



FACULTY OF MANAGEMENT

June Examination

DEPARTMENT	Marketing Management
<u>CODE</u>	BMB 3A01
<u>DATE</u>	June 2014
<u>DURATION</u>	180 minutes (3 hours)
<u>TOTAL MARKS</u>	100
<u>EXAMINER</u>	DR I LUBBE (UJ)
<u>EXTERNAL MODERATOR</u>	DR E VAN TONDER (MILPARK BUSINESS SCHOOL)
<u>NUMBER OF PAGES</u>	6 (INCLUDING THE STARBUCKS CASE STUDY)

INSTRUCTIONS TO CANDIDATES:

- Question papers must be handed in.
- WRITE **EACH QUESTION IN A DIFFERENT BOOK, MARKED CLEARLY**
- Read all the information contained in the appendices at the end of the paper
- Answer all the questions.
- Read the questions carefully and answer only what is asked.
- Draw a line after each question answered.
- Number your answers clearly.
- Write neatly and legibly.
- Structure your answers by using appropriate headings and sub-headings.
- ONLY provide examples/application where prompted to do so.
- Remember that no marks are allocated for naming.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.



FAKULTEIT BESTUUR

JUNIE EKSAMEN

DEPARTEMENT	Bemarkingsbestuur
<u>KODE</u>	BMB 3A01
<u>DATUM</u>	Junie 2014
<u>DUUR</u>	180 minutes (3 hours)
<u>TOTALE PUNTE</u>	100
<u>EXAMINEERDER</u>	DR I LUBBE (UJ)
<u>EXTERE MODERATOR</u>	DR E VAN TONDER (MILPARK EDUCATION)
<u>GETAL BLADSYE</u>	6 (INSLUITEND DIE STARBUCKS GEVALLESTUDIE)

INSTRUKSIES VIR KANDIDATE:

- VRAESTILLE MOET INGEHANDIG WORD
- SKRYF ELKE VRAAG IN 'N ANDER BOEK EN MERK ELKEEN DUIDELIK
- LEES DIE STARBUCKS GEVALLESTUDIE
- Lees die ingligting van al die aanhegels aan die einde van die vraestel.
- Antwoord al die vrae.
- Lees die vrae deeglik en noukeurig en antwoord net wat vereis word.
- Trek 'n streep na lke vraag wat beantwoord is.
- Nommer jou antwoorde duidelik.
- Skryf netjies en leesbaar.
- Struktureer jou antwoorde met oordienkomstige opskrifte en onder-opskrifte.
- Voorsien SLEGS voorbeelde of toepassings waar dit van jou gevra word.
- Onthou dat GEEN punte vir noem gegee word nie.
- Die algemene beleid, reëls en prosedures van die Universiteit van Johannesburg rakende die sryf van assesserings is van toepassing tot hierdie assessering.

Read the Starbucks case study (Appendix A) and answer the following questions

QUESTION 1

[25 marks]

- 1.1 Define *lifestyle* and then differentiate between *lifestyle* and *psychographics*. (5)
- 1.2 SBI (Strategic Business Insight's) has identified eight psychographic segments and labelled these segments the VALS™ segments. Briefly discuss these **eight** (8) VALS™ segments before highlighting only the **two** (2) segments which you think Starbucks is targeting. Motivate your answer. (20)

QUESTION 2

[25 marks]

- 2.1 Define *momentary conditions* and identify as well as motivate to which situation characteristic it belongs to. (4)
- 2.2 Individuals attempt to manage their momentary conditions, often through the purchase or consumption of products and services. Identify the products and services that Starbucks uses to target consumers' *momentary conditions*. Motivate your answer. (6)
- 2.3 There are three types of consumer decision-making:
- 2.3.1 Argue why buying a Starbucks coffee every morning on your way to work will be a nominal decision? (2)
- 2.3.2 Distinguish between the **two** (2) *nominal decision-making categories*. Apply Starbucks examples to strengthen your answer and ensure to discuss Starbucks' degree of product involvement and purchase involvement. (7)
- 2.4 Differentiate between *human factors research* and *emotion research* as methods of discovering consumer problems. Use your own examples to strengthen your answer. (6)

QUESTION 3

[25 marks]

- 3.1 It is evident in the case study, that Starbucks uses digital (Internet) and social media to market its products. Assume you are the On-line/Internet marketing manager for Starbucks and answer the following questions:

Although there are three (3) major strategic issues marketers have to deal with, with respect to the Internet's role in information search and decision-making, only **discuss the first two** (2) **issues** by addressing the following:

3.1.1. The drive of information to consumers. (5)

3.1.2. Provide Starbucks examples of 'driving information to consumers'. (3)

QUESTION 3 /...

