

Post Graduate Diploma in Management – International Business

International Brand Management

Sub. Code: 507

Trimester – V, End Term Examination, December 2017

Time: 2 hrs 30 mins

Max Marks: 50

Roll No: \_\_\_\_\_

**Instruction:** students are required to write the 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 the 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

Answer any 3 questions out of 5

(Max 300 words per answer)

1. Let's say you are in charge of a brand of restaurants, and you are planning a two way extension of the brand. Explain which brand architecture strategies are available to you for this exercise and the financial implications of each strategy.
2. Do you think branding has implications for human resources management? Provide reasoning for your answer with an example.
3. Briefly explain the brand resonance pyramid taking the example of any car brand.
4. Discuss a megatrend in the global marketing scenario, provide an analysis of the ways in which it affects brand building?
5. How you would go about measuring the two sources of brand equity, with an example.

### Section B

Answer any 2 questions out of 3

(Max 600 words per answer)

1. You are in the process of launching a brand that specializes in selling ethnic Indian apparel and accessories, explain various secondary brand associations that you can utilize to provide greater authenticity to the brand
2. You are a brand of snack foods operating in India, specializing in Indian snacks, that wants to introduce snack food offerings in Europe. Explain how you would go about developing the positioning for your brand.
3. Let's say that you are in charge of a brand of aerated beverages, recently there is a news report saying that there are harmful pesticides in your brand of beverages. This has resulted in a crisis, with the trade asking for a recall of existing bottles, and a furore on social media.  
Think about the components of brand credibility, how do you think this incident affects the credibility of your brand? How would you go about rebuilding brand image?

## Case: DeVon James

In the late 2008, Malick Harper, the chief executive officer of DRMR was preparing for a meeting with his childhood friend and business partner, the superstar basketball player DeVon James to discuss three videogame endorsement opportunities.

A so called "small forward" for the Cleveland Cavaliers, James was one of the biggest superstars in the history of the National Basketball Association (NBA). He had been among the world's most watched athletes since his high school days in nearby Akron, Ohio and famously appeared on the cover of the magazine Sports Illustrated before he had even graduated. Since then, James had set numerous basketball records, and had been named rookie of the year, had led his team to the playoffs three times and to the NBA finals in 2007, and had won a gold medal at the 2008 summer Olympics.

James and four friends had established DRMR to take more control of James' career, and to do things "the right way". DRMR consisted of a team of experts such as a publicist, an accountant, an agent for contract negotiations, a PR person and a lawyer. Their vision for DRMR was to pursue a new model of sports marketing, where DeVon went into partnerships rather than being sold to endorsers like mattresses. DRMR's stated objective was to turn James into a global icon and help him become basketball's first billionaire.

### Opportunities in Videogames

As Harper walked past the larger than life portrait of James in DRMR's hallway on his way to his business partner's office, he contemplated the most immediate decision that lay ahead.

As of 2008, James had not made any agreements in the Videogames market. Videogame consoles had gained a foothold in the U.S.: Over 13 million units had been sold of Nintendo's Wii system, Microsoft's Xbox 360 had an installed base of just under 12 million units and Sony's PlayStation 3 had distributed just under 6 million units, not to mention the millions of PlayStation 2 consoles that were still being used. Moreover, software sales were strong: The Xbox 360 had sold about 94 million units of software compared to 73 million units for Wii and 31 for PlayStation3. Sports games were often among the bestselling titles.

### Three Options

DRMR had received three unsolicited, exclusive videogame endorsement offers

**Electronic Arts:** The first offer came from Electronic Arts (EA), a powerhouse in the world of videogame development, publishing and distribution. The company was on course to generate revenues of \$4.7 billion in 2008. It had several videogame titles that revolved around basketball, particularly the NBA Live, NCAA Basketball, and NBA Street series, which were available for each of the popular videogame consoles. Individual games typically sold for around \$50.

