

PGDM, 2020-22
Marketing Management II
DM-205

Trimester – II, End-Term Examination: January 2021

Time allowed: 2 Hrs 30 Min
Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	3 questions with internal choices and CILO (Course Intended Learning Outcome) covered	3*10	30
B	Compulsory Case Study - 2 questions	2*10	20
			50

Section A

(Answer one alternative from each of the three questions below) 3 X 10 = 30

Q1a) Explain with examples the different levels of Product in the Customer Value Hierarchy. Design and depict, with the help of a diagram, a new potential product proceeding through all stages to the highest level of this hierarchy in the Soap Industry. Profile your target market and draw up your positioning strategy (CILO 1)

OR

Q1b) Explain with examples the difference between fads, fashions and trends. Why should a marketer be very careful in identifying the difference between them? Describe the different stages of the Product Life Cycle. Give examples of two companies which have successfully extended their product maturity stage and the marketing strategies adopted by them to do so. (CILO 1)

Q 2a) What are the considerations that go into designing distribution channels? What different functions do different channel members serve? Give examples of rival Indian companies marketing a) cosmetics b) air conditioners c) cigarettes employing distribution channels different from each other and your understanding of the reasons for their choices. (CILO 2)

OR

Q2b) What are the most common causes of disputes between distribution channels at different levels? Describe the various different methods of resolving disputes and the different circumstances in which each of them is employed. (CILO 2)

Q3a) Consider the last purchase you made on sale. How did you use external and internal reference prices to determine the product's value? Do you believe the external reference price was deceptive? Why or why not? How would you have priced the product to attract the relevant target audience ? (CILO 3)

OR

Q 3b) *Manas Foundation*, a Delhi - based NGO operating in the field of Mental Health and Gender Equity, has been entrusted with the task of spreading awareness among Delhi taxi and auto drivers regarding women's safety. As its new Communications Director, develop your Integrated Marketing Communication plan for achieving your objectives, clearly outlining its separate elements. (CILO 3)

SEC B

Read the case on the next pages and answer both the questions below

(Both questions carry 10 marks) 2 X 10 = 20



Company Case

Red Bull: A Different Kind of Integrated Campaign

It's a calm day in the desert town of Roswell, New Mexico. Thirteen miles above the ground, a giant helium balloon ascends with a space capsule tethered beneath it. The capsule door slides open, revealing the Earth as a sphere—the curve of the horizon bending dramatically around the planet, the sky above almost black. A man in a full space suit steps out onto a small platform and secures his footing. Then, with a quick salute to the camera, he jumps.

A NASA test? No. It's the latest promotional effort from Red Bull—another extreme stunt designed to evoke reactions of shock and awe while driving home the now famous slogan, "Red Bull Gives You Wings." Today, through a bevy of other such events, Red Bull's message is broadcast far and wide via an army of celebrity endorsers as well as sports, music, and entertainment event sponsorships. Red Bull is not the most conventional marketer. It spreads its brand message across an eclectic mix of promotional efforts while largely shunning traditional media. But the manner in which Red Bull has integrated its diverse messages is a model of success that cuts straight to the heart of building deep emotional connections with customers.

An Unlikely Start

It all started about 30 years ago when Austrian toothpaste salesman Dietrich Mateschitz traveled to Thailand. While there, he tried a "tonic" called Krating Daeng—Thai for "water buffalo." It tasted terrible but instantly cured his jet lag. One thing led to another, and within a few years Mateschitz and a partner had acquired the rights to sell the formula throughout the rest of the world. They named it Red Bull.

From the beginning, nothing about Red Bull was conventional. The slim blue-and-silver can, emblazoned with two muscular red bulls about to smash heads in front of a yellow sun, was unlike anything on the market. At 8.3

ounces, so was its size. With mystical ingredients such as taurine and glucuronolactone, and a sickeningly sweet taste often described as "liquid Sweet Tarts" or "cough medicine in a can," the drink didn't fit any established beverage category. And with a \$2 price tag, Red Bull was by far the most expensive carbonated beverage on any shelf. But with that unlikely combination, Red Bull gave birth to the energy drink category.