Lees die Starbucks gevallestudie aan die einde (Aanhegsel A) en beantwoord die daaropvolgende vrae

VRAAG 1

[25 punte]

- 1.1 Definieer *lewensstyl* en onderskei dan tussen *lewensstyl* en *psigografie*. (5)
- 1.2 SBI (Strategic Business Insight's) het agt psigografiese segmente geïdentifiseer en hul as die VALS™ segmente benoem. Beskryf kortliks hierdie **agt** (8) VALS™ segmente voordat sels die twee (2) segment wat jy dink Starbucks teiken, uitgelug word. Motiveer jou antwoord. (20)

VRAAG 2

[25 punte]

- 2.1 Definieer *kortstondige voorwaardes* en identifiseer sowel as motiveer tot watter situasionele kenmerk dit behoort. (4)
- 2.2 Individue beoog om hul kortstondige voorwaardes te bestuur, meestal deur die aankoop van produkte en dienste. Identifiseer die produkte en dienste wat Starbucks gebruik om hul verbruikers se kortstondige voorwaardes te teiken. Motiveer jou antwoord. (6)
- 2.3 Daar is drie tipes verbruiker besluitnemings.
- 2.3.1 Argumenteer hoekom die aankop van 'n Starbucks koffie elke oggend oppad werk toe, a nominale besluit is? (2)
- 2.3.2 Onderskei tussen the **two** (2) nominale besluitnemings kategorieë. Wende Starbucks voorbeelde aan om jou antwoord te bekragtig en maak seker om Starbucks se graad van produk betrokkenheid en aankoop betrokkenheid te bespreek. (7)
- 2.4 Onderskei tussen *menslike faktor navorsing* en *emosionele navorsing* as metodes van verbruiker probleme ontdekking. Gebruik jou eie voorbeelde om jou antwoord te versterk. (6)

VRAAG 3

[25 punte]

- 3.1 Dit is duidelik in hierdie gevallestudie, dat Starbucks digitale (Internet) en sosiale media gebruik om produkte te bemark. Aanvaar dat jy die Aanlyn/Internet bemarkingsbestuurder van Starbucks is, en antwoord die volgende vrae:

Al is daar drie (3) belangrike strategie kwessies wat bemarkers te doene mee het, met betrekking tot die Internet se rol in die inligting soek en besluitneming, bespreek **sels die eerste** (2) **kwessies** deur die volgende aan te spreek:

3.1.1. Die voer van inligting aan verbruikers. (5)

3.1.2. Voorsien Starbucks voorbeelde van die 'voer van inligting aan verbruikers'. (3)

VRAAG 3 /...

- 3.1.3. The drive of consumers to their information. (10)
 3.1.4. Provide Starbucks examples of 'driving consumers to their information'. (3)
- 3.2 Briefly explain the **four (4)** basic types of *factors* that influence the expected *benefits and perceived costs* of search both online and offline. (4)

QUESTION 4**[25 marks]**

- 4.1 Discuss in which situation will a Starbucks consumer buying coffee, be an 'Enthusiast shopper' and in which situation a 'Basic shopper'? Motivate your answer. (4)
- 4.2 Briefly describe the **three (3)** choice processes (6)
- 4.3 Consider organisational culture and answer the following questions: (3)
- 4.3.1 Define organisational culture and link it to corporate culture (3)
- 4.3.2 Briefly discuss the **four (4)** internal factors influencing organisational culture. Refer to Starbucks examples from the case study to strengthen your answer. It is **NOT** necessary to discuss the eight (8) common business values, just refer to any two in your answer. (12)

TOTAL: [100]

- 3.1.3. Die voer van verbruikers na die ingligting. (10)
 3.1.4. Voorsien Starbucks voorbeelde van die 'voer van verbruikers na die ingligting'. (3)

- 3.2 Kortliks verduidelik die **vler (4)** tipes *faktore* wat die verwagte voordele en waargenome kostes van soek beide aanlyn en aflyn beïnvloed. (4)

VRAAG 4**[25 punte]**

- 4.1 Bespreek in watter situasie sal 'n Starbucks verbruiker wat koffie koop, 'n 'entoesiasiesse koper' en in watter situasie 'n 'basiese koper' wees? Motiveer jou antwoord. (4)
- 4.2 Kortliks omskryf die drie (3) keuse prosesse. (6)
- 4.3 Neem organisatoriese kultuur in ag en beantwoord die volgende vrae: (3)
- 4.3.1 Definieer organisatoriese kultuur en verbind dit met korporatiewe kultuur. (3)
- 4.3.2 Beskryf kortliks die **vler (4)** interne faktore wat organisatoriese kultuur beïnvloed. Verwys na Starbucks voorbeelde vanuit die gevallestudie om jou antwoord te bekragtig. Dit is **NIE** nodig om die agt (8) algemene besigheids waardes te beskreek nie, verwys net na enige twee in jou antwoord. (12)

TOTAAL: [100]

APPENDIX A: CASE STUDY – Starbucks coffee

Starbucks Forges 'Moments of Connection' By Offering Experience

Coffee Marketer Doesn't Spend Much on Advertising, but Gets Closer to Consumer With Digital, Social Media

By Maureen Morrison. Published on November 07, 2011.

