



The Chartered
Institute of Marketing

Professional Certificate in Marketing

24 – Marketing Fundamentals

Time: 14.00 – 17.00

Date: 6th December 2006

3 Hours Duration

This examination is in **TWO** sections.

PART A – Is compulsory and worth **40%** of total marks

PART B – Has **SIX** questions; select **THREE**. Each answer will be worth **20%** of the total marks

DO NOT repeat the question in your answer, but show clearly the number of the question attempted on the appropriate pages of the answer book.

Rough work and notes must be written into the answer book or on supplementary sheets and must be clearly identified.



Professional Certificate in Marketing

Marketing Fundamentals

PART A – Compulsory

Gillette – At the Sharp End of Innovation and Marketing Strategy

In 1926, the year of Gillette's 25th anniversary, King C Gillette, the company's founder, wrote of its flagship product, the safety razor "There is no other article for individual use so universally known or widely distributed. In my travels, I have found it in the most northern town in Norway and in the heart of the Sahara Desert."

These words could just as easily be written today, not just about Gillette's razors, but about the wide range of products and brands which it has a reputation for developing and introducing throughout the world. The company today is the global market leader in nearly a dozen major consumer branded product categories, principally in the three core business areas of personal grooming (Gillette), alkaline batteries (Duracell) and oral care (Oral-B). In the more than 100 years since the company was founded, Gillette has gained, held and strengthened leadership positions through the company's strategy of managing its business with a long-term, global perspective.

The company has built its position as global market leader in the personal grooming business on its ability to create and develop, through the Gillette brand, hair removal products that deliver a superior shave, whether wet or dry, for men and women. A range of premium quality shaving preparations and aftershaves complements the shaving process and completes the Gillette grooming product portfolio. Additional market presence and support are provided by the company's well-established deodorant/antiperspirant brands.

Batteries are another thriving worldwide business in which the company competes successfully. Duracell, the most popular brand of alkaline batteries in the world, is the clear global leader in the growing alkaline battery market. Today, consumers around the world are embracing a rising number of portable digital electronic devices. Enhancing its growth prospects, Duracell offers consultancy services to leading electrical goods manufacturers, to further the inclusion of alkaline batteries as a power source in these increasingly popular consumer devices.

Another large global business that offers sizable growth opportunities for the company is oral care. It has been Gillette's fastest-growing area of business in recent years, with the company's Oral-B brand holding the global leadership positions in manual and battery-operated toothbrushes.

Gillette's ability to generate long-term, profitable growth in a changing global marketplace rests on several fundamental strengths. These include a constantly increasing accumulation of scientific knowledge in core businesses, innovative products that embody meaningful technological advances and an immense manufacturing capability that produces billions of faultless products every year – reliably, efficiently and cost effectively. Transforming innovative ideas into useful daily products sold at a fair price leads to another fundamental Gillette strength – strong and enduring consumer brand loyalty around the world. Effective marketing of superior technology to achieve worldwide leadership is the goal of the company, which it pursues through its large and healthy portfolio of global brands, with tremendous potential derived from normal market development, as well as from growth stimulated by new products.

However, it is not only innovation, but also marketing strategies to attract new customers across a spectrum of product performance and price points, that have fuelled global sales growth. In the grooming business, for example, the great majority of male Gillette shavers in developing markets use double-edged blades. The first step up the performance/price ladder for these consumers is to advance to Gillette twin-blade shaving systems or disposable razors. In more developed markets, the movement may be entirely within the shaving systems category as consumers trade up from twin-blade to triple-blade shaving. Similarly, more than 75% of the world's consumers of batteries use less costly zinc carbon batteries, rather than better-performing alkaline batteries. Once converted to Duracell alkaline batteries, these consumers can then trade up to the advanced technologies and top performance products of the Duracell brand. In addition, oral care offers a comparable opportunity as consumers trade up from regular Oral-B manual toothbrushes to the premium-priced Cross Action manual toothbrush, and then move on to power-assisted Oral-B toothbrushes, which generate a highly profitable refill brush-head business.

The above data has been based on a real life organisation, but details have been changed for assessment purposes and do not reflect current management practices.

PART A – Compulsory

Question One

You work as an Assistant in the Product Planning Division of Gillette. You have been asked by your Manager to write a report, using examples from the company's product range, in which you should:

- a. identify **FIVE** reasons why it is important for the firm to introduce new products

(10 marks)

- b. explain the stages of the process that Gillette should adopt when developing and launching a new product

(15 marks)

- c. evaluate how the company's three core business areas deliver customer value and business success.

(15 marks)

(Total 40 marks)

PART B – Answer THREE Questions Only

Question Two

Using examples from a B2B (Business-to-Business) market of your choice:

- a. identify **SIX** different marketing communications tools that can be used to promote a product or service in this context

(12 marks)

- b. explain **FIVE** factors that influence selection among the various marketing communications tools available to a business in this context.

(8 marks)

(Total 20 marks)

Question Three

As a Marketing Assistant for a television and audio products manufacturer, use examples to:

- a. explain the principles of segmentation, targeting and positioning

(10 marks)

- b. explain **FIVE** different ways in which the market for your products could be segmented.

(10 marks)

(Total 20 marks)

Question Four

You are employed in the Marketing Department of a mobile cell phone producer. Using examples from your business:

- a. identify the alternative channels of distribution that may be employed by your business

(10 marks)

- b. explain how your business could develop and maintain effective relationships with its buyers and suppliers.

(10 marks)

(Total 20 marks)

Question Five

Using illustrative examples from the food processing industry:

- a. identify **SIX** impacts (positive and/or negative) of marketing on consumers, businesses and society

(12 marks)

- b. explain how **FIVE** factors in the international environment may influence the marketing of products in this market.

(8 marks)

(Total 20 marks)

Question Six

Your employer is a producer of computer hardware equipment. Use examples from your business to:

- a. explain the factors that influence the setting of the company's marketing objectives

(8 marks)

- b. demonstrate how Ansoff's (Product-Market) matrix could be used to develop marketing strategies to meet these objectives.

(12 marks)

(Total 20 marks)

Question Seven

Using examples from a consumer services market of your choice:

- a. explain the concept of the extended (7Ps) services marketing mix

(12 marks)

- b. identify **FOUR** ways in which ICT (Information and Communications Technology) may assist the effective implementation of the extended (7Ps) services marketing mix in your chosen market.

(8 marks)

(Total 20 marks)



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