



Eastern University, Sri Lanka
Faculty of Commerce & Management

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

2013/2014 (December 2015) (Proper)

MKT 4013 Strategic Marketing Management

Answer all questions

Time: 03 Hours

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

Developing a Strategic Marketing Plan

Introduction

The NIVEA brand is one of the most recognized skin and beauty care brands in the world. NIVEA cream was first introduced in 1911 and the NIVEA brand now extends to 14 product ranges worldwide from sun care to facial moisturizers, deodorant and shower products. In 1980 when Beiersdorf, the international company that owns NIVEA, launched its NIVEA FOR MEN range internationally, it broke new ground with its after shave balm product. It was the first balm on the market that did not contain alcohol, which can irritate the skin. It proved to be very popular with consumers.

In 1993, NIVEA FOR MEN developed a fuller range of male skin-care products. This reflected the growing social acceptance of these products with male consumers. The brand was able to exploit its knowledge of the skin-care market. The company's research showed men mainly wanted skin-care products that protected the face after shaving. Men were willing to buy products that helped calm and soothe irritated skin caused by shaving.

The NIVEA FOR MEN brand was launched in UK in 1998. At that time total annual sales of men's skin-care products (facial and shaving preparations) in UK were only £68 million with the male facial product sector worth only £7.3 million. Sales of male skin-care products have grown steadily since the launch of NIVEA FOR MEN and the market in 2008 was worth over £117 million with male facial products worth £49 million.

NIVEA FOR MEN wanted to increase its share of the UK male skin-care market. This case study examines how NIVEA re-launched the NIVEA FOR MEN range in 2008. This was part of its overall plan to develop the range in the UK. It shows how the company developed a marketing plan for the re-launch and organised its marketing activities to achieve its aims and objectives. The study

focuses on how a company can respond to changes in consumer expectations, external influences and business aims to achieve those objectives.

Assessing the market

NIVEA FOR MEN needs to know what its male customers want and what competitor products exist. As well as targeting the male consumer, women are also an important target market for NIVEA FOR MEN. This is because women often buy male grooming products for their partners as well as helping them choose which products to buy. NIVEA FOR MEN used a SWOT analysis to help it assess the market. This takes a detailed look at the internal strengths and weaknesses of the business, as well as external opportunities and threats in the market-place.

Setting objectives

Beiersdorf wanted to increase its UK market share for NIVEA FOR MEN, but also wanted greater market penetration for male skin-care products. In other words, it wanted not just a greater share of the existing market; it wanted to expand that market. It wanted more men buying skin-care products. One key aim was to move men from just considering skin-care products to making actual purchases. It also aimed to sell more male skin-care products to women. Research had indicated that women were often the initial purchaser of skin-care products for men. NIVEA FOR MEN used this key fact as a way to increase opportunities for sales. Another objective was to develop the NIVEA FOR MEN brand image. The NIVEA brand has always stood for good quality products that are reliable, user-friendly and good value for money. The brand's core values are security, trust, closeness and credibility. These values would be strengthened and expanded on with the launch, to get more men and women to think of NIVEA as first choice for skin-care.

Marketing strategies

This focus on product development combined with an emphasis on consumer needs is a differentiator for NIVEA FOR MEN. It is a major reason why in the UK the brand is still the market leader in the male facial skin-care market. Another cornerstone of UK marketing strategy for the re-launch was promotion. NIVEA sought to build on and develop the approach it had used in the past. In the 1980s, advertising in men's style and fashion magazines along with product sampling was a major promotional tool. In the 1990s, the company used radio, television and print advertising together with sampling. Since 2000, there has been a greater emphasis on consumer needs and an increasing use of experiential activities in the promotional mix. Experiential marketing is about engaging consumers through two-way communications that bring brand personalities to life and add value to the target audience. This helps build an emotional connection between the brand and the consumers.

It is important to get the promotional balance right. NIVEA FOR MEN promoted the new launches of its products through a mixture of above-the-line and below-the-line promotion. The use of sport was a key element here. NIVEA FOR MEN supported football events at a grass-roots level through its partnership with Power league to build positive relationships with men. This helped create stronger brand affinity for NIVEA FOR MEN among men. It also allowed the brand to build and maintain a consistent dialogue with men, which helps to drive sales.

Above-the-line promotion included television and cinema advertisements, which reached a wide audience. By using links with sport, NIVEA FOR MEN aimed to build a positive male image associated with male facial skin-care. The brand also benefited from press advertorials in popular men's magazines, making the daily usage of their products more acceptable.

Promotions were used to attract new customers. For example, the distribution of free samples encouraged trial of NIVEA FOR MEN products which drove purchase. These promotions have helped build up brand awareness and consumer familiarity which reinforce the NIVEA FOR MEN brand presence. There is a dedicated NIVEA FOR MEN website to support its products and provide information to educate men on their skin-care needs. To enhance the brand a tool called a 'Configurator' was created on the website to help customers specify their skin type and find the product that best suits their needs.

