

Eastern University, Sri Lanka

Faculty of Commerce & Management

Final Year First Semester Examination in BBA /Specialization in Marketing Management

2014/2015 (May 2017) (Proper)

MKT 4013 Strategic Marketing Management

Answer all questions

Time: 03 Hours

Read the following case study and answer the questions given below.

The Little Mouse that Roars

Among the big tech companies, market leader Microsoft is the king of the jungle. When giant Microsoft looms, even large competitors quake. But when it comes to dominating specific market niches, overall size isn't always the most important thing. For example, in its own corner of the high-tech jungle, Logitech International is the little mouse that roars. In its niches, small but mighty Logitech is the undisputed market leader.

Logitech focuses on what it calls "personal peripherals"—interface devices for PC navigation, Internet communications, home-entertainment systems, and gaming and wireless devices. Logitech's rapidly expanding product portfolio now includes everything from cordless mice and keyboards, gaming controllers, and remote controls to Webcams, PC speakers, headsets, notebook stands, and cooling pads. But it all started with computer mice. Logitech makes every variation of mouse imaginable. Over the years, it has flooded the world with more than one billion computer mice of all varieties, mice for left- and right-handed people, wireless mice, travel mice, mini mice, 3-D mice, mice shaped like real mice for children, and even an "air mouse" that uses motion sensors to let you navigate your computer from a distance.

In the PC mouse market, Logitech competes head-on with Microsoft. At first glance, it looks like an unfair contest. With more than \$58 billion in sales, Microsoft is nearly 30 times bigger than \$2.2 billion Logitech. But when it comes to mice and other peripherals, Logitech has a depth of focus and knowledge that no other company in the world - including Microsoft - can match. Whereas mice and other interface devices are pretty much a sideline for software maker Microsoft - almost a distraction - they are the main attraction for Logitech. As a result, each new Logitech device is a true work of both art and science.

Logitech's mice, for example, receive raves from designers, expert reviewers alike.

A *BusinessWeek* analyst gives us a behind-the-scenes look at Logitech's deep development prowess:

One engineer, given the moniker 'Teflon Tim' by amused colleagues, spent time scouring the Far East to find just the right nonstick coatings and sound-deadening materials. Another spent hours taking apart wind-up toys. Others pored over the contours of BMW motorcycles, searching for designs to crib. They were members of a mission team that spent thousands of hours during a two year period on a single goal: to build a better mouse. The result: Logitech's revolutionary MX Revolution, the next-generation computer mouse hit consumer electronics shelves like a flash of lightning. It represented the company's ambitious attempt yet to refashion the lowly Computer mouse into a kind of controller for a host of PC applications. The sheer scope of the secret mission - which crammed components, including a tiny motor, into a palm sized device that usually holds a battery - brought together nearly three dozen engineers, designers, and marketers from around the globe.

Part of Logitech's product-development strategy is defensive. Once content to design and sell mice and other peripherals for PC makers to slap their own names on, Logitech over the past decade has increasingly focused on selling its branded add-on equipment directly to consumers. Nearly 90 percent of Logitech's annual sales now come from retail. To stay ahead, Logitech to deliver regular improvements and new devices to entice new shop purchases.

"We think of mice as pretty simple," says one industry analyst, "but there's an aggressive technology battle going on to prove what the mouse can do." One of the latest feats of cutting-edge wizardry is its MX Air, which promises to change the definition of the computer mouse as we know it. More like an airborne remote control than a traditional mouse, you can surf the Web, play games, and control your home theater system from up to 30 feet away. There's also a cool-factor at play. Wielding the MX Air is like holding a work of art.

i) 'The purchase situation is another important influence on the consumer buying process. Propose situational influences on consumer behaviour with example.

(Marks 04)

ii) Discuss the major trends that marketers need to monitor in a wide range of technological developments and information processing.

(Marks 06)

iii) 'The range of marketing relationship extends from a single transaction to vertical integration'. Briefly explain the range of marketing relationship with suitable example.

(Marks 08)

(Total 18 Marks)

i) 'One of the first major decisions in launching a new product is timing'. Demonstrate the other factors which are considered in launching a new product.

(Marks 06)

ii) 'Several approaches can be used to position a company's product in the minds of consumers'. Appraise at least four (04) most common positioning strategies which are used to position the products with suitable example.

(Marks 06)

iii) Distinguish between 'Pull' versus 'Push' Integrated Marketing Communication strategies.

(Marks 06)

(Total 18 Marks)

i) 'Blue ocean strategy fundamentally differ from red ocean strategy'. Compare these strategies with suitable examples.

(Marks 06)

ii) Assume that you are a marketing manager for a product of home improvements supplies, evaluate the criteria that you would use in selecting the channel members. What factors would be important in determining the channel length (number of intermediaries) needed?

(Marks 06)

And at Logitech, it's not just about mice anymore. Logitech now applies its cool-hat to create sleek, stylish, and functional devices that enhance not only your PC experience but also help you get the most out of everything from Internet navigation to all the new gear in today's digital home. For example, Logitech's family of Harmony advanced universal remote controls helps even technology challenged novices tame the complexities of home entertainment systems.

Breeding mice and other peripherals has been very good for niche Logitech. For example, thanks to its dedication to creating the next best mouse, Logitech has captured a dominant 40 percent share of the world mouse market, with giant Microsoft as its runner-up, although Logitech isn't nearly as big as Microsoft, pound for pound it's more profitable. Over the past seven years, despite tough economic times for the PC and consumer electronics industries, Logitech's sales and profits have more than doubled. Looking ahead, as Logitech forges forward in its personal peripherals niche, Logitech is well positioned to weather recent economic storms and emerge stronger than ever.

"Our business is about the last inch between people and content and technology," explains Logitech CEO Guerrino De Luca. Nobody spans that last inch better than Logitech. The next time you navigate your PC, watch or listen to downloaded Web audio or video content, or pick up an entertainment system remote, it's a pretty good bet that you'll have your hand on a Logitech device. It's also a good bet that you'll really like the way it works and feels. "Our goal [is] passing the 'oooooh' test," says a Logitech project leader, "creating a user experience that communicates both performance and luxury."

1. Explain why it is important to understand the marketing environment. Support your answer with the points in the case study. (Mark 4)
2. Briefly explain 'Defensive Strategies' with your own example. (Mark 4)
3. "Our business is about the last inch between people and content and technology," says Logitech CEO Guerrino De Luca. Analyze this statement. (Mark 4)
4. Evaluate the effectiveness of expanding the portfolio of Logitech. (Mark 4)
5. If you were the Executive manager of Logitech how would you set the goal for your company? (Mark 4)

(Total 28 Marks)

- ii) Explain the following terms:
- a. Privacy issues and ethical issues
 - b. Marketing culture
 - c. Supply partnership

(Marks 06)
(Total 18 Marks)

- i) Distinguish the behaviour of generation Y in the marketing place.

(Marks 06)

- ii) 'In a customer oriented marketing organizations, everyone makes marketing decisions'. Illustrate the organizational level and information needed for making decision with example.

(Marks 06)

- iii) 'The most common routes to sustainable competitive advantage involve one or more basic strategies'. Explain at least two strategies with suitable examples.

(Marks 06)
(Total 18 Marks)