

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

STRATEGIC BRAND MARKETING – CBU 5204

FINAL EXAMINATION – JANUARY 2010

TIME ALLOWED: 3 HOURS 30 MINUTES

INSTRUCTIONS TO CANDIDATES

- (i) Answer **Question One** and any other **Three Questions**.
- (ii) All questions in **SECTION B** carry **20** marks each
- (iii) Questions may be answered in any order
- (iv) As much as possible, use relevant examples

SECTION A

QUESTION 1
Case Study

THERMOS DECIDES TO HEAT UP THE COMPETITION

When you are young, you probably carried a lunch box to school. The lunch box typically held a sandwich, maybe fruit or carrot sticks, something sweet for dessert, and soup or a drink in an insulated bottle. It is very likely that the insulated bottle and the lunch box with the cartoon or superhero design were made by Thermos. In 2004, sales of Thermos lunch boxes reached \$39 million. But the company, which gave its name to the insulated and vacuum bottles, was losing market share to other companies, most notably Rubbermaid. Dale Benedict, a vice president of the industrial design firm Fitch, summarised the situation :”Thermos used its brand name as a cash cow for years.....They allowed the brand to become a commodity”.

Thermos was not worried, however, since 2000, CEO Monte Peterson had worked to turn the company around. When Peterson took command, he had been determined to find new products that would revitalise the company and provide growth. He began with Thermos’s other major product line, cookout grills. At the time, there were several competitors in this \$1 billion / year market, including Sunbeam, CharBroil, and Weber. At the time their products all looked, and performed very similarly ;barbeque grills, like lunch boxes, had become a “commodity”, purchased on the basis of price rather than unique features. In response, Peterson set up a product development team to come up with a new and distinctive grill. The team itself was a new

concept for Thermos. Its initial members were middle managers from different functional areas, including marketing, engineering, manufacturing and finance. Peterson described his reasons for setting up a cross-functional team rather than leaving product development to the engineering or marketing department: "Like a politician, you provide a platform for change and then paint a picture of the difference between winning and losing. After that, the old barriers break down, a teamwork becomes infectious".

The team was soon expanded. Among others, designers and market researchers from Fitch Inc. were added. The team referred to itself as the Lifestyle Team. As one member from Fitch said, "We started with no assumptions about grilling. We just wanted to help Thermos push the boundaries of the business". The team's first task was to learn everything it could about cookouts: who did them, when and where, and what their preferences and requirements were. Ten team members travelled around the United States, talking to people and videotaping actual barbecues. They learned that many outdoor chefs were women. They saw that homeowners didn't want rusty or ugly grills on their decks or porches. In Los Angeles, outdoor cooks could no longer use charcoal starter to light their fires, whereas in New Jersey, gas grill couldn't be used on apartment or condo balconies because of the threat of fire. These findings gave the team much to consider.

After several days of discussion, the team had developed several key ideas about the new product. They agreed that it had to be as attractive as a handsome piece of furniture, and, at the same time, it had to cook food that tasted good. It also could not use polluting or dangerous fuels, which made the first decision easy: It had to be electric.

The group made an attractive model from plastic foam as well as working, but unattractive model. Building two separate models cost one-sixth as much as and took six months less than building the traditional working prototype. Retailers and consumers then looked at each of the models, and provided feedback. This design task was primarily the responsibility of the marketing members of the team. Meanwhile, the engineering team members were working hard to improve the cooking features of electric grills, which consumers traditionally had not liked. The engineers used Thermos's vacuum technology, which kept liquids either hot or cold in Thermos bottles, to make a vacuum top for the grill to hold in the heat. The Fitch representatives worked on making the grill distinctive, both in design and features. Manufacturing's team representatives kept an eye on how difficult it would be to make the new design and technology.

The new ideas were tested again with consumers and retailers in early 2002. Respondents recommended that hooks for utensils be moved from the front to the side, and that the side table be made large enough to hold hot platters. Other aspects of the new grill were also discussed and modified. Manufacturing was concerned about the tapered design of the legs, which would be much more difficult to make. According to a team member Frederick Mather, the company's director of Research and Development, "If that mistake hadn't been caught, we would have lost

By early summer, the first batch of new grills had been manufactured on the assembly line and were given to employees to test. As R&D's Mather explained, "I'd rather our people tell us the product has flaws than the customers at target". The side shelf, which broke under heavy use, was redesigned, using a new material that was developed for Thermos by DSM Engineering Plastic and mid America Plastics, a moulding company. The companies developed a product that looked like granite and would not be hurt by temperatures ranging from 300° Fahrenheit during cooking to -20° outdoors during winter.

Members of the Lifestyle Team then took the product on the road. They demonstrated it at trade conventions, including the National Hardware Show, and cooked for the heads of major retail chains. The grill was a major factor in Thermos's 13 percent increase in sales in 2003, and the company felt that electric grill could grow from 2 percent to 20 percent of the barbeque market. It also won four design awards, including one from the Industrial Designers Society of America and one from *Appliance manufacturing's* Excellence in Design competition. The team was also considered to be a success, and similar teams were formed throughout the company. New products that resulted included improved models of the traditional gas grill, which would cook faster and cleaner, and also have radical new design. Another result, based on research with elementary school students, was a redesigned lunch box. The "Supper Lunch R Eco-Logical Reusable Lunch Box System" was made of moulded plastic with modular spaces designed to fit a sandwich, a Thermos bottle and fruit or veggies. This was designed to appeal to children ages 6 to 11, who felt that they were too old for traditional rectangular box with cartoons. The early sales indicate that the new product will be as big a hit with kids as the grill has been with their parents.

REQUIRED

(a) How would you describe the brand problems faced by Thermos?

[10 Marks]

(b) Consider the company's process of selecting strategic brand alternatives and coming to a decision in developing the electric grill. How would you evaluate the strengths and weaknesses of this process?

[20 Marks]

(c) "They allowed the brand to become a commodity". Relate this statement to King's view of products and brands.

[10 Marks]

SECTION B

QUESTION 2

What do companies hope to get by presenting their brands in the environment through sponsorship? **[20 Marks]**

QUESTION 3

Discuss any three strategic brand marketing issues you are aware of. **[20 Marks]**

QUESTION 4

Murphy, Levitt, Kapferer and Luethesser have magnified the definition and nature of brands. Discuss. **[20 Marks]**

QUESTION 5

Do you agree with Linda Caller's view that "it is in the brand architecture that one finds the true value of the product"? **[20 Marks]**

QUESTION 6

For Philip Kotler, loyal customers equals the firm's major asset. Discuss the strategy of creating loyal customers. **[20 Marks]**

QUESTION 7

Zimbabwe as a brand is in crisis because of the negative perceptions. What can Zimbabwe do to rebuild its brand? **[20 Marks]**

END OF EXAMINATION