

EASTERN UNIVERSITY, SRI LANKA.
FACULTY OF COMMERCE & MANAGEMENT
THIRD YEAR /FIRST SEMESTER EXAMINATION IN BACHELOR OF BUSINESS
ADMINISTRATION
SPECIALIZATION IN MARKETING MANAGEMENT – 2005/2006 (AUGUST 2007)
MKT 3123 MARKETING COMMUNICATION

Answer all questions

Time : 03 Hours

01)

LE SHUTTLE

Le shuttle was launch in December 2004 as the vehicle-carrying service between Folkestone and Calais through the channel Tunnel. The planned market share was expected to grow to 50 percent within a few years of beginning the service. This was to be gained primarily from the ferries, although it was also envisaged that new passage would be generated because of the improved cross-channel service. By June 2006, Le shuttle's share had reached around 40 percent even though severe competition from the ferries. In order for Eurotunnel to achieve profitability, however, it is critical that Le shuttle's market share continues to grow towards the original target.

Although all elements of the marketing mix have been used to promote Le shuttle, including price discounts of up to 50 percent, a loyalty scheme, duty-free promotions and improved services, marketing communications play a particularly important part in the overall strategy. In 2005, around \$11 million was spent on television advertising and a further \$ 3 million on press advertising, inserts and direct mail. The 2005 theme was the 'Fantastic journey', using swordfish on motorbikes and crabs in cars travelling alongside a real family. The campaign was run in the national press, on television and on posters. Most of Le shuttle's advertising tends to be pan-European, although around 50 percent is spent in the UK whence 70 percent of demand originates. Considerable effort also had to be put into promotion good press relations. This was designed not only to ensure that the media relayed positive messages about Le shuttle's service benefits, but also to try to reduce or deflect interest in negative stories. Eurotunnel's major financial difficulties, delays, leaks and any other problems always seemed to attract media attention. However despite powerful marketing communications activity in 2005, demand did not achieve the planned levels and too many customers were still confused about the difference between Eurostar and Le shuttle.

The battle between the ferries and Le Shuttle intensified in 2006. Rather than simply allowing Eurotunnel to move in and take market share, the ferry companies decided to make a fight of it. Sweden's Stena Line, with around 20 percent of the market, planned to introduce a new generation of ferries with a marketing emphasis on speed and the travel experience. The Stena Empoerur is the largest ferry to operate on the channel service and additionally, the catamarans are faster than conventional ferries. The leading ferry operator P&O, with 35 percent of the passenger market, has placed particular emphasis on the 'on-board experience', as have the other ferry companies. P&O has increased retail space by up to 70 percent to accommodate a wider range of shops and duty-free facilities. About one-third of its revenue on the services comes from retail sales, including on-board shopping, entertainment and eating. According to Pat Hollis, the P&O ferry director,

"Since the early 1990s, there have been major change in passenger trends; we were once perceived to be carries of people, now the concept is that the crossing is an experience in its own right."

At the same time, fares were heavily discounted and despite the success of the on-board sale, profits were being squeezed because of the impact of the competition from Le Shuttle. The ferry experience, which was heavily promoted, contrasts sharply within Le Shuttle. With Le Shuttle, travelers have to use the terminal building before their car is loaded on to the train, and the actual travel experience is strictly functional, but fast, beyond the terminal. There is of course a problem in that the more Le Shuttle promotes its own terminal retail operations, the longer the passenger spends at the terminal and the longer, therefore, the overall journey takes.

In order to combat the ferries' emphasis on 'the cruise experience', Le Shuttle's 2006 \$10 million advertising operation went high tech. The campaign sought to draw a parallel between travelling by Le Shuttle and travelling on a space transport. The television advertisement showed the experience from the perspective of a small boy on a 'space' mission, pretending to be an astronaut undergoing a countdown at NASA, in this case on one of 100 'missions' a day! The main rationale for the operation was to emphasize the speed and excitement of the journey as well as highlighting Le Shuttle's comparatively advanced technology when compared with the familiar ferry. The campaign mainly featured on television but was also echoed in the national press and other media. It was intended to develop a range of merchandizing and entertainment packs, based on the advertisement, to be sold through Le Shuttle terminals. The purpose of the various sales promotion activities was to bring the advertising experience to life.

While most experts consider that Le Shuttle will eventually win the battle, especially after the abolition of duty-free shopping in 1999, the battle over the next few years still promises to be highly interesting. In 1995, P&O matched Le Shuttle's advertising spend and Stena spent \$ 4.4 million. There is still much spare capacity on the channel crossing. Ultimately, a ferry is a mobile asset that can soon be moved away on to other routes.

Le Shuttle, however, does not have the flexibility!

Nevertheless, the ferries will fight to retain their share on this route and marketing communications will be central to all players' marketing strategies. The ferries will not give in lightly.

Questions :

1. Why is marketing communications so important for Le Shuttle?

(04 marks)

2. How have the various elements of the promotional mix been used in Le Shuttle's marketing communications strategy?

(06 marks)

3. What do you think is Le Shuttle's main target segment and how has that influenced its communications?

(06 marks)

4. How has the launch of Le Shuttle changed the ferry companies' approach to communication, and why?

(06 marks)

5. What are the potential risks of focusing on advertising in particular as a major competitive weapon in a head-to-head battle between two large operations such as Le Shuttle and P&O?

(06 marks)

(Total 28 marks)

02) (a) Identify the factors in the marketing communication mix and briefly explain how this communication mix feed into marketing mix.

(10 marks)

(b) Define integrated marketing communication and briefly explain its advantages.

(08 marks)

(Total 18 marks)

03) (a) 'There are many different approaches for building a marketing plan or, more specially, a marketing communications plan. There is no single common approach, but there are essential elements that every plan must have'.

Based on the above statement **identify** and briefly **explain** the role of the element of 'SOSTAC' planning system in marketing communications.

(10 marks)

(b) Explain briefly how an organization uses market research process for an effective purchase decision.

(08 Marks)

(Total 18 marks)

04) (a) Briefly explain why budget determination a critical phase of the marketing communications planning process?

(10 marks)

(b) Whichever method or methods are adopted, however, our task must be to consider the process of budget determination itself. Based on the above view briefly explain its stages of budgeting to introduce marketing communications.

(08 marks)

(Total 18 marks)

05) (a) Explain the factors to be considered when appointing an advertising agency.

(08 marks)

(b) Briefly describe the role of advertising strategies at deferent product life cycle stages.

(10 marks)

(Total 18 marks)