

EGT2  
ENGINEERING TRIPOS PART IIA

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[Insert date and time]

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**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. You are tasked with advising a subscription-based TV streaming service, BingeBox (BB), on how to improve its customer retention and loyalty. BB is experiencing a high rate of customer churn, with 60% of customers leaving due to service dissatisfaction or lack of perceived value. The company wants to identify strategies to build stronger relationships with its customers and increase loyalty. Using the concepts covered in the course, address the following questions:

- (a) What are the typical main drivers of customer defection, and how can BB address these to reduce churn? [30%]

According to the "leaky bucket" model, key drivers of customer defection include service failure or perceived indifference (68%), where customers feel undervalued or ignored, dissatisfaction with price (9%) due to a lack of perceived value for money, and competition from better alternatives (14%) offering superior content or user experience. Additionally, ethical concerns and complications, such as hidden fees or slow responses to problems, also contribute to churn. To reduce churn, BB May address core category benefits by ensuring smooth streaming, reliable content availability, and responsive customer support. Service recovery can be turned into an opportunity for building loyalty by resolving issues promptly and exceeding customer expectations. Simplifying processes, such as complaint resolution and subscription management, can further enhance customer satisfaction. Offering a clear value proposition, such as exclusive content or advanced features, can improve perceived value, while building trust through transparency—e.g., by eliminating hidden fees and maintaining open communication—can strengthen customer relationships and reduce defection.

- (b) How could BB use customer satisfaction, customer participation, and word of mouth to strengthen loyalty? [30%]

BB can strengthen customer loyalty by leveraging customer satisfaction, participation, and WOM. Students should mention that customer satisfaction alone does not guarantee loyalty, but exceeding expectations and delighting customers can create stronger emotional connections. So, for example, BB could enhance satisfaction through personalised recommendations or exclusive features that add value to the customer experience. We discussed customer participation as another powerful tool, as it encourages users to co-create their experiences. BB could implement features like personalised watchlists, user-generated reviews, or voting on upcoming content, which increase engagement and foster a sense of ownership. Gamification, such as rewarding active users with points or perks, could further drive participation. Positive WOM can be cultivated by turning satisfied customers into brand advocates. BB could incentivise

referrals by offering rewards for both the referrer and the referee or by giving loyal customers early access to new content. Students may recommend using the Net Promoter Score (NPS) as a key metric. These strategies could not only enhance loyalty but also help BB attract new customers, creating a virtuous cycle of engagement and growth.

- (c) Should BB consider implementing a loyalty programme? If so, what should be its objectives and design? If not, why not? [40%]

BB should weigh the pros and cons. Loyalty programmes can offer significant benefits if designed and executed properly. They can enhance customer retention by rewarding engagement and encouraging repeat subscriptions. They can also generate valuable data about customer preferences, allowing BB to deliver personalised content and improve the user experience. However, there are potential downsides. Research shows that loyalty programmes do not always lead to genuine loyalty (e.g., the Flybuys and Tesco studies). If BB decides to proceed with a programme, its objectives should be clear. The primary goals might include increasing customer retention, collecting data to enhance personalisation, and creating emotional connections with users. The design should focus on simplicity and ease of use, offering tangible rewards.

2. You are a marketing consultant for a company planning to launch Aurora, a premium electric bike brand targeting urban commuters. Aurora's mission is to promote eco-friendly travel while offering a stylish and technologically advanced riding experience. The company wants to establish a strong brand identity and differentiate itself in a competitive market. Using the concepts discussed in this course, address the following questions:

- (a) How can Aurora build brand equity? [40%]

Good answers will argue that Aurora can build brand equity by focusing on the brand equity pyramid, ensuring high awareness and creating strong, unique, and favourable associations. At the base of the pyramid, brand awareness must be established to ensure consumers recognise Aurora and associate it with eco-friendliness, innovation, and style. This may be achieved through targeted digital campaigns, collaborations with influencers, and a consistent, memorable brand identity. Moving up the pyramid, brand meaning must combine strong performance and imagery. Aurora could highlight functional benefits like reliability, cutting-edge technology, and sleek design while emotionally connecting with consumers by positioning itself as a symbol of sustainable, modern urban living. Storytelling and impactful visuals can reinforce these attributes. At the response level, Aurora should evoke positive customer judgments, such as quality, trustworthiness, and superiority, as well as emotional reactions like excitement and pride. This can be

supported through testimonials, product demonstrations, and unique customer experiences. Finally, at the top of the pyramid, Aurora should foster loyalty by creating a community of advocates. Initiatives like branded events, exclusive offers, and user participation in design decisions can build deep emotional attachment and active engagement, ensuring long-term brand equity.