Mateschitz launched Red Bull in native Austria under the only slogan to ever accompany the brand, "Red Bull Gives You Wings." The moment he heard it, Mateschitz knew that this slogan would be the core of Red Bull's brand image. He didn't care about the product's taste. "It's not just another flavored sugar water differentiated by color or taste or flavor," he says. "It's an efficiency product. I'm talking about improving endurance, concentration, reaction time, speed, vigilance, and emotional status. Taste is of no importance whatsoever." Despite negative initial product reviews, Red Bull's young male target market agreed. Sales in Europe were positively bullish.

An Unlikely Promotional Program

As head of a young company without much of an advertising budget, Mateschitz continued in his unorthodox ways when launching Red Bull in the United States in 1997. He bucked the trend of aggressive and excessive promotional campaigns flaunted by other start-ups in the 1990s. Instead, his young, attractive army of marketers tossed out free cans of Red Bull from a fleet of shiny logo-bearing off-roaders with giant cans attached to the trunk. Word of mouth took care of the rest. In this manner, Mateschitz introduced Red Bull to the masses and built a brand image for next to nothing.

As a product that thrived on grassroots marketing, Red Bull depended on word of mouth. As word about Red Bull spread throughout Europe's all-night-party circuit, so did

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rumors. Tales circulated that taurine was a derivative of bull testicles or even bull semen. Even worse, there were rumors that young people had died while partying too hard and drinking too much Red Bull. Although none of these rumors was ever substantiated, Mateschitz is convinced that one of the most important promotional techniques the company ever employed was to let the rumors fly and say nothing. "In the beginning, the high-school teachers who were against the product were at least as important as the students who were for it," said Mateschitz. "Newspapers asked, 'Is it a drug? Is it harmless? Is it dangerous?' That ambivalence is so important. The most dangerous thing for a branded product is low interest."

Bit by bit, Red Bull's portfolio of promotional weapons grew. At times, the company dabbled in TV and print advertising. But Red Bull's primary tactics have steered clear of such mainstream techniques. Instead, it was Mateschitz's plan to promote the brand in a way that would go way beyond reach and frequency of coverage. He wanted the brand to hit young people right in the face in a way that they experienced Red Bull to the fullest. He wanted to engage customers through activities so meaningful to them that deep relationships would form quickly.

With that philosophy, Red Bull's promotional mix evolved into what it is today. The following descriptions are just a sample of Red Bull's promotional techniques.

Athletes and Teams. With the claim that Red Bull improves athletic performance at the center of its promotional message, the brand took a page right out of the book used by Nike and Gatorade and began signing up athlete endorsers early on. Today, Red Bull sponsors more than 500 athletes—100 in the United States—in 97 sports, mostly "extreme" sports. And sticking with its unconventional ways, Red Bull brings these athletes into the "family" with nothing more than a verbal agreement to "support" them in achieving their dreams. Today, Red Bull's family includes such top-tier athletes as Shaun White and Travis Pastrana as well as niche athletes such as courier-style bike racer Austin Horse and wind surfer Levi Siver. Whenever these athletes make official public appearances, the Red Bull name or logo is visible somewhere on their person.

But Red Bull's endorsement strategy goes beyond proping individual athletes. Red Bull owns four soccer teams: New York's Red Bulls, Red Bull Salzburg, Red Bull Brazil, and RB Leipzig. The brand also owns a NASCAR team and two Formula 1 racing teams. Many have asserted that team ownership is merely a hobby for Mateschitz, noting that none of these teams makes money. But Mateschitz says that misses the point. "In literal financial terms, our sports teams are not yet profitable, but in value terms, they are," he says. "The total editorial media value plus the media assets created around the teams are superior to pure advertising expenditures."

