

PGDM, 2017-19

Marketing Management II

DM-208/RM-201

Trimester – II, End-Term Examination: December 2017

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. Briefly discuss the factors that you would take in to consideration while setting up advertising budget?

Q2. When purchasing products consumers often employ references prices? What are the different possible consumer reference prices?

Q3. In planning its market offering, the marketer must address the different product levels of the customer-value hierarchy. Describe the "customer-value hierarchy" and identify the levels of product contained within in the case of an automobile

Q4. What is channel conflict? What are the reasons for channel conflict?

Q5. How would you change your distribution strategies between convenience goods, shopping goods, specialty goods and unsought goods?

Section B

Q6. Your company is in the process of launching a new gaming devise. What would be its pricing objective(s)? Outline the various steps that are involved in identifying a suitable price for the new product?

Q7. Ramesh, who has joined as a product manager in an electronics company, has been asked to develop new product(s) that would help the company grow further. Explain what process he should follow to successfully develop and launch a new product.

Q8. You have been asked to design the marketing channel system for a company that sells consumer durables. Explain what process you would follow in designing the channel system.

Section C

Read "L'OREAL" case and answer the following questions

Q1. Discuss L'Oreal's message strategy and creative strategy in light of its slogan and use of brand ambassadors. Is L'Oreal's IMC strategy effective?

Q2. Evaluate L'Oreal's approach to events, experiences and sponsorships. Has L'Oreal been effective in selecting partners?

Q3. What are the benefits of content based marketing for L'Oreal?

>> L'Oreal

L'Oreal is one of the leading beauty and cosmetic companies in the world with well-segmented product offerings in 130 countries. Headquartered in Paris, France, L'Oreal's origins date back to 1909, when the young entrepreneur Eugene Schueller formed a company that sold hair dyes to hairdressers. Growing through successful brand launches and acquisitions, the company became the L'Oreal Group. In 2013, L'Oreal had a market capitalization of \$94.76 billion with \$9 billion spent on advertising and promotion. It markets 27 global brands and operates across five divisions selling high-end luxury cosmetics, professional hairstyling products, specialized dermatological products, mass-marketed consumer beauty products, and the Body Shop brand. Some of its iconic brands are YSL, Ralph Lauren, Lancôme, Kerastase, Redken, Vichy, L'Oreal Paris, Maybelline, and Garnier.

L'Oreal Paris is the innovative brand from the company's consumer product division that sells high-end mass marketed hair care, hair color, skin care, and makeup products. L'Oreal uses a rich integrated marketing communications mix across television, print, events, experiences, interaction, and social media to promote the brand's universal message of the power of beauty. More than 40 years ago, L'Oreal

Paris revolutionized the advertising world with the legendary slogan, "Because I am worth it." Written in 1973 by a 23-year-old female copywriter from McCann Erickson, when the idea of feminism was at its peak, the slogan spread the message of respect and recognition for women. The slogan's positive and empowering sentiment helped develop a line of celebrity endorsements supported by 35 diverse international ambassadors like Jane Fonda, Jennifer Lopez, Beyoncé, and Aishwarya Rai. The timeless appeal of the slogan is used across many brands sold under the L'Oreal Paris umbrella, and has been tweaked to "Because you are worth it" and "Because we are worth it" to adapt to the changing times.

L'Oreal believes that events bring brands to life and are a key component of its IMC strategy. It effectively integrates promotional events with the celebrity power of its brand ambassadors from nearly 20 international red carpets including the Cannes Film Festival. L'Oreal also aligns its communications strategy with fashion events by sponsoring global events like Graduate Fashion Weeks and Fashion Weeks in London, Toronto, and Melbourne. The L'Oreal Paris's Powder Room, a pop-up brand experience, is set up during the fashion events where experts provide professional advice, beauty tips, and gifts that help in delivering synchronized brand messages to audiences.

L'Oreal also works on partnerships to gain visibility across strategic traditional and digital media in

developing its marketing communications. It successfully associated with the Emmy award-winning fashion reality show, Project Runway that regularly featured its products on the show. In addition to mass media sponsorships, L'Oreal's IMC strategy uses partnerships that work on more direct communications. In 2013, L'Oreal partnered with Rent the Runway, a leading online rental fashion store, for its campus program that had a presence in more than 200 college campuses in the U.S. with a reach of over 1.1 million female students. RTR's network of 1,000 brand ambassadors used its digital catalogs, social media, and organized grassroots events to promote the brand. The program was supported by L'Oreal in its nationally syndicated television programs and on social media. Through such associations, L'Oreal delivers a coordinated message of beauty and self-worth to women at specifically targeted levels.

L'Oreal creatively uses interactive marketing as part of its IMC to engage its consumers in online loyalty programs, such as the L'Oreal Paris Gold Rewards. Consumers can earn credit online and get free products upon collecting enough points. Responding to the growth of online beauty videos and utilizing the concept to build a stronger communications strategy, L'Oreal teamed up with YouTube to produce a one-stop beauty channel. The online channel, called Destination Beauty offered its audience information on latest trends, looks, and provided tutorials. In 2014, offering a unique e-beauty experience, L'Oreal Paris introduced its digital innovation app, Makeup Genius, a virtual makeup tester that allows women to try different looks and products through smart devices. L'Oreal believes this will revolutionize the way women shop for makeup.

L'Oreal has also adapted its global communication strategy in different local markets. For example, in the Middle East, L'Oreal considers the region's distinct concept of beauty and cultural norms in developing communication messages. L'Oreal recognizes that Middle Eastern women are becoming more sophisticated in their beauty choices with easy access to international trends through the Internet. L'Oreal has

developed a careful blend of the IMC tools to connect with the women in the Middle East, and at the same time maintain synergy with its global communication themes. Key elements of L'Oreal's IMC strategy in the Middle East include traditional advertising, sales promotion, events, experiences, interactive marketing, and personal selling. Each tool is implemented keeping in view local preferences and customs. Many countries in the Middle East, like the United Arab Emirates and Qatar, host world-class malls that are the main entertainment destinations for local families. L'Oreal uses these retail facilities to reach relevant audiences by offering creative point-of-purchase displays, sales presentations, demonstrations, sampling, exhibits, and experiences within these shopping malls. Following its worldwide approach, L'Oreal uses celebrity endorsements in the Middle East. In 2012, L'Oreal named Najwa Karam, a top Lebanese artist and, known as the "shining sun" of the Arab music world, as its first brand ambassador in the Middle East. L'Oreal develops specific promotional campaigns for popular festivals in the Middle East as well. For example, the So Couture Eid Look campaign in 2014, promoted the idea of celebrating the festival of Eid by dressing up with the "most awaited L'Oreal Paris Eid look," endorsed by its latest brand spokesperson. L'Oreal has also partnered with the online fashion store Mooda.com to launch its first e-commerce platform in the Middle East. This exclusive beauty-meets-fashion Web site offers a distinctive mix of content and commerce to consumers in the Middle East.

L'Oreal is changing the face of beauty marketing by transforming its marketing model through complete integration of its traditional and digital media. It uses content-based marketing incorporating education, empowerment, and aspiration to develop creative messages that increase its brand equity. With more than 4 billion searches on the Web on the subject of beauty, consumers are increasingly using digital and social media. L'Oreal takes such consumer insights and the digital revolution seriously. By developing content using how-to videos, information on trends, fashion tips, virtual makeup trials, celebrity

appeals, and covering glamorous awards and fashion events, L'Oreal stays relevant to the subject of beauty globally.