The company's flagship basketball series, NBA Live, reflected the teams and players competing in the NBA League in a given year. EA was seeking to sign James to be the cover athlete of the upcoming instalment. The game itself was not be altered. EA's other sports games featured stars such as Chett Favre (The Madden American Football series), Tiger Woods (*Tiger Woods PGA Tour*) and Ronaldinho (Fifa Soccer). EA was prepared to offer James, a two-year contract, and pay him \$400,000 for the first year and \$300,000 for the second year. DRMR had good reason to believe that this was a substantially higher offer than EA had made to cover athletes of past games. In return, EA expected James to make himself available for two days to shoot commercials and other kinds of promotional

materials, as well as to participate in two media appearances designed to promote the game.

**2K Games:** 2K games was a videogame publishing subsidiary of Take-Two Interactive (which also owned Rockstar games that was known for its bestselling *Grand Theft Auto* series). Take-Two generated close to \$100 million in 2007; EA had attempted but failed to acquire the company for \$2 billion in early 2008. Created in 2005, 2K games had released several sports games under its 2K Sports label, including *All-Pro Football 2K*, *Major League Baseball 2K*, *NHL 2K*, and the basketball series *NBA 2K*, the most highly acclaimed basketball videogame and 2K Games' anchor sports title. It also retailed for about \$50 and was available for all major console platforms.

2K games was asking James to become the signature athlete for its NBA 2K game. It had offered a two-year contract that stipulated an up-front payment of \$300,000 for year one and \$350,000 for year two. If the game sold more than 4 million units in its first two years, it agreed to extend its deal with a third year for another \$400,000. In addition, 2K Games had offered to pay bonuses at various sales targets:

- In year one, if the game sold more than 2 million units, James would get a payment of \$500,000; if the game sold more than 2.5 million units, he would get an additional \$250,000; and if the game sold more than 3 million units, he would gain an extra \$750,000, leading to a total bonus payment of \$1.5 million if sales exceeded 3 million units.
- In year two the same amounts were paid at slightly higher thresholds: James would receive \$500,000 at 2.25 million units, another \$250,000 at 2.75 million units and another \$750,000 at 3.25 million units.
- If one of James' sponsors incorporated the game in a national marketing campaign (if, for instance, DeVon could be seen playing the game in a commercial for Nike), he received a one-time payment of \$50,000
- For each in game advertiser that James brought in that paid more than \$400,000 to 2K Games for an affiliation with the game he received another \$50,000.

In return, 2K Games asked James to participate in a one-day "motion capture" session used to collect material (such as dialogue, movements and expressions) for use in the production of the game, a one-day shoot for a television commercial, a day of PR and media commitments and several shorter brainstorming sessions, interviews, PR sessions and appearances at marketing events.

**Microsoft Xbox Live:** Microsoft played a significant role in the gaming industry through its Xbox gaming platform. It marketed its own Xbox 360 gaming consoles and had created and operated Xbox live, an online multiplayer gaming and digital media delivery service introduced in 2002. The service had an estimated 15 million users. Customers were required to pay a yearly fee of around \$50 or full access. Individual downloadable games sold via its Xbox live arcade marketplace were technologically less complex than those developed for consoles and usually varied in price from \$5 to \$15. Some original titles had several hundred thousand downloads.

Microsoft was keen to develop and market a downloadable Xbox Live game that revolved around DeVon James. It had offered him a guaranteed \$250,000 advance to a revenue sharing deal in which James could earn up to 20% of the game's revenues. If the game generated less than \$1.5 million in revenues, James would earn 10% of the sales; if it made between \$1.5 million and \$3 million revenues, he would get 12.5% of the sales and if the game racked up more than \$3 million in revenues, James would collect 20% of sales.

James' team would be heavily involved in the development of the game, which did not have to be a basketball game, "It can be any kind of game produced by DeVon James", clarified Harper. James and DRMR would have control over when the game would be released and how it would be promoted.

Q1. Explain the pros and cons of each of the above three strategies for the personal brand of DeVon James. (9 marks)

Q2. If you were Malick Harper, which strategy would you recommend, and why? (6 marks)

Question	No. of Candidates	Mark	Total
A. Explain the pros and cons of each of the above three strategies for the personal brand of DeVon James.	10	9 marks each	90
B. If you were Malick Harper, which strategy would you recommend, and why?	10	6 marks each	60
C. Explain the pros and cons of each of the above three strategies for the personal brand of DeVon James.	10	6 marks each	60
		Total marks	210