



PAN AFRICA CHRISTIAN UNIVERSITY

SCHOOL OF LEADERSHIP, BUSINESS AND TECHNOLOGY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

MASTERS OF ARTS IN LEADERSHIP

MAY-AUGUST 2018

CAMPUS: ROYSAMBU & VALLEY ROAD

DEPARTMENT: LEADERSHIP

COURSE CODE: MAL 604

COURSE TITLE: MISSION, MARKETING & QUALITY

EXAM DATE: FRIDAY 3RD AUGUST 2018

DURATION: 2 hours

MODE: ONLINE

INSTRUCTIONS

- Read all questions carefully.
- ANSWER **QUESTION ONE** AND ANY OTHER **ONE** QUESTION(**20 Marks**)

QUESTION ONE: COMPULSORY(10 MARKS] – CASE STUDY

Study the case laid out below carefully and answer the questions that follow:

Francis from Boca Raton has been shortchanged by America's favorite washing powder. 'The box indicated that there were 40 loads. We used the low setting of the little cup and got 34 loads.'

'Oh my goodness!' sympathizes Mary McCarthy at the other end of the telephone line, logging the complaint on her computer.

It does not take much to win Francis back. Ms. McCarthy, a fabric and homecare specialist at Procter & Gamble's headquarters in Cincinnati, offers to send coupons for free Tide but Francis is a habitual user of the detergent and says that will not be necessary. His work is done already, the integrity of his washing powder restored.

If only Wall Street were so loyal. Renowned for its symbiotic relationship with consumers, P&G has recently found its dealings with the financial world more difficult. Profits excluding reorganization costs grew by only 2 per cent, to \$4.23bn (£2.95bn), in 1999–2000 after disappointing growth from its flagship brands. The company scaled back its growth forecasts in February.

The climate of financial suspicion was not eased by this week's \$4.95bn acquisition of Clairol, the shampoo and hair coloring business of Bristol-Myers Squibb. On Monday, after John Pepper, P&G's chairman, announced the deal the company's shares opened nearly 4 per cent down. Perhaps the company needs to spend more time with investors and less talking to the likes of Francis.

P&G does not see it that way. On the contrary, the company is pressing ahead with initiatives to generate still more information about consumers.

P&G already proclaims that consumer understanding is 'the heart and start' of everything it does. It set up one of the first market research departments, in 1924, and now receives comments from more than 4.5m consumers annually (in the UK, these are written up as a fictionalized diary of a typical family, the Hedleys).

Its attempts to get ever closer to the public depend heavily on the Internet, which promises to make research quicker and cheaper. P&G has set up a 'consumer corner' on the web, where selected users post messages about their experiences with P&G products.

In a panel devoted to Dryel, a home dry-cleaning product for clothes, which has been one of its most successful recent launches, participants were prodded into introspection by weighty requests such as: 'Tell me all the thoughts and details of what went through your mind as you completed your first Dryel load.' P&G says the responses helped it quickly learn that it needed to introduce a less fragrant version of Dryel.

P&G is also part of the growing trend for companies to send camera crews into homes around the world to collect footage of the minutiae of real lives. Like

Mars, the confectioner, it is a client of Everyday Lives, a research firm based in Twickenham, London, whose guinea pigs include five households in Manchester, Birmingham, Paisley, Brighton and Ashford, Kent.

Anthropological rigour also lies behind P&G's Future Home Lab in Cincinnati, which more resembles the showroom of a Dixons or Circuit City store than the next big thing in domesticity. P&G uses the front room, dominated by a plasma-screen NEC television set, to test consumer responses to websites. The kitchen is a hub of indecision, stuffed with competing Internet machines – although the refrigerator does contain real food.

P&G hopes that the Future Home Lab will reveal consumers' preferences and that the company will be able to discover which gadgets will dominate the household of the future.

In an ideal world, data about consumers would complement an instinct for new products. However, the fear is that, at P&G, information is a substitute for inspiration.

P&G has introduced useful small changes – selling washing powder in tablet form, adding a fancy dispenser to liquid detergent – to keep key brands fresh. Its consumer research lends itself to incremental tweaking.

