



STRATEGIC MARKETING MANAGEMENT

MARCH 2022 SESSION

MOCK EXAMS

Time: 5:30PM – 8:30PM

Date: 2ND JUNE 2022

Three hours' duration

The examination comprises of **TWO** parts

Part A - A **Compulsory** Case Study and is worth **40** marks

Part B - Comprises of **FIVE** (5) questions and Students is to answer any **THREE** (3) questions and total is **60** marks

You are required to give your answers in the GSM answer book provided. Do not repeat the task in your answer, but show clearly the number of the task attempted on the appropriate pages of the answer book. Please start each task on a new page.

Candidate guidance:

- Answer **all** questions on the separate answer sheet provided and make sure you read the guidance information provided at the top of the answer sheets
- Ensure your student number are provided on the answer sheet
- Read all question carefully before attempting them
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Rough work and notes **must** be written in the answer book or on supplementary sheets and **must** be clearly identified.



SECTION A: COMPULSORY QUESTION

Case Study: The Digital Era

Microsoft is the market leader in the computer industry. However, the market for Personal Computers (PCs) is beginning to stagnate and innovation has slowed. In order to expand their business Microsoft has realized that the future lies in mobile technology, in particular mobile phones. This is reflected in their new vision “to empower people through great software, any time, any place and on any device.” Their once visionary mission statement, “a computer on every desk and in every home”, is becoming obsolete as more and more and more people use mobile technology. The company recognizes that the PC is no longer king. Sales of hand-held computers or Personal Digital Assistants (PDAs) are dwarfed by sales of mobile phones. In 2002, the number of users of mobile phones is now greater than the number of fixed –line phones.

The suggestion that mobile phones might be taking over from PCs as focus of the entire technology industry means that Microsoft had no choice but to enter this new market.

The Orange SPV, a smartphone, was launched in 2002 – it resembles any other mobile phone but is powered by Windows from Microsoft. It was the first of a new range of devices launched by Microsoft intended to challenge existing mobile phone makers such as Nokia. The SPV is, in effect, a PC crammed into the casing of a mobile phone. Microsoft has been accused of establishing a monopoly in the PC market with hardware becoming a commodity and Windows the default software. It is apparent that Microsoft is hoping to achieve the same dominance in the mobile phone market.

The market for smartphones is still small but is growing fast. In 2002, 400 million mobile phones were sold, of which around 16 million had built-in cameras. Nokia anticipates that in 2003 they will sell 50-100 million colour-screen handsets. It is predicted that by 2007 nearly 300 million Europeans will be carrying handsets with colour-screens, cameras, music players, support for downloadable games, and other features that are now only available in the most advanced models.

The market for mobile phones is substantial. China has now overtaken the US as the largest mobile telecoms market with 197 million mobile phone subscribers.

The Chinese market is now dominated by China Mobile, which has taken over from Vodaphone. Other markets also have great potential, such as India, Thailand and the Philippines, where there are more mobile subscribers than those with fixed lines. Mobile phones are being used as a means of bypassing the need for fixed lines. In addition to the demand for mobile phones by new users, there is also an increasingly important replacement market.

Microsoft’s entry into the mobile phone market has been met with much resistance from the existing mobile phone makers, in particular Nokia. They have seen how Microsoft’s Windows’ monopoly turned PCs into commodities, and they determined the mobile phone market will not suffer the same fate.

A major barrier to entry faced by Microsoft was that the handset makers refused to license their software. Instead, the largest mobile phone makers established a software consortium called Symbian to produce smartphone software of their own that gave all the benefits of Windows without Microsoft. Nokia was a major backer of Symbian along with Motorola, Siemens, SonyEricson, Panasonic and Samsung. Between them Symbian licenses account for 80% of all handsets sold. The Symbian software is flexible in that it will allow different handset makers to utilize different aspects of the software to target different market segments. For example, they could focus on phone that specializes in photography and digital imaging, playing music or games, or corporate emailing. Unlike handset makers who use Microsoft software, Symbian licensees can modify the software to suit their individual needs.

To overcome this barrier Microsoft went directly to the mobile handset makers' customers – the mobile network operators, who buy handsets in bulk and sell them to their subscribers. The SPV phone is a joint venture between Microsoft, HTC (a Taiwanese design manufacturer), and Orange (a European mobile network operator). HTC design and built the hardware, Microsoft provided the software, and Orange agreed to buy the phones in bulk, customize the phones and brand them with their own logo, therefore differentiating themselves from rival operators.

In terms of economics, the handset makers produce phones in the millions, compared with the operators commission phones in the thousands. The handset makers can therefore benefit from economies of scale, so can sell their phones at a much lower price. Handset makers such as Nokia also argue that mobile phones are a fashion item, and that branding is an important criterion for many customers. Nokia has been described as the Microsoft of mobile phones. However, it operates in a market based on open standards, unlike the PC market where Microsoft has closely guarded its ownership of Windows. Nokia's success has come from its ability to innovate, its strong brand, and its impressive logistics, whereas Microsoft's success has come from a near monopoly of the PC market.

The switch to third generation mobile phones is creating an environment of uncertainty, with many technical difficulties to overcome. This has resulted in a market in turmoil that may well be ripe for a major shake-up. Nokia and Microsoft are both market leaders in their own markets; however, the convergence of mobile phones and computers is bringing the two companies into direct conflict.

Question 1

- a. You are a Marketing Consultant advising Nokia on the implications of Microsoft's entry into the mobile phone market. Prepare a report identifying Nokia's current sources of competitive advantage and then discuss the various strategies that Microsoft may adopt to challenge Nokia's market leader position.

(30 Marks)

- b. The Managing Director of Nokia has heard that internal marketing might be a useful approach to adopt in her business. You have been asked to write a report illustrating how an internal marketing programme could be implemented. This report should also highlight the benefits of such a programme and potential problems.

(15 Marks)

Total: 40 Marks



PART B – Answer any THREE questions**Question 2**

The majority of products spend much of their cycle in the mature phase of the product life cycle. To what extent does current thinking and research on the product life cycle provide marketing managers with worthwhile guidelines on how best to manage products during this phase? **(20 Marks)**

Question 3

In the current environment of particularly rapid change, companies increasingly find their strategies becoming out of date. Using relevant examples identify the reasons for this and evaluate how companies can try and avoid 'strategic wear-out'. **(20 Marks)**

Question 4

As a corporate strategist with a wealth of experience over a wide range of industries across the world, you have been invited by the CIMG as Facilitator of a seminar of Senior Marketing and Brand Managers. With illustrative examples, evaluate how a multi-national company is using or can use the three Generic competitive strategies in a keen competitive environment. **(20 Marks)**

Question 5

Your company markets a range of holidays which have traditionally been as a premium quality product at a premium price. However, you are coming under increasing attack from a larger operator who offers a broadly similar product that is being marketed on the basis of an aggressive priced-based strategy. What criteria would you use in deciding whether and how to respond? **(20 Marks)**

Question 6

As a newly appointed marketing manager, you have decided to review your division's product portfolio. In a report to marketing director, explain how you would go about this





and how the results might possibly be used.

(20 Marks)

Question 7

It has been suggested that the majority of SWOT analyses are far too bland and of little real planning value. Explain how you would go about conducting a rigorous SWOT analysis and how the results might be used strategically. **(20**

Marks)