(Source: Available on adage.com/article/special-report-marketer-allst. Accessed on March 2014)

Starbucks has long been something of a curiosity in the marketing world because it has spent so much less on traditional advertising than other big chains. And yet, it's been doing better than what almost anyone expected from it a few years ago.

Going Blonde: Starbucks is introducing its lightest roast yet.

By 2007, the average number of transactions per store fell, and a leaked memo by then-chairman Howard Schultz said that some of the chain's decisions "have led to the watering down of the Starbucks experience and what some might call the commoditization of our brand." Mr. Schultz placed some blame on himself, and pointed to the disappearance of the in-store coffee scent and the mass-chain feel of the stores as downfalls. In January 2008, Mr. Schultz again took hold of the chief executive reins and announced sweeping plans -- including the closure of underperforming stores -- for the ailing company's turnaround, pinning much of its comeback on customer experience and innovation. Since then, the chain has unveiled a number of successful products, including its surprise hit oatmeal and what it called the first innovation in the instant-coffee category in decades, Via. It's also upped its traditional marketing tactics and bet big on digital and social media.

After kicking off this past year with a massive brand relaunch, including a new logo that signaled its intent to "think beyond coffee," the chain has been aggressive in its product rollout. It released a line of Bistro Boxes aimed at offering healthier fare and has gotten more aggressive in the grocery aisle with new products like its K-Cups single-serve offerings. In October, the chain said it would launch a "blonde" roast, its lightest offering yet, in an effort to capture a bigger share of the U.S. coffee market; it also announced an overhaul in its packaging.

In its most recent quarter, Starbucks posted an 8% gain in both U.S. same-store sales and global sales.

Offering products customers want and giving them a good experience is a form of marketing for the company. Annie Young-Scrivner, global CMO, calls the customer experience "moments of connection" -- those few minutes the company has with its customers, which can make or break how customers feel. "We have one moment to make [the customer's] day," said Ms. Young-Scrivner. She added that listening to and

AANHEGSEL A GEVALLESTUDIE – Starbucks koffie

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engaging with customers "has allowed us to stay very fresh" on customer needs with the help of sites such as MyStarbucksIdea, a forum where customers can make suggestions.

Although Starbucks in 2010 doubled its spending, according to Kantar, it still only spent \$97.6 million – just about 1% of the chain's system-wide U.S. sales. In the first half of this year, it allocated \$14.8 million for TV out of a total of \$51.8 million, and the upcoming January launch of blonde coffee will include national TV advertising along with digital and social media.

Starbucks agencies are creative shop BBDO, which it's been with since late 2008, media agency PHD, both of New York, and digital shop Blast Radius, Vancouver.

Marketing initiatives this year include social-media efforts and advertising for Frappuccino – which the company said has been the most engaging product on Facebook in the last year – as well as a digital scavenger hunt featuring Lady Gaga. The chain also promoted its 40th anniversary with, among other things, MyStarbucksSignature, a website that lets customers create customized drinks.

At Starbucks, the key innovation was its company culture

Thursday, May 9th, 2013

Category: Connecting People, Events, Leadership

(Source: Available on <http://richgoldstein.com/2013/05/09/at-starbucks-the-key-innovation-was-its-company-culture/>. Accessed on 5 April 2014)

At the 2013 AIPLA Spring Meeting in Seattle, WA, former Starbucks CEO Orin Smith told the story of Starbucks' success. The story he told confirmed the critical role that an innovative business culture can play.

"If you ask the executives, they will tell you that the reason we have been successful is the culture," Mr. Smith said.

Back in 1987, the company as it exists today was founded when Harold Schultz purchased the Starbucks brand, redesigned the stores to make them more comfortable meeting places, and launched an aggressive expansion plan.

"Harold's vision was to create a third place—a place between work and home, where people would meet over coffee and create community," Orin reflected.

In the early days, a brainstorming session was held to create a roadmap for the company's future.

"The most important thing that came out of this brainstorming session was the mission statement: We want to be the premier purveyor of the finest coffee in the world."

This statement led to a series of socially responsible, innovative guiding principles, including:

- Consistently create a great experience for our customers, one person, one cup

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including:

- Consistently create a great experience for our customers, one person, one cup at a time.
- Provide a great work environment and treat each other with respect and dignity.
- Never compromise the quality of our coffee.
- As the company grew, we would give back to communities and environments, including the communities from which the coffee originates.
- We would create a great work environment for people and always treat them with dignity and respect.

"These [principles] turned out to be so powerful for the Starbucks organization. Unlike most companies that create these statements and hang them on the wall, we brought them to life by communicating them constantly. We communicated these message ad nauseum. We included them in brainstorming sessions, training sessions, decision-making sessions, and debated them at open forums. Some element [of these principles] appeared in every important piece of correspondence."

And fortunately, the early brainstorming sessions allowed the key decision-makers to realize the important role that people would play in creating that consistent experience. A consistent culture is necessary to create a consistent customer experience. Keeping the principles of the culture alive and present—in every important communication and important meeting—provided the foundation for building that consistency.

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