Conclusion - evaluating the plan

NIVEA FOR MEN adopted a range of key performance indicators to assess the success of the NIVEA FOR MEN re-launch in UK. It looked at:

- Market share - Did the re-launch accelerate this growth and help achieve its market share objectives? NIVEA FOR MEN is market leader in many countries and is consistently gaining additional market share.
- Overall sales - Was this in line with objectives? Internationally, NIVEA FOR MEN skin-care products grew by almost 20%. Its sales in UK market at retail in 2008 were nearly £30 million and in line with expectations.
- Brand image ratings - NIVEA FOR MEN was the Best Skin-care Range winner in the FHM Grooming Award 2008 for the fifth year running. This award was voted for by consumers. It illustrates that NIVEA FOR MEN has an extremely positive brand image with consumers compared to other brands.

• Product innovation - In response to consumer feedback and following extensive product innovation and development, the NIVEA FOR MEN range has been expanded and the existing formulations improved.

These results show that, in UK, the NIVEA FOR MEN re-launch met its overall targets, which was a significant achievement, considering the difficult economic climate. The marketing plan for the re-launch used past performance and forecast data to create a new marketing strategy. This built on the brand and company's strengths to take advantage of the increasing change of male attitudes towards using skin-care products.

Questions:

- i. Perform a SWOT analysis for NIVEA and state its position before the re-launch of NIVEA FOR MEN. (Marks 06)
- ii. Explain the data that NIVEA used when preparing its marketing plan to re-launch NIVEA products to men. (Marks 06)
- iii. Briefly explain the concepts of 'Above the line Promotion' and 'Below the line Promotion' with your own example. (Marks 06)
- iv. Explain why NIVEA used football sponsorship to help increase its sales of NIVEA for men? (Marks 06)
- v. Discuss how effective you think the marketing plan for NIVEA FOR MEN has been? (Marks 06)

- Q2.**
- i) *'We are involved with many forms of retailing in our daily lives-from the traditional supermarkets or department stores to internet commerce and roadside stalls'*. Analyse the theories of structural changes in retailing with suitable example. (Marks 06)
 - ii) *'Higgins states Problem Solving is an integral part of organizational life'*. Briefly explain the steps involved in creative problem solving process with a suitable example. (Marks 06)
 - iii) *'Both theoretical life cycle model and a real world product life cycle exist'. 'Reality seldom confirm the theory'. 'Two theories have attempted to explain the product life cycle'*. Compare and contrast the adoption theory and consumer adoption process with proper example. (Marks 06)

(Total 18 Marks)

- Q3. i) *'Marketers not only must identify the services most desired by their customers but also must determine the best ways to deliver high-quality service to achieve customer satisfaction'.* Discuss the role of the following in the successful delivery of high quality services to an organization's customers:
- Organizational structure and culture
 - Personnel issues
 - Planning for service recovery
- (Marks 06)
- ii) *'Several approaches can be used to position a company's product in the minds of consumer. Each approach must take into consideration the nature of the customer, the product and the unique selling proposition that will set the company's product apart from its competitors'.* Briefly **discuss** the key variables for positioning.
- (Marks 06)
- iii) Define and Explain the followings:
- Supply partnership slide
 - Strategic platform
 - Privacy issues and ethical issues
- (Marks 06)
(Total 18 Marks)
- Q4. i) *'Marketers can implement the new marketing concept and compete successfully for long-term relationship with customers in a global marketplace'.* **Discuss** the ways in which a company can succeed in market place. Support your answer with suitable example.
- (Marks 05)
- ii) *'The application of pricing strategies to each stage in the life cycle are significantly different'.* **Illustrate** the suitable pricing strategies with product life cycle.
- (Marks 06)
- iii) *As a marketing manager for a brand of packaged foods, you are responsible for developing consumer- oriented marketing programs.* Within this context, **evaluate** the following influences on consumer purchases.
- | | |
|----------------------------|-----------------------------|
| a. Culture and sub-culture | b. Social class |
| c. Reference group | d. Personal characteristics |
| e. Psychological factors | f. Product characteristics |
| g. Purchase situation | |
- (Marks 07)
(Total 18 Marks)

- Q5. i) *'Marketers must develop long term relationship with all stakeholders'*. Illustrate statement citing relationship marketing and transaction marketing. (Marks
- ii) *'Introduction of new technology may serve as creative destruction'*. Discuss this statement with suitable example. (Marks
- iii) *'The strategic planning process involves number of fundamental steps'*. Briefly analyse steps in Strategic Planning Process. (Marks

(Total 18 Marks)