

CRIBS

1. As a consultant, you have been approached by the manufacturer of a new carbonated energy drink called BrainBlast, to recommend how the company should market its product in the UK. BrainBlast is the first drink in the market to contain Blasticine®, a very powerful and expensive substance which, even in the smallest quantity, has been shown to boost people's brain activity. Please address the following questions by the manufacturer. If needed, feel free to make and state any assumptions.

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

Students should introduce and apply the relevant segmentation approaches covered in the module, namely traditional (e.g., sociodemographic etc.), psychographic (e.g., VALS), and job-based. Good answers will explain and apply these to the product at hand with solid argumentation and supporting arguments. A multi-dimensional approach is ideal. Ideally a customer persona should be developed and discussed. Good answers will display creativity, originality and solid substantiation of ideas using relevant marketing concepts.

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

The process of product positioning should be discussed and applied, starting with defining the competitive frame of reference and then defining the basis of positioning (points of parity and difference). Excellent answers will also deal with how the brand should manage the health and ethical implications/perceptions of a product that uses such a powerful ingredient. Students should provide well-supported, original and creative insights.

(c) What are some marketing tactics the company could use to speed up consumers' adoption of the new product? [40%]

Students should apply the theory of diffusion of innovations, focusing on relative advantage, compatibility, complexity, trialability, communicability and risk. Excellent answers will provide specific, original and creative examples of tactics that will improve these dimensions.

2. The Marketing Director of British Airways once said: "Building customer loyalty is an essential objective for any organisation. And loyalty programmes are crucial in achieving that objective". Critically discuss this statement. You are encouraged to use specific examples in your answer. [100%]

Good answers should focus on two key elements: First, the economics of customer loyalty, and specifically its growth and margins effects. Good answers will explain all the drivers of the margins effect (such as base profit, word of mouth effects, price elasticity, operating cost savings, and increased spending). Here students should support their answers with examples (e.g., what happens to a customer over time when dealing with a specific brand). Original and insightful examples will be rewarded. The leaky bucket approach to customer management should also be discussed to highlight the importance of customer retention and causes of customer defection and again specific examples are welcome (in class I mentioned Amazon but others are good too). Second, students should debate whether loyalty programmes are always good investments. The evidence is mixed. While such programmes may work in the airline industry, the evidence from other industries is mixed (again specific examples are welcome, e.g., American Airlines vs Tesco). Students should discuss the relevant material covered in the module and it's important that they point out that loyalty is only one of the potential objectives of loyalty programmes. The others are motivating customers to give more of their business, encourage additional purchases, turning a profit and importantly, gather data (again, specific, original examples, rather than just stating facts, will add value).

3. A recent article in the Harvard Business Review stated: “Customers should not be trusted to come up with solutions; they aren't expert or informed enough for that part of the innovation process”.

(a) What do you think the author meant by this? In your answer you are encouraged to use companies or brands you are familiar with as examples. [25%]

Students should argue that a company can adopt two forms of market orientation: First, a market-driven approach, which usually focuses on responding to customers' expressed needs (existing and latent needs). Innovation, as a consequence, is usually incremental. Second, a market-driving approach, which focuses on incipient needs that typically cannot be articulated by the customer. In this case innovation can be radical. The quote is highlighting this tension. I.e., the fact that to pursue radical innovation, companies should not rely on customers' input passively. The moment we ask customers for solutions we are asking them to do our job. Good answers will present and discuss the Market Orientation framework covered in class and provide examples. A popular example of a market-driving company is Apple, which is notorious for uncovering incipient customer needs. Also, Ford is a good example, with the notorious quote by Henry Ford: “if I had asked my customers what they wanted they would have said a faster horse”. But any well-supported example will be fine.

(b) What are some of the main implications of this for marketing? Again, you are encouraged to use specific examples in your answer. [75%]

Good answers will provide well-supported implications, such as the fact that market research should focus on problems, not features and product solutions. Thus, research methods such as ethnographic research can be very useful. Students could use the fast-food chain milkshakes example to support their answer (other original examples are fine too). A company's marketing strategy can not only be reactive, but also shape either market structure, market behaviour or both. Students should provide examples like the ones discussed in the module. We discussed brands like IKEA, Uber, Apple, etc. But any other well-supported, reasonable and logical implications (especially if original and insightful) will add value.