



UNIVERSITY EXAMINATIONS: 2013/2014

EXAMINATION FOR THE MASTERS OF BUSINESS ADMINISTRATION

(MBA) CORPORATE MANAGEMENT

MARKETING MANAGEMENT (KITENGELA)

DATE: APRIL, 2014

TIME: 3 HOURS

INSTRUCTIONS: Answer Question One and Any Other Three Questions

QUESTION ONE

New product development - case study: The video recorder wars: The winning formula

A battle took place in the mid 1970s between manufacturers of video cassettes and their associated players. Although Philips was first to market with its Video Cassette Recording system released in 1972, Sony, as with its Walkman concept, was first to really attract the market with its *Betamax* video format released in 1975. It quickly gained market dominance until challenged by JVC's *VHS*. These two formats were joined a year later by the Philips *V2000*; all of these systems being incompatible with each other. The Philips machine despite having several superior features never really gained significant market share - not all of the superior features were offered on the cheaper Philips models, which also suffered from poor video quality and a lack of mechanical reliability. For all these reasons the format never gained substantial market share and was withdrawn in 1985, leaving the Sony and JVC to battle it out for video supremacy.

Sony was confident that its superior performance and high market share would see it defeat the new JVC upstart, but it made the cardinal marketing blunder of not responding to the needs of its potential customers.

Although consumers were impressed with Sony's marketing and the quality of its players, they wanted

something quite different. Sony initially restricted the recording time of its player to one hour; suitable for television programmes, but not for the recording of films which formed the basis of a growing video rental market. Movie and video studios turned their backs on Sony and JVC were able to offer by far the largest range of rental titles on its 'Long Play' system. In addition, consumers wanted an affordable video player. JVC had made the decisive strategic move of licensing its technology to a range of electronic manufacturers; competition between which kept the price of VHS recorders well below that of Sony's machines. Despite the perceived quality advantage of the Sony, demand was price sensitive and by 1981, the market share held by *Betamax* tapes had fallen to below 25%.

In 1988, Sony began to market its own *VHS* machines and at that point it was evident that the *Betamax* format was dead. In recent years, both Betamax and VHS have been replaced by DVDs. The last Sony *Betamax* machine was manufactured in 2002 and the last dedicated JVC *VHS* unit was produced in 2007.

Required:

- a) Explain any three important aspects of research and development in the process of new product development. (7 Marks)
- b) Draw and analyze the relationship between the product life cycle and the marketing mix. (15 Marks)
- c) Explain in three different ways in which (in the video recorder market) the Sony could have maintained the competitive advantage of its Betamax format over the rival VHS system. Using relevant example. (9 Marks)

QUESTION TWO (23MARKS)

- a) Abraham Maslow sought to explain why people are driven by particular needs at particular times. Describe Maslow's hierarchy of needs. How does Maslow's theory help marketers? (15 Marks)
- b) How can a hotel industry use Maslow's hierarchy of needs to segment? (5 Marks)

QUESTION THREE (23MARKS)

- a) If a company desires to assess the magnitude of consumers' knowledge, beliefs, preferences, and satisfaction, briefly discuss any three research approaches the company will most likely employ. (9 Marks)
- b) Discuss four of Michael Porter's generic strategies would be most appropriate for an

organization that concentrates on achieving superior performance in an important customer benefit area valued by a large part of the market. (14 Marks)

QUESTION FOUR (23MARKS)

- a) Assume that you have been given the task of assisting a company in designing its marketing planning process. What components should be in such a process? Illustrate your answer. (12 Marks)
- b) Explain four reasons why marketers find it difficult to market services. (11 Marks)

QUESTION FIVE (23MARKS)

- a) The Internet has given today's companies a new set of capabilities. Among those capabilities is the ability to operate a new information channel. Describe how information can be used by the marketer in this new channel. (11 Marks)
- b) Define green marketing and explain its importance to the marketers, consumers and the society. (12 Marks)

QUESTION SIX (23MARKS)

Marketing has often been defined in terms of satisfying customers' needs and wants. Critics maintain that marketing does much more than satisfying customers' needs and wants and, in fact, create needs and wants that did not exist before. According to these critics, marketers encourage consumers to spend more money than they should on goods and services they really do not need.

Required:

- a) What is your opinion of this on-going debate? Take a stance and defend your position using examples of companies that you perceive to have created or satisfied customer needs. (15 Marks)
- b) APART from societal, relationship marketing and green marketing, identify the other three marketing concepts that DO NOT GREATLY concern themselves with the consumer welfare and briefly discuss any two disadvantages of each. (8 Marks)