Name:

BA3304 Take Home Midterm

Part I - Answer 4 of 6 Questions (25 Points each)

1. Using the following list of products/services (Kitchen appliances, Soft drinks, Movies, Automobiles and Banking), choose three brands/products, and identify potential market segments based on demographics, psychological, and behavioral differences. Make sure to explain your segmentation variables and why they were chosen. And explain how market segmentation influences their decisions about the marketing mix used?

2. Find three ads (share with me) and classify them according to whom they are targeting to reach, what they are aiming to achieve and what kinds of appeal they have used and why this particular media was chosen. Articulate your answers .

3. McDonald's has hired you to prepare a perceptual map against Burger King, Wendy's, Pita Pit, and Deluxe French Fries on the attributes of convenience and product quality. Create the map by putting convenience as the vertical axis (high at the top and low at the bottom) and product quality as the horizontal axis (low on the left and high on the right). Then, show your perceptions of these five brands by placing them on the map. Explain why you have placed them in these particular spots in the map. What does the perceptual map say about McDonald's current positioning on these attributes? According to results, you are asked to reposition the brand to take advantage of current perceptions revealed on the perceptual map. Tell us how they could (articulate marketing strategies) reposition the brand, why this new position will help the company to perform better against others? Discuss your recommendations.

4. The CEO of a furniture company has asked your help in bypassing the firm's intermediaries and developing a new direct distribution channel. The new channel will use the company's own sales people to sell directly to stores that already carry their products. What issues would you bring to his attention and what information would you gather before making a recommendation? What would you suggest him?

5. Your neighbor is very good at making healthy veggie smoothies for friends and family. He is considering opening up shop in Saint John, but he is worried about whether he'll manage enticing enough customers to keep a business going. As you are a smart marketing student, he's looking for some advice. What can you tell him about his potential target markets would be and possible marketing strategies that will help him get his business off the ground? Pleases articulate your suggestions.

6- Please read the article below by WSJ first, and find three examples of a "digital marketing" strategy that luxury companies are currently using, and discuss why they have chosen these particular social medias (maybe in terms of consumer psychology and persuasion). Other than luxury brands, provide an example of another product category or industry that could employ similar strategies to reduce its spending on paid advertising.

Fashion Ads, a Last Bastion of Print, Are Going Digital[1]

Gucci, Louis Vuitton and other brands have spent 63% more online in 2016 compared with 2013 By Matthew Dalton, Oct. 9, 2017 6:00 a.m. ET

Fashion Figures

Tribe Dynamics has developed a metric called Earned Media Value, an estimate of the money brands have saved in paid advertising because of social media exposure.

	2017 EMV* MILLIONS	YEAR-OVER-YEAR EMV Growth
Gucci	$227	157.1%
Chanel	205	13.7
Dior	164	36.7
Saint Laurent (YSL)	136	11.5
Louis Vuitton	111	31.3
Dolce & Gabbana	91	93.0
Marc Jacobs	84	21.3
Givenchy	66	31.9
Valentino	62	-2.4
Christian Louboutin	57	2.4

*Year-to-date April
Source: Tribe Dynamics
THE WALL STREET JOURNAL.

PARIS—Luxury companies are turning away from glossy magazines, long the industry's top venue for trumpeting its brands to well-heeled consumers. Louis Vuitton, Gucci and other houses are instead plowing money into digital campaigns—rooted in social media and online advertising—and away from print publications, often sidestepping powerful fashion editors, such as Vogue's editor in chief Anna Wintour, who have long dictated fashion tastes to the masses. The luxury industry's global spending on digital advertising was $1.01 billion in 2016, up 63% since 2013, according to ad-buying firm Zenith Media. Spending on magazine ads fell 8% over the same period to $2.6 billion, Zenith says.