- (b) How should Aurora use brand storytelling to create a compelling and distinctive brand narrative? [30%]

Aurora can use brand storytelling to create a compelling and distinctive narrative by focusing on emotional resonance, consistent messaging, and a clear brand archetype. A strong narrative should highlight Aurora's mission to promote eco-friendly, stylish, and technologically advanced urban travel. For example, they could adopt the Explorer archetype (or a combination of 2/3 archetypes), which emphasizes freedom, discovery, and individuality, aligning with the aspirations of urban commuters seeking sustainable yet innovative solutions. The brand narrative should be communicated consistently across all touchpoints—e.g., advertising, social media, website, and packaging—using a unified tone and style. Incorporating interactive elements like user-generated content (e.g., customers sharing their journeys) could enhance engagement, ensuring the story evolves with the audience while remaining focused on Aurora's core mission.

- (c) What does the Brand Asset Valuator (BAV) teach us about brand building, and what are the implications of that for Aurora? [30%]

Good answers will argue that the BAV teaches us that effective brand building starts with developing brand strength—a combination of high differentiation and relevance—before focusing on brand stature, which encompasses esteem and knowledge. This sequence emphasises that a strong and unique identity, coupled with consumer relevance, forms the foundation for long-term success. Once strength is established, stature more naturally follows, as consumers form favourable opinions (esteem) and deepen their familiarity with the brand (knowledge). For Aurora, this means prioritizing differentiation by clearly standing out in the crowded electric bike market (e.g., through a focus on eco-friendly innovation, stylish design, and advanced technology). Campaigns should highlight what makes Aurora unique. Simultaneously, Aurora must establish relevance by aligning with the needs and values of urban commuters. This involves demonstrating how they enhance daily lives, whether through convenience, cost savings, or environmental benefits.

3. You have been hired as a marketing consultant by a technology start-up that has developed SmartSpec, a pair of augmented reality glasses designed to enhance users' productivity and learning experiences. SmartSpec uses cutting-edge AR technology to overlay information onto the user's field of vision, allowing features such as real-time language translation, instant access to online research, and productivity analytics. The product is priced at the premium end of the market. The start-up plans to launch SmartSpec in the UK in 2026 but is unsure how to market it effectively. Please address the following questions and state any assumptions you make:

(a) How would you recommend the company should segment the market? [30%]

Students may argue for a combination of (a) sociodemographic and (2) psychographic segmentation. For example, SmartSpec could segment the market by targeting high-income, tech-savvy professionals aged 25–45 who value productivity and innovation. The focus could be on early adopters of technology, individuals motivated by efficiency and career growth, and eco-conscious consumers seeking cutting-edge solutions. The VALS segmentation framework (or similar) may be used there. Finally, using the (3) jobs-to-be-done concept, SmartSpec should segment the market based on the specific tasks users need to accomplish (e.g., professionals requiring real-time language translation and on-the-go research, or students aiming to simplify complex learning tasks and access instant analytics). By focusing on the "job" the product helps users achieve, SmartSpec could target segments with the highest functional and emotional alignment. Ideally all three approaches should be used concurrently.

(b) How should the product be positioned, and why? [30%]

SmartSpec could be positioned as the ultimate productivity and learning tool, tailored for professionals and learners seeking a premium, technologically advanced experience. Using the value proposition framework, the product should focus on its unique combination of tangible benefits—real-time translation, instant access to research, and advanced productivity analytics—and emotional appeal, such as empowerment, efficiency, and sophistication. Good answers will argue that SmartSpec may create a compelling positioning strategy by leveraging the strategy curve model to highlight its superiority in cutting-edge AR technology, ease of use, and premium design while reducing unnecessary complexity that often overwhelms tech users. Additionally, aligning with customer relevancy principles, the brand should clearly communicate how it solves users' specific challenges, such as multitasking or managing information overload, offering unparalleled value compared to competitors (i.e., how would students apply the 5-4-3-3 rule discussed in class in this case?).

- (c) What marketing tactics could the company employ to encourage rapid adoption of SmartSpec by early adopters and mainstream consumers? [40%]

To encourage rapid adoption of SmartSpec, the company should align its tactics with the Product life cycle (PLC) model, and the Diffusion of Innovation framework. For early adopters, who are tech-savvy and value innovation, marketing could emphasise exclusivity and credibility through pre-orders, limited-edition models, and endorsements from tech influencers. Live demos and AR showcases could further validate the product and generate excitement. To appeal to the early majority, tactics should focus on simplifying communication by highlighting ease of use and practical benefits like productivity gains. Social proof, including testimonials and success stories from early adopters, could reduce perceived risk, while promotional pricing or instalment plans could lower financial barriers. Students may argue that in the introduction stage of the PLC, a high-impact launch campaign combining digital ads, PR, and social media buzz could be critical, alongside selective distribution to ensure an optimised customer experience. These strategies could ensure both early momentum and a smooth transition to mainstream adoption.

**END OF PAPER**