



STRATEGIC MARKETING MANAGEMENT

**NOVEMBER 2021**

**MOCK EXAMS**

**Time:** 5:30PM – 8:30PM

**Date:** 2<sup>nd</sup> DECEMBER 2021

The Mock will be 3 hours in duration

The mock has **TWO** Parts.

**Part 1** is worth 40% of the total marks available

**Part 2** is worth 60% of the total marks available.

**ANSWER QUESTION ONE AND ANY THREE OF YOUR CHOICE SECTION B.**

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.

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 Wild Outdoors Bicycle Company**

### **Background**

The first mountain or off-road bikes were made in California in the late 1970s. Throughout the 1980s and 1990s, the market grew rapidly. Although initially slow to recognise the growing market opportunities, Wombate, a manufacturer of road bikes aimed at adults and children and racing bikes aimed at the enthusiastic amateur, entered the market in 1987 with a small range of medium quality, medium priced bikes which it sold throughout Europe. In common with most of the other bicycle companies, the majority of their manufacturing was carried out in China and Taiwan.

At the beginning of the 1990s, the company restructured and concentrated its mountain bike operations in a new division which it called The Wild Outdoors Bicycle Company (referred to hereafter as WOBC); the division now accounts for 75% of the company's sales.

By the middle of 1997, the company was firmly established as a middle-ranking player in the mountain bike market with annual sales of £126 million.

### **The 2020 planning meeting**

In October 2020, the marketing planning team met to update the company's annual plan and to develop the 3-5-year strategic marketing plan for Europe. The meeting began with marketing director giving an overview of the market and WOBC performance. Among the points covered were

- The market is becoming increasingly competitive and showing all the signs of polarization, with customers and retailers at the bottom end becoming more and more price sensitive, while at the top end they are looking for more sophisticated and innovative products.
- One of the most important critical success factors is access to a broad distribution network. Increasingly, the big three manufacturers are trying to tie up distribution with a series of special offers and incentives.
- The bigger retailers are looking for more promotional and merchandising support and over the next year or so will probably begin rationalizing the range they offer. Because of this, some of the smaller and less specialized players will find it increasingly difficult to get wide distribution.
- Margins throughout the industry have been dropping over the past two years.



Turning to WOBC's performance, he highlighted the company's *slightly* higher than average sales and profit from 2016 to 2019.

Leaning forward and looking intensely at his colleagues, he paused for dramatic effect before saying, 'It's obvious that the market out there is changing. Everything points to a shake-out over the next 2 -3 years. To make sure we survive, I think we need to be much more aggressive than we have been in the past. One of the problems that we face though is that we haven't done enough brand building and don't have a sufficiently strong brand strategy. It's obvious that there's a lot of potential out there. We can see that some of the competition is vulnerable. They are vulnerable because they have made a lot of money in the past and now they're fat, lazy and complacent. With margins dropping, they simply don't know how to respond. So let's get out there and start winning some market share. Let's stop talking about being a challenger, let's go and do it.'

As the others around the table nodded, the marketing director turned to the newly appointed marketing analyst. 'As a first, let's get some ideas on how to go about this. I suggest that we meet on a week or so and look at the situation again. So, I'd like you to prepare the papers on how we might go about challenging some of the others in the market and how we can go about developing a stronger branding strategy.'

### Question 1

As the analyst, you have the task of preparing the briefing paper for the meeting.

- a. In the first of these you outline the possible dimensions of a market challenger strategy for WOBC. In doing this, you should make reference to probable resource, cultural and implementation implications of such a strategy.

**(25Marks)**

- b. Discuss the Need for continuous new product development for WOBC as major challenger in the industry.

**(15 Marks)**

**Total: 40 Marks**

### PART B – Answer any THREE questions

#### Question 2

Identify the criteria that should be used in deciding whether to test market a new product and explain why so many test market results prove to be ambiguous.

**(20 Marks)**

### Question 3

Explain, with examples, the possible benefits of market Niching strategy and the circumstances in which niching is most likely to prove worthwhile.

**(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. Evaluate how a multi-national company is using or can use the four Generic growth strategies in a keen competitive environment.

**(20 Marks)**

### Question 5

Several models have been developed to provide a more flexible approach to portfolio Analysis than that developed by Boston Consulting Group's (BCG) matrix. What are the weakness of the BCG approach? Using an alternative model of your choice, show how it tries to overcome the limitation of BCG.

**20 Marks**

### Question 6

You have recently taken responsibility for a product which your company has marketed for several years, but which now appears to be entering the decline stage of the product life cycle. Identify the strategic alternatives that are open to you and the criteria that should be used in deciding between these alternatives.

### Question 7

As the marketing analyst, you have the task of preparing a report for the meeting with management;

- a. Evaluate factors should be taken into account when deciding upon the price of a new product.
- b. In what ways might the relative importance of the factors be influenced by the type of industry in which the company is operating?