While many industries began moving their ad dollars to digital media years ago, fashion magazines suffered less from the trend due to their symbiotic relationships with the brands they cover. Magazines provide wall-to-wall coverage of fashion shows and other promotional events important to brands, which have long responded by buying reams of advertising pages that underpinned the glossies' business model. Meanwhile, magazine editors historically have worked hand-in-glove with brands, designers and retailers, developing new looks and occasionally calling the shots on what appears on the runways.

Now, the industry is realizing the benefit of reaching

[1] https://www.wsj.com/articles/fashion-ads-a-last-bastion-of-print-are-going-digital-1497000602?mod=djem_jiewr_MK_domainid

out to its affluent customers on the internet versus print. Luxury executives say that digital campaigns are highly effective, can reach people at relatively low cost and give advertisers loads of data to track how their spending translates into higher sales.

François-Henri Pinault—the French billionaire and chief executive of luxury conglomerate Kering Co., whose brands include Gucci and Saint Laurent—described "a real reallocation from what we spent on print to the internet." Mr. Pinault estimates that Kering spends 35% to 40% of its communication budget on digital, compared with 15% to 20% some 18 months ago.

"If we were to launch a brand today, all the communication to start would be online," he says.

The industry has a welter of options other than Vogue, Marie Claire and Glamour to communicate with the public. Instead, brands can connect with clientele over Instagram, Facebook, Twitter and Snapchat, along with a host of new internet fashion websites.

"We do have our own audience," says Ian Rogers, chief digital officer at LVMH Louis Vuitton Moet Hennessy, the world's biggest luxury company, whose brands include Louis Vuitton, Fendi and Christian Dior.

LVMH has hired San Francisco-based Tribe Dynamics to identify and interact with "influencers"—those who talk about LVMH's brands on social networks, ranging from celebrities to people with just a few hundred followers on Instagram.

Tribe calculates a metric it calls "earned media value"—the amount of money a company saves on advertising because influencers are talking about its brands online. "These influencers are themselves brands and micro-publishers, 'earned media' the same as Vogue," says Mr. Rogers.

Condé Nast, publisher of Vogue, Glamour and other titles, has been capturing the fashion industry's digital communications spending to help offset the drop in print advertising, says Pamela Drucker Mann, the group's chief marketing officer. Its magazines are also boosting revenue and retaining their influence by tweaking their business models: Some titles are joining with fashion brands to create digital movies and other content.

"They're coming to Vogue to help them create their advertising campaigns and their custom content," Ms. Drucker Mann says. "We're starting to become a creative agency."

Ms. Drucker Mann adds that Ms. Wintour is more influential than ever, with the new audience that Vogue and other Condé Nast websites have found online. Condé Nast titles have 100 million online readers each month and 174 million social-media followers.

"She went from being this fashion icon, to a household name," Ms. Drucker Mann says. Ms. Wintour declined to comment for this article.

Mr. Pinault credits deft digital communication over social media for much of the runaway success of Gucci over the past two years. Sales in the first quarter surged 50%, beating expectations of even the most optimistic analysts.

Gucci and its creative director, Alessandro Michele, have been among the most aggressive in the industry in engaging customers on social networks. Gucci recently asked social-media artists to write "memes"—witty messages paired with an image—that would help launch the brand's new line of watches last quarter.

One meme selected by Gucci shows a 16th-century painting of a Spanish noblewoman staring glumly ahead, emblazoned with the phrase: "When he buys you flowers instead of a Gucci watch." The image was liked 91,000 times on Gucci's Instagram account.

Mr. Pinault calls the campaign "an incredible success."

"Digital communication allows us to have a much deeper understanding that we couldn't have before about the effectiveness of our campaigns," he says. "We are in the process of measuring more and more, almost in real time, the impact in which social network at what time and what type of image."

Prada is also shifting its communication to digital, says Stefano Cantino, the Italian fashion house's chief marketing officer. He estimates that 25% of Prada's communications budget goes to online campaigns, a significant increase over recent years.

But Prada remains cautious about using influencers to market itself, fearing that aligning the brand with the wrong person on social media could tarnish its image.

"It's really key to keep the DNA of the brand," Mr. Cantino says.

Good Luck
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