

ENGINEERING TRIPOS PART IIA

Tuesday 26 April 2011 2.30 to 4.00

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.*

There are no attachments.

STATIONERY REQUIREMENTS

Single-sided script paper

SPECIAL REQUIREMENTS

None

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

1 Pay as you wish (PAYW) is a simple but bold pricing mechanism with which the seller allows customers to pay any amount of money they like (including paying nothing) for the PAYW product. An example is the use of PAYW by the British band Radiohead in late 2007 when it launched its album "In Rainbows": any consumer could download the album from a specific website, when he/she would be prompted to make a payment of his/her own choice (which could be any amount including nothing) that went directly to Radiohead.

(a) Why might a customer of a PAYW product pay a positive amount of money (rather than nothing) for the product? [30%]

(b) How might PAYW help the seller understand more about the market for its products? [35%]

(c) Discuss how Radiohead's PAYW exercise, as mentioned above, might enhance the band's profits by considering promotion and supply chain issues. [35%]

2 (a) Compare and contrast the typical characteristics of qualitative and quantitative marketing research. [30%]

(b) "Qualitative marketing research is useless because its sample size is so small." Discuss this statement. [30%]

(c) The world-famous Internet business Yahoo! reportedly places little emphasis on conventional marketing research methodologies but gets to know about its market through unusual qualitative approaches. For example, the company would invite select consumers to work with its product managers in informal small-group sessions to develop new product ideas together. Discuss the pros and cons of such a research method for Yahoo! [40%]

- 3 (a) Describe Maslow's Hierarchy of Needs. [30%]
- (b) Discuss how the purchase of a pair of Nike sports shoes might satisfy the needs of different buyers in the context of Maslow's Hierarchy. [35%]
- (c) In recent decades Nike has been involved in sweatshop controversies, as some of the factories that manufactured Nike shoes in developing countries were found to have poor working environments. How would Nike's appeal to the buyers' needs, as discussed in part (b), be affected by those controversies? Explain your answer. [35%]
- 4 (a) The service that the sales staff at a furniture store provides to its customers, as well as the furniture that it sells, can both be seen as "products" of the store. Compare and contrast the natures of these two types of "products" in this example. [30%]
- (b) "All products are about experience." Discuss this statement from a market orientation perspective. Use an example to illustrate your view. [30%]
- (c) A newly established low cost passenger airline operates with the following strategy: it charges very cheap fares and provides no-frills quality in almost all aspects of its offers, including in-flight seating, food, entertainment etc., but allocates a substantial budget to maintaining excellent service quality among its staff (e.g. flight attendants) and cultivating a corporate culture that emphasises service. Discuss this strategy. [40%]

END OF PAPER