

KOLEJ UNIVERSITI TUNKU ABDUL RAHMAN  
FACULTY OF ACCOUNTANCY, FINANCE AND BUSINESS  
ACADEMIC YEAR 2017/2018  
APRIL/MAY EXAMINATION

**BBDT3073 STRATEGIC MARKETING & DECISION MAKING**

FRIDAY, 4 MAY 2018

TIME : 9.00 AM – 12.00 NOON  
(3 HOURS)

BACHELOR OF BUSINESS (HONOURS) IN MARKETING

**Instructions to Candidates:**

This paper is divided into TWO (2) sections:

SECTION A: Answer **ONE (1)** compulsory case study question. (40 marks)

SECTION B: Answer **THREE (3)** out of four (4) questions. (60 marks)

**BBDT3073 STRATEGIC MARKETING & DECISION MAKING****SECTION A (40 marks)**

Answer ONE (1) compulsory case study question.

**Question 1****Starbucks' Customer-Driven Strategy Sees Sales Rocket**

Starbucks' global store sales witnessed a seven per cent boost owing to the company's increased integration and engagement with consumer culture. Its net revenue now stands at a record \$4.9 billion, an 18 per cent increase since Q3 2014. The focus on customer experience has partly contributed to an extra 23 million customers visiting Starbucks stores. CFO Scott Maw said the boost in figures was due to "delivering an elevated 'Starbucks Experience'" to its customers. As a predominantly 'take-away' service, Starbucks has enveloped itself with on-the-go common customer behaviours. By pairing up with newspaper and commute systems to offer loyalty discounts, Starbucks is monetising on everyday activities where coffee is increasingly commonplace.

Maw said that "deploying new technology" was a driving factor in boosting sales. Starbucks collaborated with The New York Times on 21 July, allowing loyalty members to scoop a free copy of the paper through the Starbucks mobile app. Discounts could be earned through paying digital and print subscriptions to The New York Times. In the last few days, Starbucks has rolled out further announcements of household name collaborations in the United States intended to drive customer experience. On 22 July 2015, Starbucks announced a new deal hoping to boost customer experience by partnering with Lyft, a travel service in the US. Through a loyalty system, both Lyft drivers and users can earn discounts for Starbucks food and beverages when using Lyft. Chief Digital Officer at Starbucks, Adam Brotman said the digital loyalty ecosystem can help strengthening Lyft's ability to attract and retain customers, while at the same time accelerating the incrementally of redemption of rewards.

Starbucks is effectively engaging with its caffeine-fuelled consumer culture. Pairing up with newspapers, music and travel services creates customer rewards out of everyday activities. This comes after an announcement earlier in the year of a partnership between Starbucks and music streaming service Spotify. 7,000 stores in the US and 10 million 'My Starbucks Rewards' loyalty members were linked up with Spotify. Customers were able to access unique Starbucks music in store, influence these playlists and again earn loyalty rewards.

The company may expect to see sales rise further after the announcement of these collaborations. Though the fruits of the partnerships are to be based in the US, it will be interesting to see if Starbucks broadens its innovative horizons and shifts its gaze to an international scale.

Source: Adapted and modified from Business Reporter, *Starbucks Customer Driven Strategy Sees Sales Rocket*, viewed 27 July 2015, <<http://business-reporter.co.uk/2015/07/27/starbucks-customer-driven-strategy-sees-sales-rocket>>.

**BBDT3073 STRATEGIC MARKETING & DECISION MAKING****Question 1 (Continued)****Required:**

- (a) The underlying logic of market-driven strategy is that the market and the customers that form the market should be the starting point in business strategy. Evaluate **FIVE (5)** characteristics of market-driven strategies that successfully implemented by Starbucks. (20 marks)
- (b) Nearing the end of the first decade of the 21<sup>st</sup> century, it is apparent that Starbucks executives face unprecedented challengers in strategic marketing implementation of the company. Discuss **FOUR (4)** possible challenges of a new era for strategic marketing that Starbucks has to deal with. (20 marks)
- [Total: 40 marks]

**BBDT3073 STRATEGIC MARKETING & DECISION MAKING****SECTION B (60 marks)**

Answer **THREE (3)** out of four (4) questions.

**Question 2**

- (a) Analyse **TWO (2)** primary options used by ABC, a computer laptop company when selecting strategies for global markets, since understanding of the global markets is important regardless of where an organisation decides to compete. (8 marks)
- (b) A strategic brand perspective requires managers to be clear about what role brands play for the company in creating customer value and share-holder value. Discuss any **FOUR (4)** functions that brand can facilitates for seller. (12 marks)
- [Total: 20 marks]

**Question 3**

- (a) It is important for MNO Ltd. to decide if it is worthwhile to segment a product market. Examine **FIVE (5)** criteria that are useful for evaluating a potential segmentation strategy. (10 marks)
- (b) TUV Chicken is planning to expand their business to Laos. Acting as their business consultant, construct the Criteria of Sustainable Competitive Advantage using VRIN Framework that TUV Chicken should consider if they want to widen the gap between themselves from the current players in the same industry. (10 marks)
- [Total: 20 marks]

**Question 4**

- (a) Assess **FOUR (4)** major steps in the development of customer relationship management (CRM) that adopted by EFG Airline in building an effective customer relationships. (8 marks)
- (b) A company's sales force strategy determines how the organisation will use the personal selling function to maintain contact with customers and develop the relationships that management wants in order to achieve marketing and promotion objectives. Examine the **SIX (6)** steps of sales force strategy used by the company. (12 marks)
- [Total: 20 marks]

**Question 5**

- (a) CDE, a confectionery manufacturer has adopted repositioning strategies since the 1990s. Propose **FOUR (4)** reasons for the company to reposition its product in the market place. (8 marks)
- (b) The selection of pricing strategy depends on how management decides to position the product relative to competitions. Evaluate **FOUR (4)** pricing strategies that commonly chosen by a company. (12 marks)
- [Total: 20 marks]