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DOON UNIVERSITY, DEHRADUN
Semester Final Examination, Fourth Semester, 2014
School of Management

MBA
Course: MMS – 541: Advertising & Marketing Communication

Time Allowed: 3 Hours

Maximum Marks: 50

Note: Attempt all Questions.

SECTION – A

(10x2=20 Marks)

- Q1. Distinguish between AIDA and Hierarchy of effects Model of Advertising. Quote Examples.
- Q2. Explain in detail the relationship between Advertising and Integrated Marketing Communication. Quote examples.

SECTION - B

Q1. MINI's ADVT. CASE STUDY : Analysis of the Situation

(5x3=15 Marks)

BMW Group is a multiproduct manufacturing organization. It is into, automobiles, motorcycles, financial services, rovers etc. It has large market share in America. It is a global company with 28% of its market is in North America, 25% of its market is in Germany, 21% in rest of the Europe and its products are sold in Asian regions as well. Its flagship product is automobiles which constitutes 68% of its sales. As per the given information, the new car MINI needs to be launched by the BMW Group in market with the help of an advertizing agency. The selection of an advertizing agency is a key point to be taken care of here because it will be responsible for the successful launch of the MINI motor in the market. The car to be launched is having specific special features and is economical as well, that's why the company people say 'far more room in far less space. It is also called as "Wizardry on Wheels". It has been specially designed for providing more space to those who use it. Its launch needs to be highly effective then only the sales for the new product will increase. The company has in past years did publicity with the help of print advertisements in magazines, mobile advertisements etc. Its print advertisements have design specifications as well for the car. The unit sales have been increasing for the product every year from the year 2002. There is an increasing trend in the units sold for MINI over the period of four years. Even, the accumulated sales increased due to this for the same period of four years. There is further expectation of growth and better performance in future.

As per the existing economic conditions of USA, we can notice that there have been continuous increases in the total advertizing expenditures across the country. This increase is quite steep. But the overall constitution of the advertisement expenses in total has been reducing in terms of the comparison to its percentage in the Gross Domestic Product (GDP). The percentage changes in the advertising expenses in the USA have been high as compared to the percentage changes in the Gross

Domestic Product (GDP) of the country. In 1999, the Classic Mini ceased production and then the new MINI and MINI Cooper were unveiled to the public in a show of passion and immortality. The features of the MINI Cooper "Coop" as a crime fighting, action star and the brand is all about "fun, adventure, and mobility."

BMW plans to hire a new advertising agency for the promotion of its car MINI. For this purpose, the company needs to follow certain steps then only it will be able to select the best advertising agency out of the available alternatives of the agencies. It needs to select a pool of advertising agencies, and then ask them to give their presentations and shortlist and screen them on various bases at different stages. Proper cost and benefits analysis of selecting a new advertising agency should be done properly.

SWOT Analysis of MINI

A SWOT analysis conducts an external and internal scan of the potential business environment; it is an important part of the strategic planning process. Environmental factors internal to the firm usually can be classified as strengths (S), or weaknesses (W), and those external to the firm can be classified as opportunities (O) or threats (T). Such an analysis of the strategic environment is referred to as a SWOT analysis. The SWOT analysis provides information that is helpful in matching the firm's resources and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection.

Strengths:

The MINI is its own niche market. There is no other automobile that specifically rivals the MINI brand in its size and unique style. This is a strength that they have successfully executed in its initial launch in 2002. People that own MINIs are loyal consumers and enthusiasts. They take pride in the fact that their car is unique and original. The original flare comes from the outstanding amount of customizable options. In fact, there are over 2.7 billion different ways to customize a MINI.

Weaknesses:

A weakness of MINI is and always will be the car's size. Many people see the size and don't feel confident in the performance of the vehicle. Also, the style of the car can intimidate consumers and force them to believe that the car costs more than it actually does. This doesn't mean that the car needs to be larger and cheap looking, but there should be improvements in the way people perceive the car. This boils down to marketing and advertising. This is a unique car, but that doesn't mean certain people should feel excluded from owning one.

Opportunities:

There is an opportunity to reach everyone while highlighting diversity and originality. These are things that define the MINI. MINI is not "trendy" but a trendsetter. The car is for anyone that wants to celebrate their differences and show they are original. The MINI also appeals to a wide range of people, for varying reasons. The MINI is diverse in design, function, and personality, which allows something for everyone. There is the opportunity to educate car buyers on the benefits of owning the MINI. This allows the mind set of the American public to change.

Threats:

The MINI has the threat of becoming too much of a trend in the eyes of consumers. It also could become a car that only a certain type of people buy, thus eliminating the rest of the population of potential car buyers. The way people view the current branding boxes MINI into a corner, and the owner of the MINI becomes a stereotype.

Conclusion:

We can conclude that due to the strengths of the company, there can be further increases in sales of MINI through effective promotional activities adopted by the new advertising agency selected by the company. The features and benefits of MINI can be highlighted further specifically and further effective advertising by the new agency will lead to increased sales of MINI and increased market shares for BMW as well. There will be increased brand awareness among our target market.

Strategy and Implementation or Recommendations:

Due to the effectiveness of the activities of the new advertising agency selected by the company, there needs to be adoption of strategy of market expansion through entering into new markets like Asian markets (India, China etc.). The various expansion strategies that can be adopted by organizations are:

- Market development
- Global marketing
- Developing an eBusiness
- Product development
- Diversification

The various promotional tools that can further be adopted by the new advertising agency to increase the sales as under:

- Advertising: Using print media (Newspapers and magazines), electronic media etc.
- Direct mail
- Internet advertising
- Event marketing
- Sales promotional schemes
- Public relation and publicity

The advertising can focus on the main idea of The Art of Motoring, which is self-expression. All these strategies and promotional efforts will further lead to increased sales of MINI.

