

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE EXAMINATIONS BOARD

UNIVERSITY OF MALTA, MSIDA

MATRICULATION EXAMINATION
ADVANCED LEVEL
SEPTEMBER 2013

SUBJECT:	MARKETING
PAPER NUMBER:	I
DATE:	3rd September 2013
TIME:	9.00 a.m. to 12.00 noon

Answer ANY FIVE (5) questions.

All questions carry equal marks (20 marks each).

1. a. Briefly outline and explain the stages in the '*Product Life Cycle*'. (8 marks)
b. Discuss how the '*Product Life Cycle*' may assist the marketer in decisions relating to (i) *promotion* and (ii) *pricing*. (12 marks)
2. Discuss the advantages and disadvantages of joining a *trading bloc*. (20 marks)
3. Outline the contents of a *marketing plan*. (20 marks)
4. Describe the *buying process* a company goes through when purchasing new uniforms for its office employees. (20 marks)
5. a. Why is *marketing research* important? Discuss and explain using practical examples, the main objectives and purposes of marketing research. (12marks)
b. Briefly describe the main limitations of marketing research. (8 marks)
6. Define the meaning of '*relationship marketing*' and discuss its relevance to business. Apply your answer to a large factory set-up producing bakery products. (20 marks)
7. Discuss the various *orientations* adopted by businesses. (20 marks)
8. Distinguish between the *characteristics of goods and services*. Apply suitable examples of your own choice. (20 marks)

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SUBJECT:	MARKETING
PAPER NUMBER:	II
DATE:	4th September 2013
TIME:	9.00 a.m. to 12.00 noon

Answer ALL questions in Section A and ANY TWO [2] questions from Section B.

Burberry

When Angela Ahrendts, became the CEO of Burberry, in July 2006, luxury was one of the fastest growing sectors in the world. With its rich history, centered on trench coats that were recognised around the world, the Burberry brand should have had many advantages. But as she watched her 60 top managers arrive for their first strategic planning meeting, something struck her right away. They had flown in from around the world to classic British weather, gray and damp, but none of them was wearing a Burberry trench coat. She even doubted that many of them even owned one. If the top people were not buying Burberry products, despite the great discount they could get, how would one expect customers to pay the full price for them?

It was a sign of the challenges Burberry faced. Even in a burgeoning global market, the company was growing at only 2% a year, in spite of its excellent foundation. Burberry had 23 licensees around the world, each doing something different. Some were selling products such as dog cover ups and leashes. One of the highest-profile stores, on Bond Street in London, had a selection of kilts. Although there was nothing wrong with any of these products individually, when brought together they added up to just a lot of items; something for everybody, but not much of it exclusive or compelling. Burberry needed to be more than a beloved old British company. Just like great brands, such as Apple and Starbucks, it needed consistency - knowing that anywhere in the world you can depend on having the same experience in the store or being served a latte with the same taste in the same cup. Unfortunately, Burberry did not have a lot of that.

One “Brand Czar”

As part of her transition, Angela Ahrendts spent the first six months working closely with her predecessor, hitting the road to get a sense of Burberry worldwide. Although in Hong Kong, the product line of polo shirts and woven vests had the famous Burberry check, not a single coat was being made. In the US, Burberry was creating outerwear at half price of that in the UK and classic Burberry raincoats produced in New Jersey that said, “Made in the U.S.A.”. Great global brands do not have people all over the world designing and producing all kinds of stuff. It became quite clear that if Burberry was going to

be a great, pure global luxury brand, it had to have one global design director. Angela Ahrendts introduced Christopher Bailey, as the new designer and “brand czar” for Burberry. Instructions that followed were also very clear. Anything that the consumer would see – anywhere in the world had to go through his office, without any exceptions. Within a year, Burberry had let the entire Hong Kong design team go and had brought some of the U.S. outerwear team to the UK, where all the design team was centralised under Christopher Bailey. The Welsh factory was closed and investment began instead in the Castleford facility in Yorkshire. Since then the head count at Castleford doubled and the global workforce almost tripled to nearly 10,000 adding more than 1,000 jobs in the UK over the past two years alone.

Sticking to the Core: The Trench Ethos

Burberry is 156 years old; its coats were worn in the trenches of World War I by British soldiers. Sir Ernest Shackleton wore a Burberry during his Antarctic expedition. Movie legends wore them on the silver screen. For more than a century, the Burberry trench coat was cool. Trench coats are among the most expensive items Burberry sells. Many of them are priced over \$1,000. At the time Angela Ahrendts had joined the company as CEO, fashion apparel and check accessories were leading the company’s strategy. Outerwear represented only about 20% of global brand business. Clearly, this was not consistent with the new vision of luxury for Burberry. The company had to go back to its core. It is also not unusual for a luxury company to be born from a single product and then diversify. Louis Vuitton began with luggage, and Gucci with leather goods. But even as they diversified, each continued to earn the majority of its revenue from the original core products. After brainstorming and commissioning a consulting firm, the decision was taken to focus on the trench coat.

