

**UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MBA BUS604 MARKETING MANAGEMENT
EXAMINATION 2019**

TITLE OF PAPER: MARKETING MANAGEMENT
COURSE: BUS 604
DEGREE AND YEAR: MBA I
TIME ALLOWED: THREE HOURS

INSTRUCTIONS:

1. THIS PAPER CONSISTS OF SECTIONS A AND B.
2. SECTION (A) IS COMPULSORY.
3. ANSWER QUESTION #4 AND ANY OTHER TWO QUESTIONS FROM SECTION (B).
4. LAY YOUR WORK OUT CLEARLY USING PROVIDED HEADINGS, SUBHEADINGS, AND PARAGRAPH NUMBERS. ANSWER THE QUESTION AS ASKED. NOT USING THE SUBHEADINGS WILL RESULT IN NO MARKS BEING RECORDED FOR THAT SUBHEADING, e.g. a), b)...
5. ENSURE THAT YOUR ID NUMBER IS INDICATED ON YOUR EXAMINATION COVER PAGE. NO NAMES SHOULD BE RECORDED ANYWHERE ON THE EXAMINATION BOOK.

FOUR PAGES

**THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR
HAS GRANTED PERMISSION**

MARKETING MANAGEMENT 2019

SECTION A

Read the case and answer all questions in this section (60 marks)

Virtually Free!

Written by Barry J Babin, Louisiana Tech University

An old marketing adage puts forward the importance of creating customers. In times gone by, companies like Kodak were heralded for using inexpensive cameras like the Kodak 110 Camera to create customers for film and film services. Kodak's success lay in film, not in cameras.

Perhaps the connection between Kodak and video games isn't so obvious, but success in gaming is all about creating customers. Before the widespread adoption of online gaming, companies like Nintendo used game consoles as loss leaders to create customers for games. The online gaming companies don't even have to manufacture or sell consoles as loss leaders.

Zynga is one of the major players in online gaming. While Zynga's original marketing strategy was to provide games free to users and generate revenue from advertisers, they've morphed into a revenue model strongly driven by Facebook users. Zynga games like Castleville, Cityville, Farmville, Fishville, and Zynga Poker have become a social networking phenomenon in recent years. Zynga and other online games now use the "freemium" as the primary tool to create customers. The term *freemium* refers to the free games that companies offer to consumers as a tool to sell virtual products that help freemium customers succeed in game play. Zynga grew on this business model to revenues topping \$600 million in 2010 (from \$1 million in 2008). Zynga went public with an initial stock offering in late 2011. Initially shares sold for \$10 and showed a decline to about \$5 by the middle of 2012.

Zynga's hope is to create more whales, a term referring to heavy consumers of virtual products. However, Zynga faces a lot more competition today than it did in 2011, as consumers find many more options for online games. Take for example TinyCo, makes of Tiny Zoo, available as an app in iTunes or for Android systems through Google. After playing Tiny Zoo for only 60 seconds, new users receive a message saying "looks like you need more Coings to buy a Chickity Puff." The idea behind the game is to amass a prized collection of virtual (not real) animals to display in the virtual (not real) zoo. Perhaps with more than a touch of irony, one of the prized animals is known as the Cash Cow! In case you haven't guessed by now, TinyCo sells Tiny Zoo virtual coins for real money. One market segment for virtual products is children. One eight year old spent two months' allowance (\$50) when Tiny Zoo released a new batch of animals. These kids are not playing the games on computers, but on their parents' smart phones and tablets—or on their own tablets and iPods. Many parents willingly allow their kids to use payments apps to buy virtual products as a sort of babysitting device. After all, parents have always given in to kids in toy stores. Trouble is, unlike a real toy store, the app store is open 24-7 and the kid is

in the store any time the smart phone is in their hands. Industry analysts expect the mobile gaming business to grow fivefold to nearly \$20 billion per year by 2015.

The growth may seem like good news for Zynga, but many questions linger. Among these questions are the following:

Zynga games are predominantly played on PCs through Facebook. Consumer trends seem to be moving toward gaming on mobile devices. Zynga would be a latecomer to this market. Will consumers continue to play games like Farmville on Facebook or will consumers substitute gaming on mobile devices at the Expense of Zynga?

Zynga is closely tied to Facebook. Is this risky?

Apple's new operating system will facilitate social networking simultaneously with the use of many online games. Will this make Zynga's typical distribution outdated?

Can Zynga continue to develop new and creative freemiums given the large number of app designers entering the gaming market?

With these issues in mind, Zynga may need to rethink their marketing strategy. Consumer behavior knowledge may be useful to them in better understanding their customers.

QUESTION 1

1. Brand loyalty is an important marketing concept.

- a) Define the concept of schema. **(10 MARKS)**
- b) How important is the brand schema in consumer loyalty in playing these games? Explain your answer in terms of the underlying theory. **(10MARKS)**
- c) Do consumers think of the company (Zynga), the game (Cityville), or the host (Facebook) when playing these games? Explain and support your answer. **(5 MARKS)**

QUESTION 2

2. All consumer behavior is motivated by something.

- a) Describe the motivations underlying this example of online gaming and purchasing of online games? **(10 Marks)**
- b) In the case of parents paying for virtual goods used by their kids, what value is involved in the consumption? **(10 Marks)**

QUESTION 3

What are consumer attitudes and how do they play a role in online gaming? **(15 Marks)**

SECTION B

**Answer QUESTION#4 AND ONE OTHER question in this section (40 Marks)
(ANSWER A TOTAL OF TWO QUESTIONS)**

QUESTION 4 (20 marks)

What is service quality? Describe the five dimensions of service quality and how each impacts customers' level of satisfaction with service encounters. **(20 Marks)**

QUESTION 5 (20 marks)

Positioning is very important to new product development and launch.

- a) Please explain the concept of positioning with respect to new product offerings. **(5 marks)**
- b) Communicate example points of parity and points of difference for the current fast food chicken market. **(5 marks)**
- c) Draw a perceptual map for the fast food chicken market including at least five current competitors (do not use quality as a characteristic on the map). **(10 marks)**

QUESTION 6 (20 marks)

- a) Explain the Elaboration Likelihood model. **(15 Marks)**
- b) Describe an example of a low-involvement product purchase and how to attract attention and processing of persuasive attempts **(5 Marks)**

TOTAL 100 MARKS