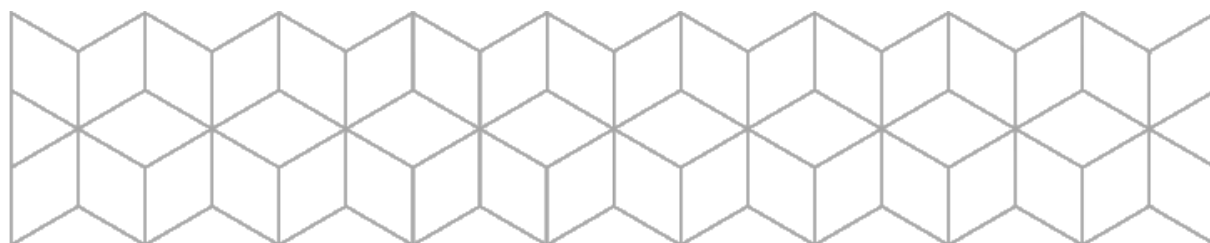


# EXAMINATION

Course code: SFBE51114	Course: Introduction to Marketing
Date: December 12 <sup>th</sup> 2016	Duration: 4 hours
Permitted sources: Mother tongue – English dictionary	Lecturer: Marjo Rynning
<p>The examination:</p> <p>The examination papers consist of 5 pages inclusive this page. Please check that the examination papers are complete before you start answering the questions.</p> <p>Each question contributes to the total sum of 100 points as specified. Use your time wisely!</p>	
<p>Date of announcement of the examination results: January 10<sup>th</sup> 2017</p> <p>The examination results are available on the Studentweb no later than two workdays after the announcement of the examination results <a href="http://www.hiof.no/studentweb">www.hiof.no/studentweb</a></p>	



# 1. Segmentation and Targeting (20 p)

## Chocolate industry, products and consumption

The chocolate industry in Europe is seasonal with two sales peaks – at Easter and around Christmas. Numerous new product launches have failed. Furthermore, increasing cost of ingredients such as cocoa has shifted the firms' focus from the consumer end to the cost analysis of the chocolate making processes. Consequently, many companies re-launch or revitalize their old favorites. Most chocolate companies are large and have many well-established historical brands from which to choose.

Increasing health concerns over children's sugar intake makes young children a problematic group to focus on. On the opposite end, luxury dark chocolate brands have become more and more popular among adults due to alleged anti-oxidant benefits. In addition, some snack chocolates generate revenue from consumers who fit the chocolates into their handbags, suit pockets and sportswear.

Chocolate products take many forms. The main categories are boxed chocolate assortments, countlines (chocolate-covered bars that can be eaten with one hand), molded bars (regular bars of chocolate), and seasonal chocolates (Easter eggs, Christmas gift boxes, 'miniatures').

The Norwegian chocolate industry is alive and thriving. The stable demand has discouraged the introduction of sugar-free chocolates. Instead, the industry has made different pack sizes available such that the consumers can choose according to their desires and health goals.

- In marketing textbooks, there are general categories of segmentation variables. Describe the main categories and give two examples of each category with reference to potential use for the consumer market for chocolate. (10 p)
- In order for any segment under consideration to be useful, it has to fulfill several criteria. Explain the main criteria. (5 p)
- Suggest a good target segment for Freia's new Dark Kvikk Lunsj, which entered the market in 2016 as an extension to the regular variant containing light milk chocolate). Give sound reasons in support of your choice. Make use of your "frameworks" in a. and b. (5 p)



## 2. Strategy – Matrix Tool (20 p)

Toyota has represented its current portfolio of offerings in a traditional four-cell matrix in the following manner:

	High relative market share	Low relative market share
High market growth	<p>Lexus luxury sedans</p> <p>Prius hybrid</p> <p>Land Cruiser SUV</p>	<p>Bio-fuel, solar-power, hydrogen gas</p> <p>Corolla as hybrid</p> <p>Diesel-engine cars for Asia</p> <p>Small cars for India/China</p>
Low market growth	<p>Corolla Sedan</p> <p>Daihatsu small cars</p>	<p>Petrol Cars</p>

Average growth for the global automotive industry is about 2 percent. The market shares for the major companies are as follows: Toyota (10 %), Volkswagen (10 %), General Motors (7 %), Ford (6 %), numerous others (in total 67 %).

- Which way do the units in the four different cells typically move/get moved over time? Explain the logic. (10 p)
- Many unit leaders are skeptical of the usage of matrices of this type for other than discussion purposes. What is problematic about the classification itself, automatic use of standard recommendations based on the positions and the time perspective? (10 p)



### 3. Channel members – Value (30 p)

In a piece of business news in Aftenposten of December 1, 2016 we can read that the start of the second internet site for selling food items on net, marked.no belonging to Norgesgruppen, has been more of a challenge than expected. In 2016, since the opening at the beginning of March, the sales have been at 50 mill. NOK but the business is as of today not generating profit. The losses are at 94 mill. NOK. A new top manager is now leading the “project”. She is mother of small children herself and understands the demands of a busy family-life better. In addition, she has been involved with the numbers of the business side for a year now. “We hope to be able to start earning profit in 2018,” is her comment.

The new target segment is active families with two adults who are in full jobs and have young children at home. The marketing, product assortment, and delivery times will be set accordingly. The prices will be at the level of the lower-price stores. One of the problems with the net site has been difficulties of customers’ locating all the products on the internet. Some customers have discontinued their shopping when they have not been able to complete their lists.

The total market for Norwegian food retailing is about 160 bill. NOK. In England food on internet accounts for 10 percent in some chain stores. The more established actor in Norway, kolonial.no has been active since 2013. It started in Oslo and expanded selectively.

Instead of developing the internet channel itself, Rema1000 bought itself into kolonial.no when the new business was already close to making profits. Initially the price level was close to the upper-end of ordinary food stores. Since the costs were much lower, thanks to no stores and central delivery points at well-chosen traffic points, at first in Oslo, the business has not experienced extreme losses. Containers with cooling equipment at convenient “parking lots” to satisfy the needs of consumers on their way home from work was the concept. Customers order their food items and pay for them on the internet prior to picking them up during a specific time interval at a specific location.

- a. Marketing channel members divide different functions among themselves and the members expect compensation according to the value they add. Describe the different channel functions in food distribution from producers to consumers. (15 p)
- b. Which additional functions, compared to traditional store visits, does the consumer perform in shopping food through kolonial.no? (5 p)
- c. Discuss the relevant elements, in addition to the product prices, which the consumer should include into his/her calculation of “value” in shopping food on internet. (10 p)



#### 4. Attitudes - Sustainability – ‘Promotion’ (30 p)

##### Alternative shopping or alternatives to shopping during the holiday season

In the middle of a major shopping season, many citizens raise their voices to attract attention to how much waste we produce and how much pollution we create on our way to the big stores. Why not visit instead second-hand shops, Christmas markets, local producers and others with non-traditional gifts. What better season is there for teaching good values to children through examples? Would supporting a good cause or helping someone in need give at least as much satisfaction?

- a. More and more companies are including sustainability considerations in their marketing thinking. What does ‘sustainability’ mean? Give examples. (10 p)
- b. Some marketers claim that consumer attitudes are the main problem in the overly materialistic consumption. Define the concept ‘attitude’ and describe its components. Which aspect(s) would it be easiest to influence? (10 p)
- c. Which promotion tools would you recommend to bring about change towards more sustainable consumption among your fellow citizens? Be explicit about the reasons for your choice of the promotion mix. (10 p)



Happy Holidays!