Customer Targeting

Burberry also began to shift its efforts from targeting everyone, everywhere to focusing on the luxury customers of the future: millennials. The decision was not without controversy. The company was choosing to aim squarely at a generation that had no current knowledge of Burberry’s core product. The company needed to create outerwear that was innovative, cool and so inviting that people would become repeat customers. Burberry used to have just a few basic styles of trench coats: Almost all were beige with the signature check lining and the differences between them were minor. Now the company has a wide variety, from capes to cropped jackets to the classic Burberry trench in a range of vibrant colours and styles, to include leather studded sleeves. New lines had to be infused with the company’s heritage.

Burberry also had to rethink its entire targeting approach and make it digital. Initially the company had a few regional websites. These were consolidated and re-designed on one platform. Today the website has become the hub of all the company’s marketing and branding and a trench coat is always one of the first things you see when you go online. The site is designed to speak to that millennial customer through emotive brand content: music, movies, heritage, storytelling. More people visit this platform every week than walk into all Burberry’s stores combined. To date the site had 2.5 million visitors. Last year the

company also took its first step into customisation. Burberry Bespoke went live on burberry.com offering some 12 million possible styles. Customisation is also now being introduced in Burberry's physical stores in London and Chicago.

The company transformation paid off. At the end of fiscal 2012, Burberry's revenues and operating income had doubled over the previous five years to \$3 billion and \$600 million, respectively. Today, if you were to ask a Burberry senior executive, how many trench coats he or she owns, the answer is likely to be eight or nine. Everyone has a packable version. Everyone has a white one. Everyone has an evening one. All have them in different lengths.

Source: Adapted from 'Burberry's CEO on Turning An Aging British Icon into a Global Luxury Brand', by Angela Ahrendts, Harvard Business Review, January- February 2013, pg- 39-42.

Section A

Answer ALL questions of Section A

1. What is a *brand*? (4 marks)
2. Briefly outline the main benefits of branding. (8 marks)
3. When the new CEO, Angela Ahrendts joined Burberry in 2006, the Company was growing at only 2% a year. The case study notes that Burberry needed to be more than a beloved old British company. Using case study material provided, outline and describe the two main factors, which in your opinion had contributed to this slowdown in growth. (6 marks)
4. In its efforts to become a great global brand, Burberry also re-built its '*brand identity*'. What did Burberry decide to focus on and why? (4 marks)
5. Burberry decided to shift its efforts from targeting everyone, everywhere, to focusing on a particular luxury market segment. Explain, from the case study material provided, how Burberry changed its target marketing and market positioning. (18 marks)

Please turn the page.

Section B

Answer ANY TWO questions. All questions carry equal marks (30 marks each).

6. Discuss the application of the 4Ps of the marketing mix within the context of computer games, such as *Sims*, *Call of Duty*, etc. You may select any game of your own choice, including those targeting younger audiences such as, *Bob the Builder*, *Barbie* etc., to explain your answer. You may assume that the game may be purchased both in CD-ROM format or downloadable online. (30 marks)

7. Discuss how marketing may be applied in a '*not-for-profit organisation*'. Apply your answer to an organisation that has been set up with the main aim of taking care of abandoned animals and promoting the prevention of animal cruelty. The organisation need not exist in practice and may be a fictitious one. (30 marks)

8. Mass market, fashion brands such as *New Look* and top brands such as *Tommy Hilfiger*, apply different pricing methods. Some companies also make use of price discrimination to target different market segments. Discuss the various pricing methods that may be applied by business, using suitable examples of your own choice. (30 marks)

9. Your company is an '*established brand*' of hair products to include shampoos, conditioners, hair gels, hair sprays etc. As a new product line, the company is manufacturing a range of shampoos and conditioners, which are produced from natural ingredients and which are totally environmentally friendly. This new formula is extremely effective in controlling dandruff and is specifically designed for sensitive skin and allergy sufferers. This new range of shampoo and conditioners is also available in various sizes and includes a practical, portable version, which is ideal for travelling purposes. As an introductory offer, the company is also giving a free 'portable travel-kit', which includes a shampoo, conditioner and hair gel, with every purchase of 1 shampoo and 1 conditioner. This introductory offer is available until stocks last.
 - a. Explain the AIDA model. (10 marks)
 - b. Discuss how the AIDA model may be applied when planning an advert for this new range of shampoos and conditioners. (20 marks)