Exam paper in Marketing Management

The assignment for day 2 contains 4 pages incl. a front page.

Winter exam 2021, 2nd Semester, Examination in Theme 4 and 5.

**Marketing Management**

1st external case exam: Written interdisciplinary exam

Handout (day 1): 5 January 2020, 08.30 AM

**6-hour written exam (day 2): 6 January 2020, 08.30 AM –14.30 PM**

The exam paper consists of four assignments. The four assignments are weighted as follows in the overall assessment of the exam.

Assignment 1: 45%

Assignment 2: 15%

Assignment 3: 30%

Assignment 4: 10%

Total 100%

***Important information***

*The 1st external exam is evaluated on the basis of learning objectives applicable to the second semester. Therefore, please note that any strategic situational analysis, relating to 1st semester learning objectives, must be placed in the appendix.*

*It can be a good basis for presenting a well-argued marketing plan at a tactical and operational level, that arguments for the content of the marketing plan are supported by the strategic situational analysis. (referring to the appendix for documentation.)*

***Do not contact the company featured in the case!***



1. Marketing (45%)

Quooker has successfully managed to penetrate the Danish market and has achieved huge growth throughout the last couple of years.

As mentioned earlier, the company now wants to market its products primarily towards a target group with the following characteristics:

* Persons living in owner-occupied housing
* A great interest in interior decoration and design
	1. Based on the target group selected by Quooker, prepare a relevant and well-argued marketing mix for Quooker.
	2. Based on the selected target group, prepare a communication plan that, as a minimum, contains your considerations regarding communicative goals. You are also expected to prepare suggestions for messages (appeals) and choice of media in a potential campaign.
	3. Moreover, Quooker wants your proposal for which segmentation criteria (variables) that can be used as a basis for a segmentation of their entire potential market.

2. Law (15%)

As mentioned, Carina and Teddy want a Quooker in their new kitchen, which is why they are looking at different advertisements for Quooker.

For example, they have spotted an advertisement for Jensens Byggevarehus, which states that they can buy a Quooker in 100 % brass. However, once they look more closely, they find that the material is stainless steel with a brass coating.

1. *How does this wording harmonise with the rules of the Danish Marketing Practices Act?*
2. In the same hardware store, Carina and teddy enters a contest to win a Quooker. After having filled out the contest folder in order to participate in the contest, they are bombarded with advertisement mails from the hardware store. Is the hardware store allowed to do that?

Ultimately, Carina and Teddy decide to invest in a Quooker, and they decide to make use of Vordingborg Køkkenet’s offer, where they can buy it for DKK 1. They are very pleased with the product because of its fine design as well as its functionality, which includes both boiling and sparkling water. After having used the product for a brief period, they can see that the water coming out of the Quooker is not boiling, but merely warm. Subsequently, they contact Vordingborg Køkkenet who reject their complaint by referring to the fact that they only paid DKK 1 for the product.

1. *Do Carina and Teddy have any rights when it comes to asserting their defect claim?*

3. Economics (30%)

Quooker Scandinavia A/S (QS) are negotiating with the Dutch manufacturer about a new Quooker tap, which is going to be launched onto the Danish market.

The following information is available:

Expected sales price incl. VAT at the dealers: DKK 14,250.00

Expected gross margin ratio for the dealers: 25 %

The dealers pay for the freight charges.

The desirable gross margin ratio for Quooker Scandinavia: 40%

The manufacturer pays for freight to Denmark.

3.1 Estimate which cost price QS can pay the manufacturer, if they are to achieve the desired gross margin ratio.

QS wants to confirm that the price setting is optimal. Therefore, they carry out a market analysis on the Danish market. They find the following connection between trade price incl. VAT and disposed quantity (VAT =25%)

At the same time as the results of the market analysis are ready, the purchasing department has negotiated the QS cost price for the new tap which, is DKK 5,300.00 each incl. freight charges.

**Table 1: The connection between trade price incl. VAT and disposed quantity**

|  |  |
| --- | --- |
| **Quantity (units)** | **Trade price incl. VAT (DKK)** |
| 520 | 13,750 |
| 510 | 13,875 |
| 500 | 14,000 |
| 490 | 14,125 |
| 480 | 14,250 |
| 470 | 14,375 |
| 460 | 14,500 |
| 450 | 14,625 |
| 440 | 14,750 |

3.2 Estimate the price and quantity of the new Quooker tap that will maximise the profit for QS.

In October 2020, QS is in the middle of preparing the budgets for 2021. During this process, the financial manager discovers that the Financial Review from the Ministry of Finance in August 2020 predicts that the extraordinary payments to all households will constitute DKK 39 billion (to boost demand related to the Corona crisis). This corresponds to a 3.5 % increase in the disposable income, which is expected to show impact on QS during 2021. The income elasticity for Quooker taps is 3.

3.3 How many percent should QS revalue the forecasted sale in 2021, if the effect of the extraordinary payment is included?

QS budgets for a 65 million cost of goods sold in 2021. In 2020, the stock’s turnover rate was at 10.

QS has invested in improving their communication and integration with the other links in the supply chain.

This includes both upstream and downstream. These investments are expected to increase the turnover rate to 12 in 2021.

3.4 Estimate the cash flow effect of these improvements in the management of QS’s value chain.

As mentioned, Quooker has lately experienced growth in their sale and earnings on the Danish market.

3.5 Prepare an argumentation for the market structure that applies to Quooker’s taps, und discuss under which prerequisites this situation can be considered stable.

4. Discussion of the implementation plan (10%)

4.1 Prepare a discussion of the challenges Quooker faces when carrying out your proposals/recommendations. (For example, the discussion can contain several of the following observations: How does your previous answers correlate? What consequences do they entail? Would the activities make sense financially? Is the plan legal?)