

THE UNIVERSITY OF BOLTON

BUSINESS SCHOOL

BUSINESS MANAGEMENT (MARKETING) PATHWAY

SEMESTER I EXAMINATION 2008/2009

MARKETING MANAGEMENT

MODULE NO: MKT 3001

Date: Thursday 22 January 2009

Time: 14:00-16:00hrs

INSTRUCTIONS TO CANDIDATES:

There are 2 Sections to this paper.
ONE question in Section A and
FIVE questions in section B

The Section A question is
COMPULSORY. You must also
answer **ONE** question from
Section B

Section A carries 60 marks and
Section B carries 40 marks

This examination assignment
accounts for 50% of the final
grade in this module

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SECTION A (Compulsory)

Case Study: Icelandic Glacial Mineral Water – the thirst to build a strong brand.

(Source: Adapted from Financial Times Wednesday 28 November 2007, p.12)

In 2004 Jon Olafsson launched 'Icelandic Glacial', a premium mineral water in Iceland. Less than three years later the company signed an unparalleled distribution deal in the USA for Icelandic Glacial with Anheuser-Busch, the largest brewer and drinks distributor in the USA.

In the USA the premium mineral water market is dominated by 'Evian' produced by Group Danone and distributed by Coca-Cola, and by 'Fiji' established in 1996 by a Canadian entrepreneur. Previous mass marketing attempts to enter the US bottled water market by Olafsson's Icelandic competitors have met with limited success.

Icelandic Glacial's early moves reflected some of Fiji's initial strategies, including a focus on packaging and an effort to build the brand through careful product placement with key opinion formers. After deciding on the name, chosen because it drew on Iceland's unspoiled and wild image, Olafsson and his son opted for a square bottle, like Fiji, but with innovative artwork. The bottle was designed to "resemble an ice formation with each face unique to represent the ever changing nature of a glacier". Slightly convex sides on the bottles carry four different photographs of glaciers in the artwork so that on the shelf they combine to create a constantly varied image.

Olafsson also drew heavily on his previous experience, using his contacts in the media and film business to launch the water at the 2005 Cannes Film Festival. Bottles appeared at all the parties and were placed in the limousines ferrying actors and directors from Nice Airport. He also sponsored bicycle rickshaws on the car-free zone of the Boulevard de la Croisette at Cannes. "We were the only brand going up and down the street for those 10 days", he says. In the same month, the water was placed at the high-profile launch of the Microsoft X Box 360 in Los Angeles.

**Section A continued over
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Section A continued

Realising the need for distribution, the company looked at the largest beverage distributors and saw that Anheuser-Busch had the biggest coverage nationally. "There was Pepsi and Coca-Cola, but number one was Anheuser-Busch. And we realised they didn't have any water. So we found a way to get to them...and almost immediately they said we'll do some tests and see if your water has some legs". The American company has now taken a 20% stake in Icelandic Glacial and its funding is providing the financing for a new water bottling plant in Iceland, capable of producing 30,000 bottles an hour. Separate distribution deals now cover Canada and the Netherlands, with a UK deal imminent. Incompatibility between US and EU bar coding systems led to at least one major US retailer cancelling orders.

Olafsson places his faith in Iceland. "I don't like to criticise the competition, but when I think of Fiji, I think of heat and palm trees. But Iceland is cool and refreshing. We're selling Iceland. The purity and coolness of the island – because Iceland is very cool and hip these days". The Olafssons have made their company's environmental claims a central part of their marketing effort. "There is nothing sexy about water. It is all about health", says Olafsson.

"The country's best known international brands remain the singer Bjork and Icelandair. We want to be bigger than Icelandair", says Olafsson.

Question 1 (Compulsory)

a. Using relevant course models and concepts clearly identify and evaluate the essence of the Icelandic Glacial brand and explain how this brand seeks to differentiate itself from other mineral water products on sale in the USA.

(30 marks)

b. To succeed in the US market Icelandic Glacial will need to maximise the synergy created by its Marketing Mix. Identify Icelandic Glacial's Marketing Mix and explain how the 4 elements of the mix will generate synergy to establish and grow market share in the US market.

(30 marks)

Total 60 marks

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SECTION B (Answer ONE question from this section)

Question 2.

Explain the position of 'Marketing & Sales' within Porter's Value Chain model and evaluate the potential contribution this function may make to the generation of value and margin.

(40 marks)

Question 3.

Critically evaluate the extent to which the Product Life Cycle will influence the Marketing Mix.

(40 marks)

Question 4.

Critically evaluate the potential contribution of Market Research to the development and launch of a new product. Illustrate your answer with relevant examples.

(40 marks)

Question 5.

Critically evaluate the complex dynamic relationships between Segmentation, Targeting and Positioning.

(40 marks)

END OF QUESTIONS