)
- (b) Name and describe the Vertical integration and Horizontal integration in the marketing channels. (04 marks)
- (c) Identify and briefly describe the five major promotional methods in an organisation's promotion mix. (10 marks)