But other new products from P&G look less nimble. It recently launched a \$44 tooth-whitening kit in the US under the Crest brand. Users wear flexible strips on their teeth for an hour a day over two weeks so the peroxide can seep in. A fabric spray that is supposed to release wrinkles from clothes looks equally fiddly and unconvincing.

P&G knows that it takes more than just listening to consumers to generate products that completely redefine a category. The company's recent history sorely lacks a big bang innovation in the mould of Pampers, first test-marketed in Peoria, Illinois, in 1961, or Tide, which was introduced in 1946. The initial sales boost from some of its more promising launches, such as Dryel, has not been sustained.

Moreover, by parading its plans to beef up traditional strengths such as consumer research, P&G is vulnerable to criticism that it is neglecting issues that are more pressing: the need to restore consistent earnings growth while managing huge lay-offs, the inevitable rise of own-label goods in US supermarkets and a perceived weakness in retaining the best female managers.

Burt Flickinger, a former P&G executive, says: 'P&G over-researches instead of concentrating on what is critically important.'

Mr Flickinger, now managing director of Reach Marketing, a consultancy, thinks P&G is 'fiddling, to a certain degree, while Cincinnati is burning'. One sign of the lack of innovation is P&G's recent acquisitions. In the absence of new blockbuster products, the company has been buying growth. The Clairol deal follows the purchase of Items, the pet food group, in 1999, which followed the purchase of Tambrands, the maker of Tampax, in 1997.

‘Growth through acquisition’ is a less attractive slogan than ‘understanding the consumer of the future’, which is perhaps why P&G has been so keen to emphasize its consumer research efforts instead.

The new tools have the potential to pay their way by cutting travel bills, speeding up research projects and generating income from third parties keen to buy the research.

In the longer run, though, there is a threat to the P&G approach. The company’s model of research-led product development assumes the continued participation of consumers.

Francis may be keen to allow P&G into his life – but his children, conditioned to be more skeptical of brands and consumption in general, may not.

Source: Adam Jones, ‘Consumed by the consumer’, *Financial Times*, 23 May 2001.

Questions

- a) Identify the type of customer information likely to be obtained by Procter & Gamble from the customer research mentioned in the case study **[5 marks]**
- b) Identify and explain the different forms of consumer research that Procter & Gamble could use to facilitate new product innovation and discuss how the information be used **[5 marks]**

QUESTION TWO

Talking of household names in Kenya, Bata Shoe Company and Eveready stands out. These two firms had become synonymous with high quality products that matched the market needs for many years. However, today, these firms are only a shadow of their original selves. While Bata has turned to cheap imports from China to supplement their shelves, Eveready has already closed down their factory in Nakuru and presently sources for products from their subsidiary company based in Egypt. Pundits have attributed this turn of events to proliferation of cheap and counterfeit supplies from Asia in the Kenyan market. While this may have been true, the management of these two firms have also been criticized for employing a kneejerk approach in dealing with the situation at hand.

Assuming you have been engaged as a marketing consultant of any of these firms, prepare a brief marketing plan to the board of directors detailing how the firms could boost the sales volume and ultimately return to profitability**[10 Marks]**

QUESTION THREE

Jon Dwight Jones has just graduated from business school and is eager to start his own cosmetics business. His target customers are the young people aged below 35 years. He had studied a unit on e-commerce and online marketing in college and he intends to exploit these two techniques to promote his business. However, he does not exactly know how to go about it and has approached you for assistance.

- a) Describe to him the meaning of the two concepts and explain how he should go about employing the two techniques for the benefit of his enterprise **[5 marks]**
- b) Point to him the possible pitfalls that he may encounter in the process of conducting his business using the techniques **[5 marks]**

QUESTION FOUR [10 MARKS]

British American Tobacco (BAT) is one company that has faced a lot of sanctions and restrictions in doing business. These restrictions are associated with enactment of anti-smoking, health, and environmental conservation and taxation laws ostensibly aimed at promoting healthy living among the populace. Presently, BAT cannot openly advertise her products; neither can they effectively participate in corporate social responsibility (CSR) with an agenda of promoting their organizational image. Under these circumstances, you have been head-hunted by BAT for appointment as Marketing Director with instructions to grow the sales book of the firm over the next three years.

Briefly explain how you would accomplish your task and bring out the short term (quick-wins), medium term and long term strategies you would employ in handling your task **[10 marks]**