

EGT2
ENGINEERING TRIPOS PART IIA

Friday 3 May 2019 2 to 3.40

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

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.

- 1 (a) Briefly describe the guessing game (one of the in-class exercises in the course session on competition); explain the reasoning that leads to the theoretical prediction that every player will submit a guess of zero. [20%]
- (b) Explain why the actual decisions of the class in the guessing game exercise deviated from the theoretical prediction (you are not required to describe the distribution of the actual decisions). What do these observations imply regarding how you should formulate competitive strategies in the market? [35%]
- (c) Computer memory has been described as a commodity, in the sense that it is widely available from different manufacturers with little potential for differentiation. Suppose a new startup is entering the computer memory hardware market, where there are already a number of incumbents with large market shares. Discuss the competitive strategies that the startup might employ to survive in the market. [45%]
- 2 (a) Briefly explain the meaning of product line and the breadth of a product mix. [10%]
- (b) When might a company with multiple product lines refrain from mentioning its own corporate brand name when promoting one or more of its product lines? Explain your answer. [30%]
- (c) McKing is a (fictional) global fast food chain with a long reputation of selling mostly meat-heavy items. In recent years, the company has begun offering vegetarian items in many of its outlets. The company is now considering the idea of opening a chain of vegetarian restaurants. If the idea is to be implemented, the vegetarian restaurants would be run as a new line of business and would be managed independently of McKing's fast food outlets. Imagine that you are a management consultant who has been hired to offer recommendations on the following questions: assuming McKing will implement the idea, what should be its marketing strategies for the new line of business, including which segment(s) of consumers to target and what services to provide? Moreover, taking one step back, should McKing implement the idea at all? Outline your recommendations and explain your answer. [60%]

- 3 (a) Briefly describe the EAST framework that was introduced in the class discussion on nudging. [20%]
- (b) Businesses often try to nudge consumer purchase decisions using behavioural insights that do not involve monetary incentives. Describe two real-life examples of such nudges and explain your answer. [30%]
- (c) Conspicuous consumption, by which consumers purchase luxury items to signal their social or economic status in public, is often described as an important factor in consumer choice. However, in recent years there has been a rise of 'inconspicuous consumption', by which consumers of luxury items deliberately avoid flaunting those items in public. Discuss the possible psychological motivations behind the phenomenon of inconspicuous consumption. [50%]

END OF PAPER

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