

JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY (BUSIA LEARNING CENTRE):

**FINAL EXAMINATION AUGUST 2013: ABA 104: PRINCIPLES OF MARKETING
MANAGEMENT 1st YEAR: BACHELOR OF BUSINESS ADMINISTRATION:**

2HRS

INTRUCTIONS:

QUESTION ONE IS COMPULSORY

Answer ANY TWO from the rest of the questions

GIORGIO BEVERLY HILLS: (30 Marks)

Giorgio Beverly Hills had built a very successful business on the company's signature scent of woman's perfume- Giorgio was the top-selling fragrance in the United States market. However not wanting to rest on its laurels, managers decided to launch an addition to the product line. Of primary importance was that the perfume has a unique image and can be targeted at a distinct group of women who do not use Giorgio. This was required so that the new scent would not cannibalize sales from the Giorgio brand. Since Giorgio is a strong and quite expressive fragrance, women who wear it tend to be rather outgoing and feel comfortable being the centre of attention. Its bright yellow packaging had been designed to express this vitality and it had been very successful.

The company developed its new softer fragrance brand to reach a slightly older (25 to 54), more moneyed (\$40,000 income), and more sophisticated women than the Giorgio buyer. The name Red was chosen for the brand to connote vibrancy, passion and sexy romance but with a more subtle image than Giorgio. The package colour was also unique in the fragrance market at the time, so its distinctiveness captured considerable attention. The packaging was indeed red, but touches of purple and gold were added to convey a festive elegant and upscale quality.

A major task in any new product introduction is to get consumers to try the product. But consumer trails are hard to obtain in the perfume market if women are not given any idea of what the fragrance is like. Consequently, fragrance strips were placed in a variety of print media prior to product introduction. In fact, one estimate is that by the time Red was launched over 20 million scent strips had been placed in circulation.

Research had also revealed that women are much more likely to purchase a fragrance if they have worn it at least three times. Therefore, the company obtained mailing list of stores preferred charge customers, and two weeks prior to product launch special red tubes holding a three-day supply were sent out.

The brands roll-out was scheduled for February, which provided a nice tie-in with the product colour because of Valentine's Day. Special in-store materials were also obtained to emphasize the products name and package colour, including hundreds of red roses and red carpets which were rolled out. In many places mannequins were even dressed with material featuring the product's package colours.

Consumer response was very enthusiastic- sales of \$90 million were achieved in its first year and Red jumped to the number 1 fragrance position, while Giorgio also remained a top seller.

QUESTIONS

(a) Answer the following questions:

- Why was the image of Red so important to the company? **5marks**
- What brand position did the Giorgio perfume occupy in the market? **2 marks**
- Using examples explain the target group and segmentation strategy. **7 marks**
- What information processing issues arose in the company's attempt to market Red? What steps did the company take to address these issues? **10 marks**
- To what degree do you think brand and self-image issues were central to the success of Red? **6 marks**

2. a. Types of products **5 marks**

b. You have been tasked by company to develop a new cosmetic product for a new market. Explain using suitable examples the best applicable procedure **use suitable examples. 15 marks**

3. a. Characteristics of an NGO market **5 marks**

b. Discuss the major influences on consumer buying behavior and decisions and describe how knowledge of these influences can help the marketing planner **15 marks**

4. a. Characteristics of services **8 marks**

b. Define a marketing and discuss the various channel conflicts and their remedies **12 marks**

Write short notes on the following two **20 marks**

- Customer orientation. Characteristics of customer oriented company
- Cooperative problems
- Advantages and disadvantages of international marketing
- Ansoff's model