Version OM/1

EGT2
ENGINEERING TRIPOS PART IIA

_____

_____

Module 3E2

MARKETING

Answer not more than **two** questions.

All questions carry the same number of marks.

The **approximate** percentage of marks allocated to each part of a question is indicated in the right margin.

Write your candidate number **not** your name on the cover sheet.

STATIONERY REQUIREMENTS
Single-sided script paper

SPECIAL REQUIREMENTS TO BE SUPPLIED FOR THIS EXAM
None

10 minutes reading time is allowed for this paper at the start of the exam.

You may not start to read the questions printed on the subsequent pages of this question paper until instructed to do so.

You may not remove any stationery from the Examination Room.

1. The Copper Kettle is a historic café and restaurant located on King's Parade in Cambridge. Established more than 100 years ago, it serves drinks, breakfast, lunch and dinner every day and can also host special events. Currently they have no loyalty programme of any kind, but the General Manager is considering launching one. You have been approached to help them decide whether to go ahead with a loyalty programme or not, and how to increase customer retention. Outline your recommendations to the General Manager by addressing the following questions:

   (a) What are the advantage and disadvantages of loyalty programmes, and based on these, what would you recommend? Should the company launch a loyalty programme or not, and why? [50%]
   (b) Regardless of whether you think the Copper Kettle should go ahead with a formal loyalty programme or not, what would you recommend the business should do to increase its customer loyalty? [50%]

To discuss the pros and cons of loyalty programmes, students should explain the beneficial economics of loyalty (in terms of growth and margins effects) but also research evidence showing that loyalty programmes increase repeat business only in selected industries. Based on these conflicting arguments, students should develop a well-supported argument to back up their view. Then, drivers of loyalty that should be discussed include the paradox of service failure recovery, the principle of customer delight, and customer voluntary participation.

2. You have been approached by an entrepreneur who would like to launch a new smartphone app in the UK. The app allows users to whistle or hum a song into their phone and identifies the song for them. The entrepreneur is at the stage where she has developed a basic working version of the app, and she's ready to launch it. She has asked you to help her with the following questions:

   (a) According to the product life cycle model, what should her marketing priorities be? [20%]
   (b) Should she target the entire market or segment it in some way? What should her segmentation strategy look like? [30%]
   (c) What product-related factors should she keep in mind to maximise the chances of speedy product adoption? [30%]

Students should discuss the PLC model in general first, and then focus on the introductory stage. That stage is usually marked by loss, requires the development of the entire marketing mix, involves building awareness, establishing value and adopting a sales volume focus. Students should then discuss the product adoption process and adopter groups (innovators, early adopters, etc.) and the implications for the launch of the app. The app should target early adopter groups. Finally, they should discuss the key drivers of adoption: timing of entry, relative advantage, compatibility, complexity, trialability, communicability, and risk. The more granular the application of these ideas to the scenario at hand, the better.

3. Apple is arguably the world's most valuable brand. For example, the brand agency Interbrand places Apple at the top of its "Top Global Brands" survey. In your opinion, and using relevant concepts covered in the course, what explains the tremendous success of the Apple brand worldwide? To answer the question, use the following tools:

   (d) The concept of brand equity and the brand equity pyramid [60%]
   (e) The Brand Asset Valuator [40%]

Students should discuss and then apply the brand pyramid model and the BAV to the Apple brand. With the pyramid, they should go through each step of brand salience, meaning, responses and resonance and explain how Apple managed each step. They should also mention awareness and associations as key drivers of brand equity. As for the BAV, the should argue that Apple moved from new to the emerging potential and then into leadership quadrants effectively by building brand strength first and then stature. Good answers will display some original, analytical and critical thinking. The most important thing is how students apply the relevant theory.

END OF PAPER