Questions :

- 1- HOW AIDA Model can be used in promotion of MINI ?
- 2- Design an cost-effective Advertising Plan for MINI.
- 3- Describe how Social Web Media can vital role in promotion of MINI ?

Q2. Case Study FACEBOOK: MANAGING YOUR PRIVACY FOR THEIR PROFIT

Facebook is the largest social networking site in the world. Founded in 2004 by Mark Zuckerberg, the site had over 500 million worldwide users as of October 2010, and has long since surpassed all of its social networking peers. Facebook allows users to create a profile and join various types of self-contained networks, including college-wide, workplace, and regional networks. The site includes a wide array of tools that allow users to connect and interact with other users, including messaging, groups, photo-sharing, and user-created applications.

Although the site is the leader in social networking, it has waged a constant struggle to develop viable methods of generating revenue. Though many investors are still optimistic regarding Facebook's future profitability, it still needs to adjust its business model to monetize the site traffic and personal information it has accumulated.

Like many businesses of its kind, Facebook makes its money through advertising. Facebook represents a unique opportunity for advertisers to reach highly targeted audiences based on their demographic information, hobbies and personal preferences, geographical regions, and other narrowly specified criteria in a comfortable and engaging environment. Businesses both large and small can place advertisements that are fully integrated into primary features of the site or create Facebook pages where users can learn more about and interact with them.

However, many individuals on Facebook aren't interested in sharing their personal information with anyone other than a select group of their friends on the site. This is a difficult issue for Facebook. The company needs to provide a level of privacy that makes their users comfortable, but it's that very privacy that prevents it from gathering as much information as it would like, and the more information Facebook has, the more money it earns.

Facebook's goal is to persuade its users to be comfortable sharing information willingly by providing an environment that becomes richer and more entertaining as the amount of information shared increases. In trying to achieve this goal, the site has made a number of missteps, but is improving its handling of users' privacy rights.

The launch of Facebook's Beacon advertising service in 2007 was a lightning rod for criticism of Facebook's handling of its private information.

Beacon was intended to inform users about what their friends were purchasing and what sites they were visiting away from Facebook. Users were angry that Beacon continued to communicate private information even after a user opted out of the service. After significant public backlash and the threat of a class-action lawsuit, Facebook shut down Beacon in September 2009.

Facebook has also drawn criticism for preserving the personal information of people who attempted to remove their profiles from the site. In early 2009, it adjusted its terms of service to assign it ownership rights over the information contained in deleted profiles. In many countries, this practice is illegal, and the user backlash against the move was swift.

In response, Facebook's chief privacy officer, Chris Kelly, presided over a total overhaul of Facebook's privacy policy, which took the form of an open collaboration with some of the most vocal critics of the old policies, including the previously mentioned protest group's founders.

In February, Facebook went forward with the new terms after holding a vote open to all Facebook users, 75 percent of whom approved. The site now allows users either to deactivate or to delete their account entirely, and only saves information after deactivation.

In late 2009, tensions between Facebook and its users came to a head when the site rolled out new privacy controls for users, but had adjusted those settings to be public by default. Even users that had previously set their privacy to be "friends-only" for photos and profile information had their content exposed, including the profile of Zuckerberg himself.

When asked about the change, Zuckerberg explained that the moves were in response to a shift in social norms towards openness and away from privacy, saying "we decided that these would be the social norms now and we just went for it."

The fallout from the change and is still ongoing, and more privacy problems keep cropping up. In October 2010, Facebook unveiled new features giving users more control over how they share personal information on the site with other users and third-party applications. These include a groups feature allowing users to distinguish specific circles of "friends" and choose what information they want to share with each group and whether the groups are public or private.

Shortly thereafter, a Wall Street Journal investigation found that some of the most popular Facebook applications (apps) had been transmitting user IDs—identifying information which could provide access to people's names and, in some cases, their friends' names—to dozens of advertising and Internet tracking companies. Sharing user IDs is in violation of Facebook's privacy policies.

All these privacy flaps have not diminished advertiser interest. Facebook serves ads on each user's home page and on the sidebars of user profiles. In addition to an image and headline from the advertiser, Facebook ads include the names of any user's friends who have clicked on a button indicating they like the brand or ad.

A Nielsen Co. Study found that including information about individuals a person knows in an ad boosted recall of the ad by 68 percent and doubled awareness of a brand's message.

To determine what ads to serve to particular people, Facebook abstracts profile information into keywords, and advertisers match ads to those keywords. No individual data is shared with any advertiser. However, it's still unclear how much money is there to be made from advertising on Facebook. The site insists that it doesn't plan to charge its users any kind of fee for site access. Facebook's 2010 revenue was expected to approach \$1 billion, which is a far cry from a \$33 billion private market valuation. But the site has already become a critical component of the Web's social fabric, and Facebook management insists that it's unworried about profitability in 2010 or the immediate future.

Questions :

(5x3=15 Marks)

- 1- What concepts of Advertising are illustrated in this case?
- 2- Describe the vital role Social Web Media in the Advertising Domain today ? Quote various players in this domain?
- 3- How can Facebook better safeguard user privacy? What would be the impact on its profitability and business model?