

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF MARKETING**  
**BRAND MANAGEMENT - CBU 4204**  
**SUPPLEMENTARY EXAMINATION JULY 2014**  
**TIME ALLOWED: 3 HOURS 15 MINUTES**

**INSTRUCTIONS TO CANDIDATES**

Answer question one from Section A and any other three questions from Section B.

**INFORMATION FOR CANDIDATES**

- (i) Questions in Section A carry **40** marks and Section B questions carry **60** marks.
- (ii) Questions in Section B may be answered in any order.
- (iii) This paper contains seven questions.

**SECTION A**

**QUESTION 1 (Compulsory)**

**CASE : TOYOTA**

In 1936, Toyota admitted following Chrysler's landmark Airflow and patterning its engine after a 1933 Chevrolet engine. But by 2000, when it introduced the first hybrid electric – gasoline car, the Prius, Toyota was the leader. In 2002, when the second-generation Prius hit showrooms, dealers received 10,000 orders before the car was even available. GM followed with an announcement that it would enter the hybrid market with models of its own.

Toyota offers a full line of cars for the U.S market, from family sedans and sport utility vehicles to trucks and minivans. It has products for different price points, from lower-cost Scions to mid-priced Camrys to the luxury Lexus. Designing these different products means listening to different customers, building the cars they want, and then crafting marketing to reinforce each make's image.

After four years of carefully listening to teens, for instance, Toyota learned that the Scion's target age group of 16 to 21 years olds wanted personalisation. So it builds the car "mono-spec" at the factory, with just one well-equipped trim level, and lets customers choose from over 40 customisation elements at dealerships, from stereo components to wheels and even floor mats. Toyota markets the Scion at music events and has showrooms where "young

people feel comfortable hanging out not a place where they just go stare at a car.” said Scion Vice President Jim Letz.

In contrast, the tagline for the Lexus global strategy is ‘Passionate Pursuit of Perfection.’ Dealerships offer white-glove treatment, though Toyota understands that each country defines perfection differently. In the United States, perfection and luxury mean comfort, size and dependability. In Europe, luxury means attention to detail brand heritage. Thus, although Toyota maintains a consistent Lexus visual vocabulary, logo, font and overall communication, the advertising varies by country.

Another big reason behind Toyota’s success is its manufacturing. The firm is the master of lean manufacturing and continuous improvement. Its plants can make as many as eight different models at the same time, bringing huge increases in productivity and market responsiveness. And Toyota relentlessly innovates. A typical Toyota assembly line makes thousands of operational changes in the course of a single year. Toyota employees see their purpose as threefold: making cars better. The company encourages problem solving always looking to improve the process by which it improves all other processes.

Toyota is integrating its assembly plants around the world into a single giant network. The plants will customise cars for local markets and shift production quickly to satisfy any surges in demand from markets worldwide. With a manufacturing network, Toyota can build a wide variety of models much more inexpensively. That means it will be able to fill market niches as they emerge without building whole new assembly operations. “If there’s a market or market segment where they aren’t present, they go there”, said Tatsuo Yoshinda, auto analyst at Deutsche Securities Ltd. And with consumers increasingly fickle about what they want in a car, such market agility gives Toyota a huge competitive edge.

In 2006, Toyota earned over \$11 billion - more than all other major automakers combined. In 2007, it edged past General Motors to become the world’s largest carmaker. And, in 2008 it manufactured 9.2 million vehicles, 1 million more than GM and almost 3 million more than Volkswagen.

Over the years, Toyota’s Automobiles have consistently ranked high in quality and reliability. That all changed in 2009 and 2010, however, when Toyota experienced a massive recall of over 8 million of its vehicles. A variety of problems ranging from sticking accelerator pedals to sudden acceleration to software glitches in the braking system affected many Toyota brands, including Lexus, Prius, Camry, Corolla and Tundra.

Not only had these mechanical defects caused numerous crashes, they were linked to the deaths of over 50 people. Toyota’s President Akio Toyoda testified before Congress and offered

and explanation of what went wrong: “We pursued growth over the speed at which we were able to develop our people and our organisation. I regret that this has resulted in the safety issues described in the recalls we face today, and I am deeply sorry for any accidents that Toyota drivers have experienced.”

Analysts estimated the worldwide recall will cost Toyota \$2 billion to \$6 billion including repair cost, legal settlements, and lost sales. Market share dropped 4 percent in the first three months of the recall and was expected to drop even further as problems continued to unfold. Hoping to bring consumers back to the Toyota brand, the company offered incentives such as two years of free maintenance and zero-percent financing.

While Toyota rides the recall storm of 2010 and faces some challenging times, it can be comforted by the fact that it continues to lead the industry in a wide range of areas including lean manufacturing and environmentally friendly technologies.

*Source : Zimmerman, “Toyota’s First Quarter Global Sales Beat GM’s Preliminary Numbers,” Los Angeles Times, April 24, 2007*

### **Required**

- (a) Toyota has built a huge manufacturing company that can produce millions of cars each year for a wide variety of consumers. Why was it able to grow so much bigger than any other auto manufacturer? **(15 marks)**
- (b) ‘Has Toyota done the right thing by manufacturing a car brand for everyone?’ Justify your answer. **(10 marks)**
- (c) Did Toyota grow too quickly as Toyota suggested? **(5 marks)**
- (d) How can growing companies avoid quality problems in the future? **(10 marks)**

### **SECTION B**

#### **QUESTION 2**

“Brand management begins with having a thorough knowledge of the term ‘brand’.  
Discuss. **(20 marks)**

**QUESTION 3**

There are benefits derived from brands with high levels of awareness and loyalty. Illustrate and evaluate these benefits. **(20 marks)**

**QUESTION 4**

Kelloggs' Cornflakes is a celebrated case of brand positioning and repositioning. Discuss. **(20 marks)**

**QUESTION 5**

How can a positive stereotype help corporations earn brand-worth value premiums? **(20 marks)**

**QUESTION 6**

In the law of siblings there is need to resist the urge to give brands a family look or identity. Indicate how one would make each brand as different and distinct as possible. **(20 marks)**

**QUESTION 7**

Draw a distinction between two fundamental marketing mistakes of over branding and underbranding. **(20 marks)**

**END OF EXAMINATION**