Sports Events. As Red Bull built relationships through athletes and teams, it wasn't long before it began sponsoring events. Today, Red Bull has its name on dozens of

major annual events, including the Red Bull U.S. Grand Prix (MotoGP), Red Bull Wake Open (wake boarding), Red Bull Rampage (mountain biking), and Red Bull Sharpshooters (basketball). With such event sponsorships, Red Bull has more than once invented an entirely new sport.

Consider Red Bull Crashed Ice, a world tour winter extreme sport. It's similar to ski cross or snowboard cross—only with skates, on ice. In this sport, some of the toughest ice hockey players in the world jockey for position at speeds of up to 40 miles per hour. But the real catch is that the race takes place in a 500-meter ice canal filled with bumps, jumps, berms, and other obstacles. The cameras capture all the action as competitors race past screaming fans and Red Bull banners.

Music and Entertainment. Recognizing that its target customers weren't "all sports all the time," Red Bull extended its strategy for endorsements and events to the world of music and entertainment. With its penchant for sniffing out the unique, Red Bull sponsors artists, teams, and events in dance, music, film, video games, and other creative media. Red Bull Flying Bach is a performance troupe that wraps breakdancing around the music of Bach. The Red Bull Canvas Cooler is a nationwide invitational competition for top artists to redesign the iconic Red Bull cooler. And Red Bull Common Thread is a new concept on the concert circuit—back-to-back performances by bands that shared members at different points in their evolution.

Programming. As the producer of such TV programs as *No Limits* on ESPN and such films as *That's It, That's All*, Red Bull is not new to media production. But in perhaps its most ambitious undertaking yet, Red Bull has created Red Bull Media House—"the centre of the global Red Bull media network" and "your gateway into the World of Red Bull." The network spans TV, print, mobile, digital, and music. With this move, Red Bull has defined itself as a major multimedia content provider.

As just one example of how extensive this network is, consider the music arm of Red Bull Media House. Nothing short of a complete music division, it includes Red Bull Publishing (a hub for all music and audio generated in the Red Bull Media House), Red Bull Records (its own music label), and Red Bull Radio Services (an Internet-based radio network and original shows). Through this music media network, Red Bull puts its brand at the center of a cooperative of companies, brands, and artists, encouraging them to take part in Red Bull's resources.

Multiplying this across the other major media in the Red Bull Media House network, it's clear that Mateschitz sees Red Bull not as a beverage brand, but as a global lifestyle brand with boundaries that have not yet been reached. He calls the recent multimedia assault "our most important line extension so far," with the goal to "communicate and distribute the 'World of Red Bull' in all major media segments." As with all the other promotional ventures, Mateschitz hopes Red Bull Media House will turn a profit. But as with his sport

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teams, he's willing to be patient and bank on the promotional value of these activities:

Doing It All for Customers

Felix Baumgartner's successful jump from 17 miles up was only a dry run. When he made the real jump later in the year, it was from the stratosphere, 23 miles above sea level. In the process, he broke four world records: the highest manned balloon flight, the highest skydive, the longest freefall, and the first parachutist to break the sound barrier. He also tested the next-generation space suit to be worn by astronauts. And the Red Bull brand was plastered all over the entire event. But more than promotional coverage, this feat served the same purpose that all other Red Bull promotions serve—to forge deep relationships with customers through emotional experiences.

From its unlikely origins, Red Bull has grown into a massive enterprise. Last year, the company sold 4.2 billion cans of the drink with revenues of more than \$5 billion, a 16 percent increase over the year before. As Red Bull's growth continues, Mateschitz has no intention of slowing down. In fact, he confesses, he has always been attracted to the idea of creating an independent nation state—the country of Red Bull. “The rules would be simple. Nobody tells you what you have to do—only what you don't have to do.”

Q1. Describe Red Bull's target audience. Are Red Bull's Promotional techniques consistent with the audience?

Will Red Bull eventually need to employ more traditional media marketing techniques in order to keep growing? Why or why not?

Q2 At some point will Red Bull have to branch out beyond Its target market ? if so, what will be its new focus?

As their External Consultant suggest a complete IMC strategy for Red Bull to cover the next 5 years.