

TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT

Office of the Dean

April 2018

Full Marks: 60

Time: 3 Hrs.

BIM / Fifth Semester / MKT 201: Fundamentals of Marketing

Candidates are required to answer all the questions in their own words as far as practicable.

Group "A"

Brief answer questions:

[10 × 1 = 10]

1. Define marketing.
2. Differentiate between reactive and proactive marketing.
3. List out any key features of marketing information system.
4. Distinguish between low-involvement and high-involvement product.
5. What is market segmentation?
6. What do you mean by product in marketing?
7. What is brand equity?
8. Show the difference between price and pricing.
9. What is distribution?
10. Why is promotion important in marketing?

Group "B"

Short answer questions:

[6 × 5 = 30]

11. What is societal marketing? How far is this concept relevant in Nepal? Explain.
12. Identify and explain the steps involved in the buying process of a consumer.
13. Explain the requirements for effective market segmentation.
14. What are the various stages of product life cycle? Explain.
15. Explain the channel design for consumer products.
16. What is sales promotion? Briefly explain the sales promotional tools.

Group "C"

Comprehensive answer questions:

[4 × 5 = 20]

17. Read the following case carefully and answer the questions given below:

In April 2017, US-based multinational food and beverage company PepsiCo, Inc. (PepsiCo) launched a campaign titled 'Live for Now - Moments' in an attempt to portray its carbonated soft drink Pepsi as a millennial friendly brand. The protest themed advertisement with 21-year-old super model Kendall Jenner (Jenner) in it, however, faced a backlash, with several people criticizing it for its insensitive approach and for the improper execution of the message in the campaign. In the ad, Jenner was shown participating in a photo shoot and then joining up with protestors and approaching a cop with a can of Pepsi.

Critics took to social media to bash the ad as a sleazy attempt to co-opt political activism just to increase sales. Many Twitter users also criticized the ad for being tone deaf, saying it trivialized real-life protests where several people lost their lives. The ad was also roasted badly for showing Pepsi as a solution to any major social or political issue. A user posted, "So we should just give Putin & Assad & Trump a can of Pepsi & everything will be fine?" Another posted, "Shame on you @pepsi for such a tasteless Ad." Pepsi was also slammed for casting Jenner, who was considered a misfit in an ad primarily portraying a protest similar to the Black Lives Matter (BLM) movement.

PepsiCo was established in 1965 with the merger of the Pepsi-Cola Company and Frito-Lay, Inc.

The recipe for the first cola drink was developed by Caleb Bradham in North Carolina, in 1880. When his drink became popular, he established the Pepsi-Cola company in 1902. This later went on to become PepsiCo Inc. post the 1965 merger. Headquartered in Purchase, New York, the company owned several well-known global brands like Pepsi, Mountain Dew, Lay's, Gatorade, Quaker, Lipton, and many others as of 2017. PepsiCo served customers and consumers in more than 200 countries and territories across the world. In 2006, Indra Nooyi became the CEO of PepsiCo.

PepsiCo was involved in a series of acquisitions and mergers during the 1900s and 2000s, the largest of these being the acquisition of Tropicana Products in 1998 and the Quaker Oats Company in 2001. The latter added the Gatorade brand to its portfolio. PepsiCo had since expanded from Pepsi-Cola to a broader range of food and beverage products. The global net revenue of PepsiCo increased from US\$ 39.47 billion in 2007 to US\$ 62.8 billion 2016. But, since 2014, a gradual decrease had been noticed in the revenues (Refer to Exhibit I for the Revenue of PepsiCo. from 2007 to 2016). One major reason for the reduction in revenue was the shift in consumer tastes and preferences toward healthier food options. Hence, to cope with this change and to sustain itself in the market, Pepsi focused not just on cola but also on several other product categories like food, snacks, and beverages by expanding its portfolio .

Pepsi first used the slogan, 'The Pepsi Generation' in 1964, referring to young people. Since then, PepsiCo had positioned its cola drink as a product meant for young people. During the 1980s, the brand achieved huge success by using campaigns with artists such as Madonna and Michael Jackson, representing the pop-culture for which Pepsi had always stood. Pepsi unveiled its first global campaign titled 'Live for now' in 2012, as a part of its new global positioning strategy. This was based on the brand's extensive global research, carried out over a period of ten months, which stated that Pepsi fans liked to capture the excitement of now, made the most of every moment, and lived life to the fullest and hence the name of the campaign.

Despite these campaigns and promotions, the New York-based company struggled, as its target consumers started shifting away from sweetened drinks, opting instead for healthier drinks and less salty snacks. Pepsi did not enjoy the same demand as it had previously because of the change in customers' tastes and lifestyles. Also, comparatively weaker international exposure than rival Coca-Cola proved to be an obstacle for the company and hampered its reach. So, PepsiCo sought to come up with an ad that would make the beverage resonate more with younger consumers.

Pepsi planned to strike a chord with the millennials by enticing them with the 'Moments' ad campaign, by choosing political activism as a theme and starring Jenner in it. But, the result was not as expected, as it garnered more hatred and criticism than love and support. Analysts pointed out several weak areas in the advertisement and identified more than one reason for the eventual failure of the ad campaign. The most prominent of those reasons was the fact that the Pepsi ad was not authentic. In the recent years, Pepsi and other sugary drinks and other snack brands had been pushed into the limelight for the negative impact of these products on consumer health. So, in order to cover up this dark side, these brands had started to connect themselves with broader causes, which would also help them in drawing consumer attention to their brands.

The production costs of the ad campaign that was made in Bangkok ran into millions of dollars. An industry expert said, "At least \$2 million, but probably more like \$5 million, including Kendall's fee. Adding the media buy would be roughly \$100 million for a campaign like this." Another person who had worked for a long time as a production co-coordinator for the brand noted, "Kendall was likely paid a one-time fee for the Ad. I'd guess anywhere from \$400,000-\$1 million."

Questions:

- a. Appraise the changing 'Marketing Communications environment'.
- b. Debate the merits and demerits of celebrity endorsements.
- c. Briefly explain PepsiCo. advertising program / campaign.
- d. Assess how to manage crisis situation.

