



MUEO

MOI UNIVERSITY

OFFICE OF THE CHIEF ACADEMIC OFFICER

UNIVERSITY EXAMINATIONS

2006/2007 ACADEMIC YEAR

FIRST SEMESTER EXAMINATION

FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

COURSE CODE: MBA 840

COURSE TITLE: MARKETING MANAGEMENT

DATE 30TH JUNE, 2007 **TIME:** 2.00 P.M. – 5.00 P.M.

INSTRUCTION TO CANDIDATES

- SEE INSIDE.

MBA 840: MARKETING MANAGEMENT

INSTRUCTIONS TO THE CANDIDATES

Answer **Three** Questions. Question **One** is **Compulsory**. Choose two other questions.

QUESTION ONE

Read the attached case “Levis getting back on track?” and answer the following questions.

- (a) You have hired as a marketing consultant to Levis to advice the board of directors on the possible strategies to undertake in order to help Levis recover from the current situation depicted in the case. Provide a SWOT analysis that you developed in your diagnosis of the situation Levis is in. (10 Marks)
- (b) Discuss the positioning of Levis jeans as presented in the case. What do you think were the implications of the same? (8 Marks)
- (c) Discuss the target marketing strategy (ies) used by Levis. (6 Marks)
- (d) As a marketing expert, what do you think was/were the problems facing Levis?
- (e) Giving reasons as to why a company may launch new products, discuss your thoughts as to whether you think the new product will be a success. (10 Marks)
- (f) What are the two possible pricing strategies that Levis may use in introducing the new ‘secret weapon’ in the market? Justify? (8 Marks)

QUESTION TWO

“At long last Virgin Atlantic is here” screamed a headline in one of the local dailies as it reported the planned entry of the airline to the Nairobi-London route. In an effort to set shop in Nairobi, Virgin Atlantic has head hunted you to be their Marketing Manager for East African region. As part of your initial task is to collect some information on the marketing environment in Kenya. Write a report to them indicating the following:

- a) Why is it important to do a marketing environmental scan and analysis? (4 Marks)
- b) Key issues that you would consider in doing your marketing scan and analysis and the rationale behind the same. (12 Marks)
- c) Possible strategies that Kenya Airways and British Airways may use in protecting their markets. (9 Marks)

QUESTION THREE

The purchase of services is deemed to be more risky than the purchase of goods due to the unique nature of services. This results in consumers having high level of perceived risks as a result. Taking one service example of your choice evaluate,

- a) Three service characteristics. (9 Marks)
- b) Four different types of risks consumers of your service would perceive. (8 Marks)
- c) Four strategies that service providers would apply to overcome the perceived risk. (8 Marks)

'Levi's getting back on track?'

Levi Strauss was once known as one of the world's most successful organisations. However between 1990 and 1999 Levi's market share among its core market - males aged 14-19 - dropped by half. In 1997 Levi's made an attempt to recover profit margins by re-positioning the brand. It moved from a fashion positioning to actively targeting 'functionalist consumers' - people who wear clothes because they have to - and by 1999 had gained 10% of this market.

The objective was to sell as many jeans as possible to recover profits. However Levi's brand equity weakened. Opinion leaders, people seeking individuality, would not dare to be seen wearing something a functionalist would wear! Therefore, fashion aspirants, people seeking social acceptance, were not interested in Levi's either.

Levi's had not introduced a new product in years. Competitors were coming out with new innovative casual fashion, such as cargo pants. Advertising campaigns no longer seemed to appeal to its core target market - and these young males were now not interested in wearing jeans that their parents were wearing. Levi's management chose to strive for competitive advantage by improving delivery to retailers, reducing this from 3 weeks to 3 days.

Total sales continued to decline. So in mid-1999 the company decided to attempt to re-position the brand yet again, targeting opinion leaders aged 15-24. Levi wanted to position its jeans as 'exclusive, sexy and mysterious'. New non-denim lines were introduced and denim fabrications upgraded. They tried to portray a more exclusive image by switching distribution from clothing chain stores such as Jeans West to 'cooler' retailers, primarily located in major cities.

A controversial advertising campaign called 'Original Sin' was developed to support the new positioning. The advertisements sought to associate the brand with a sexy, mysterious situation, rather than focusing attention directly on the product. Although the new advertising campaign attracted attention it sent mixed messages to the market. The market had previously associated the Levi's brand with 'fun and relaxing'.

Competitors were continuously emerging with new products to suit the fast changing fashion industry. In response, Levi's began copying the innovations of others, producing more fashionable pants such as cargoes and knickerbockers. However they knew they needed a new innovative product to regain market share. By late 1999 Levi's had developed a new 'revolutionary product' - engineered jeans. Engineered jeans are ergonomically designed to move with the body and the seams twist round the leg. Levi's launched these new jeans - which the company is calling its 'secret weapon' in March 2000.