

PGDM, 2016-18

Marketing Management II

DM-206

Trimester – II, End-Term Examination: December 2016

Time allowed: 2 Hrs and 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. In case of rough work please use answer sheet.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section A

Q1. Various factors have contributed to the increased importance of packaging as a marketing tool. Briefly describe these factors.

Q2. Discuss the concepts of line stretching and line filling and how companies can use them with suitable examples?

Q3. When Sony introduced the world's first high-definition television to the Japanese market in 1990, it was priced at \$43,000. The price dropped steadily through the years — a 28-inch Sony HDTV cost just over \$6,000 in 1993, but a 40-inch Sony HDTV cost only \$450 in 2014. What pricing strategy did Sony use here? When this type of strategy would be more appropriate? What are challenges associated with this type of pricing strategy?

Q4. What are reverse flow channels? Discuss when these channels can be used with appropriate examples

Q5. What are the characteristics of an ideal ad campaign?

Section B

Q6. What are the different types of promotional pricing you are aware of? Choose a company of your choice and discuss how it can use various promotional pricing schemes.

Q7a. What are the differences between push and pull strategies? Discuss when each of these strategies is appropriate (5 Marks)

Q7b. Discuss different types of functions/activities performed by channel members (5 Marks)

Q8. Rajesh is the marketing manager for a major electronics manufacturer. He is assigned with charting out a marketing strategy for a virtual reality head set being developed by his company. How Rajesh's marketing objectives and strategy should change over the course of the virtual reality head set's life cycle?

Section C

Read "Red Bull" case and answer the following questions

Q1. How Red Bull became the energy drink market leader? What are its strengths?

Q2. Discuss the pros and cons of Red Bull's nontraditional marketing tactics. Should the company do more traditional advertising? Why or why not?

Q3. Discuss the effectiveness of Red Bull's sponsorships. Where should the company draw the line in terms of novelty and risk?

>> Red Bull

Red Bull's integrated marketing communications mix has been so successful that the company has created an entirely new billion-dollar drink category—energy drinks. In addition, Red Bull has become a multibillion-dollar beverage brand among fierce competition from beverage kings like Coca-Cola, Pepsi, and Anheuser-Busch. To date, the company has sold more than 40 billion cans of energy drinks across 166 countries. How? Red Bull became the energy drink market leader by skillfully connecting with youth around the globe and doing it differently than anyone else.

Dietrich Mateschitz founded Red Bull with a single product in Austria in 1987. By 1997, the slender silver-and-blue can was available in 25 markets globally, including Western and Eastern Europe, New Zealand, and South Africa. Its size and style immediately signaled to consumers that its contents were different from traditional soft drinks. Red Bull's ingredients—amino acid taurine, B-complex vitamins, caffeine, and carbohydrates—were specifically formulated to make the drink highly caffeinated and energizing. In fact, some users have referred to it as "liquid cocaine" or "speed in a can." Over the past decade, the company introduced other products and flavors, many of which did not succeed. Today, Red Bull offers the original Red Bull Energy Drink, Red Bull Total Zero, Red Bull Sugar Free, and special editions infused with berry, lime, and cranberry flavors.

As the company continued to expand worldwide, it developed an integrated marketing communications plan that reached its target audience on many different levels and built its brand image of authenticity, originality, and community. First, Red Bull focused on pre-marketing, sponsoring events like the Red Bull Snowthrill of Chamonix ski contest in France to help build word-of-mouth excitement around the brand. Once the company entered a new market, it built buzz through its "seeding program," micro-targeting trendy shops, clubs, bars, and stores. This enabled the cultural elite to access Red Bull's product first and influence other consumers. As one Red Bull executive explained, "We go to on-premise accounts first, because

the product gets a lot of visibility and attention. It goes faster to deal with individual accounts, not big chains and their authorization process." The company also targeted opinion leaders likely to influence consumers' purchases, including action sports athletes and entertainment celebrities.

Once Red Bull gained some momentum in bars, it moved into gyms, health food stores, restaurants, convenience stores near colleges, and eventually supermarkets. The company's primary point-of-purchase tool has always been its refrigerated sales units, prominently displaying the Red Bull logo. These set the brand apart from other beverages and ensure a prominent location in every retail environment. To guarantee consistency and quality in its point-of-purchase displays, the company hired teams of delivery van drivers whose sole responsibility was stocking Red Bull.

Another essential aspect of Red Bull's marketing communication mix is product trial. Whereas traditional beverage marketers attempt to reach the maximum number of consumers with sampling, the company seeks to reach consumers only in ideal usage occasions, namely when they feel fatigue and need a boost of energy. As a result, its sampling campaigns take place at concerts, parties, festivals, sporting events, beaches, highway rest areas (for tired drivers), and college libraries and in limos before award shows.

Red Bull also aligns itself with a wide variety of extreme sports, athletes, and teams and artists in music, dance, and film. From motor sports to mountain biking, snowboarding to surfing, rock concerts to extreme sailing, there is no limit to the craziness of a Red Bull event or sponsorship. A few company-sponsored events are notorious for taking originality and extreme sporting to the limit. For example, at the annual Flugtag, contestants build homemade flying machines that must weigh less than 450 pounds, including the pilot. Teams launch their contraptions off a specially designed Red Bull-branded ramp, 30 feet above a body of water. Crowds of as many as 300,000 young consumers cheer as the contestants and their craft try to stay true to the brand's slogan: "Red Bull gives you wings!"

Red Bull uses traditional advertising once the market has grown mature and the company needs to reinforce the brand to its consumers. As one executive explained, "Media is not a tool that we

use to establish the market. It is a critical part. It's just later in the development."

Red Bull's "anti-marketing" marketing communications strategy has been extremely successful connecting with its young consumers. It falls directly in line with the company's mission to be seen as unique, original, and rebellious—just as its Generation Y consumers want to be viewed.