



**Faculty of Business, Economics and Accounting
Department of Business Studies**

HELP Bachelor of Business (HONS) Year 1

**MKT 101
PRINCIPLES OF MARKETING**

**ASSIGNMENT 1&2 QUESTIONS
SEMESTER 2, 2007**

DUE DATE:

**Assignment 1: Friday 15 June 2007
(by 5.00pm)**

value: 20% of total assessment

**Assignment 2: Friday 3 August 2007
(by 5.00pm)**

value: 30% of total assessment

ASSESSMENT: MKT 110

Assignment 1 Consists of two (2) case studies

Due date: Friday, 15 June 2007
Case Study 1: How Dell Computer clicks with customers
Case Study 2: Nokia: A Phone for Every Segment

Value: 20% of total assessment for both case study

Word limit: 400 words MAXIMUM overall for each case study

TASK

Read the case study attached.
Answer all questions. The word limit is 400 words for each case study, so do not waffle!

Assessment criteria

Criteria used to assess the assignment will include:

- Evidence of understanding of relevant marketing concepts.
- Clear and realistic answers to the case questions.
- Ability to apply concepts in this situation.
- Clarity of written expression (well structured & logical flow of ideas; attention to grammar).
- Standard of presentation (good layout; careful checking for spelling mistakes and typos).
- Referencing wherever appropriate in Harvard style.

Specific presentation requirements

Please ensure that you follow the presentation conventions outlined here.

Your assignment should be typed in 12 point font (eg Times New Roman) and is of high standard. Good use must be made of headings and sub

headings. Use double (2 lines) spacing. Justify your paragraph formatting and use an extra line space between paragraphs. Sources of information contained in the assignment should be referenced appropriately.

Case Study 1: How Dell Computer clicks with customers

"We have a tremendously clear business model," says Michael Dell, "There's no confusion about what the value proposition is, what the company offers, and why it's great for customers." Dell is now the number one computer systems company.

Dell is extremely responsive. Buyers go on Dell's Web site and design their own computer. They give their payment authorization, which means that Dell receives the money in advance and can use the funds to pay for the supplies needed to build the computer. Because its computers are built-to-order, Dell carries an industry-leading four days of inventory. It takes delivery of components just minutes before they are needed. At its factories, a Dell System can in some cases be built, have the software installed, be tested, and be packed in eight hours. Dell's costs are lower, allowing it to price its computers lower than competitors' prices if it wishes.

Yet speed is only one part of the Dell equation. Service is the other. In fact, it was through veering away from its successful business model that Dell discovered the importance of customer service. In 1993, the company began trying to sell to retailers, mainly because everyone else was. Customers were disgruntled because of poor retail service. Dell ultimately abandoned the retail channel.

Most important, Michael Dell decided that "there would be more things we'd have to do besides build a PC." He knew his company had two kinds of customers, corporate and consumer. Whereas the consumer would buy mainly because of price, the corporate buyer needed a carefully developed relationship. Like most successful companies, Dell put the most resources into building relationships with its most profitable customers.

Corporate customers make up about 80 percent of Dell's business, and the company manages its corporate accounts with a top-notch sales team. Dell also installs custom software and keeps track of business customers' inventory for them. Through the use of Premier Dell.com, customized customer Web pages on the Dell site, the company has created a 24-hour order-entry system. Big customers can click on the site to see all kinds of information about their preferences and needs. The site can be accessed worldwide by any company subsidiary; and employees, not just purchasing agents, can use the Premier Dell.com to purchase computers according to an automated policy. "It's the ultimate network," Michael Dell says, "and a fabulous way for us to interact with our customers."

The normal practice of companies is to "build to stock." This is a guessing game that companies often lose by building too much or too little. In the auto industry, cars will sit unsold in dealers' lots for 60 days, tying up working capital. Why have auto and other companies not moved from the inefficient "build to stock" model of production to Dell's "build to order" model? Auto manufacturers have invited Michael Dell to speak to them on several occasions. The consensus seems to be that Dell works with 50 main suppliers to put together a \$1,000 PC, but a car manufacturer may have to work with 900 suppliers to put together a \$20,000 car. In addition to the technical challenge, the auto industry faces dealer and legislative hurdles.

Questions

1. Describe the exchange process at Dell Computer.
(2 marks)
2. Does Dell Computer use a sales orientation or a market orientation? Explain.
(4 marks)

Case Study 2: Nokia: A Phone for Every Segment

In the 1980's, the first generation (1G) cell phones consisted of voice-only analog devices with limited range and features that were sold mainly in North America. In the 1990's, second generation (2G) devices consisted of voice/data digital cell phones with higher data transfer rates, expanded range, and more features. Sales of these devices expanded to Europe and Asia. (Producers of 1G and 2G cell phones used a geographic segmentation strategy as wireless communication networks were developed). In the 21st century, Nokia and other companies are combining several digital technologies into 3G communication devices that reach globally and feature the convergence of the cell phone, personal digital assistance (PDA), Internet services, and multimedia applications. The global demand for cell phones/subscribers had correspondingly increased significantly.

While practically everybody is a potential mobile phone customer, everybody is simultaneously different in terms of usage, needs, lifestyle, and individual preferences. Different people have different usage needs. Some people want and need all the latest and the most advanced data-related features and functions, while others are happy with basic voice connectivity. Even people with similar usage needs often have different lifestyles representing various value sets. For example, some have active lifestyle in which sports and fitness play an important role, while for others arts, fashion and trends may be very important. *Nokia executives stress the company's mission and tag line of 'Connecting people, NOT in 'connecting places'.* Based on its information about consumer usage, lifestyles, and individual preferences, Nokia currently defines 6 segments: 'Basic' users who need voice connectivity and a durable style; 'Expression' consumers who want to customize and personalize features; 'Classic' consumers who prefer a traditional appearance and web browser function; 'Fashion' consumers who want a small slim phone as a fashion item; 'Premium' consumers who are interested in all technological and service features; and 'Communicator' consumers who want to combine all of their communication devices (e.g. telephone, PDA, etc).

To meet the needs of these segments Nokia introduced several innovative products. For example, for the Communicator segment, *Nokia's N93i* features a built-in camera, an enhanced user interface, large color display, MMS functionality that allows users to combine audio, graphic, text and imaging content in one message. *Nokia's N73* allows Classic consumers to roam between various global networks; has a wallet feature that allows the user to store credit card information for quick wireless Internet e-commerce transactions; supports voice-activated dialing, etc. To target the Basic segment, it provides very easy-to-use, low-priced phones that are likely to be used primarily for voice communications (e.g. *Nokia's 3110 & 2626*). They are designed for first-time users/seniors. Products for the Expression segment are still in the affordable price range but allow young adults to have fun while communicating with friends. These offer a youthful and vibrant style. Nokia also design phones for the Fashion segment – people who want a phone to 'show off'. In addition, Nokia offer phones for the Premium segment – people who want a distinctive and elegant design, but as a fine item to

purchase rather than to show off. Nokia recently introduced an all-in-one model which features an MP3 player, an FM radio, a messaging machine with full keyboard, a game platform, and of course, the cell phone.

Questions

3. Why has segmentation been a successful marketing strategy for Nokia?
(4 marks)
4. What customer characteristics were used by cellular phone manufacturers during the industry's early stages of growth?
(3 marks)
5. Which customer characteristics and segmentation variables are used by Nokia today?
(3 marks)
6. Suggest potential new markets and opportunities for cell phone manufacturers in the near future.
(4 marks)

Assignment 2

Due date: Friday, 16 March 2007
Value: 30% of total assessment in subject
Word limit: 2000 words maximum

TOPIC

As a consultant to Kenny Rogers Roasters, you are required to explore the opportunities and pitfalls facing small players in the chicken-based fast food industry dominated by KFC (Kentucky Fried Chicken)...

Your job is to provide a report to the management of Kenny Rogers **identifying the following:**

1. Is there consumer demand for your product offerings?
2. How should your products be marketed?

Some Suggestions:

To answer the above questions for the management of Kenny Rogers you will need to do the following:

Is there a market for your product offerings –

- Conduct research from a range of sources, including Internet and other sources (Take a look at the McDonald's website: www.mcdonalds.com.au/home/ & kfc.com/kitchen/nutrition.htm.)
- Identify the target market with the greatest potential.
- What *strategies* would be best, given your circumstances.
- Link your findings with appropriate marketing theory, including target marketing, and the marketing environment.
- Don't just collect information; you should analyse and synthesise it.

How should your product range be marketed –

- What *position* will your product range be trying to achieve in the target market (Product Positioning).
- How will this position be achieved; ie design the Product, Pricing, Place and Promotion strategy for the new product range.
- Be creative but base your creativity on reality.
- Always attempt to relate your work to theory/concepts from the prescribed text.

**You, as a consultant, need to produce a business report, by the date shown.
A suggested format is given below:**

	(Marks)
• Executive summary	4
• Table of contents	1
• Current market situation: Competitors analysis SWOT analysis	8
• Creating Competitive Advantage (use of <i>Competitive Strategies</i> – text edn11, Ch17, pp501 -510) <i>Rationalise your choice of strategy/strategies</i> Objectives and issues	5
• Implementing marketing strategy: Product strategy Pricing strategy Promotion strategy Place strategy (not much info needed in this area, unless you are going to distribute your new product range to locations other than existing KFC stores)	10
• References/Appendix/Presentation (language, grammar, spelling)	2
TOTAL	30

Higher marks will be given to assignments that excel in the following:

- Effort
- Research
- Creativity
- Writing style
- Links to marketing concepts

Specific presentation requirements

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1. There will be strictly **NO EXTENSION** to the assignment deadline.
3. Students who hand in late assignments with no proper documentation will be penalised.

SOME GUIDELINES FOR ASSIGNMENT: (Refer Appendix 1 prescribed text)

What, then, does a business plan look like? What does it contain?

Contents of the Business Plan

Executive summary and table of contents: The marketing plan should open with a brief summary of the main goals and recommendations. The executive summary permits senior management to grasp the plan's major thrust. A table of contents should follow the executive summary.

Current marketing situation: This section presents relevant background data on the market (sales, costs, profits), competitors, channels, and the forces in the macroenvironment.

Objectives: Here, the product manager outlines the plan's major financial and marketing goals, expressed in sales volume, market share, profit, and other relevant terms.

Marketing strategy: Here the product manager defines the target segments, namely, those groups and needs the market offerings are intended to satisfy. The manager then establishes the product line's competitive positioning, which will inform the "game plan" to accomplish the plan's objectives. All this is done with inputs from other organizational areas, such as purchasing, manufacturing, sales, finance, and human resources, to ensure that the company can provide proper support for effective implementation.