THE OPEN UNIVERSITY OF SRI LANKA
MASTER OF BUSINESS ADMINISTRATION IN HUMAN RESOURCE MANAGEMENT
FINAL EXAMINATION - 2018
MARKETING MANAGEMENT- MCP 2131/MSP 9331

DATE: 14.10.2108 **TIME : 9.30A.M TO 12.30 P.M**

Answer Question number One and TWO other questions.

Question Number One

Read the following case and answer the questions given at the end.

Case: How do you get consumers to change ingrained behavior?

In the late 1990s, Neil Peterson, then a Los Angeles public-transportation official, was traveling in Europe when he stumbled upon a new approach to owning a car.

Car sharing, which became popular on the Continent in the 1980s, was aimed at people who owned a vehicle or were thinking of buying one but were turned off by the expense and hassle of maintaining the thing full time.

Under car sharing, you didn't buy a car outright; you used it as you would a time-share property, reserving blocks of time that suited your needs. If you wanted only to drive to the market, you could rent it for an hour at a time with a low mileage limit. If you wanted to take weekend jaunts, you could buy a bundle of hours with a high mileage allowance. To pick up the car, you'd travel to the closest sharing outlet (usually just a walk or short bus ride away), and when you were done, you'd drop the vehicle off there.

The concept wasn't new to the U.S. A number of small nonprofits sprang up in the mid-'90s that allowed residents to use a vehicle in their community on an hourly basis. But Mr. Peterson had bigger plans: He wanted to bring car sharing to large cities, and he wanted to turn a profit.

Any entrepreneur knows it's tough enough trying to start a small business selling a garden-variety product or service. So how do you change the mind-set of a country that sees automobiles as symbols of status and freedom -- where people often wear their cars like they wear their clothes?

"The automobile is part of the culture here," says Mr. Peterson. "But, in general, people are moving away from an age of ownership to an age of access, meaning people want access to things but they don't want the costs involved with ownership. And we're effectively giving them that access minus the costs."

Mr. Peterson started Flexcar in Seattle in 1999 with just five vehicles. His first step, which he has repeated in other cities, was to partner with local public-transportation boards, universities and businesses to help market his program. For instance, in some cities Flexcar has made deals with transit officials that let the company offer its customers passes for public buses and trains. And some employers partially subsidize Flexcar memberships as a perk for their employees.

Mr. Peterson's marketing tried to position car sharing as liberating, offering slogans such as "Why buy wheels when you can borrow them?" Flexcar's ads also urge drivers to "Shift your thinking" about car ownership--don't look at a car as a status symbol but as a means of getting around. Don't even look at it as property, in fact; think of it more as a time-share vacation home.

Car sharing "gives you a short-term relationship, kind of like getting a motel room instead of buying a house," says Michael Marsden, a professor at Eastern Kentucky University in Richmond, Ky., who teaches about American car culture. "We as Americans love our cars, but they certainly drain time and money, and this is an alternative to that."

Mr. Peterson also pushed price. The average cost of owning or leasing a new car, including things such as gas, insurance, depreciation and the car payment itself, totals $625 a month, according to the American Automobile Association. The average member in a car-sharing program spends less than $100 a month on car expenses.

Flexcar members pay a one-time $25 membership fee. Someone needing a car only occasionally can pay as little as $10 an hour with 10 free miles, plus 35 cents each additional mile. Those needing the car more often can select from five monthly plans starting from $45, for up to five hours and 50 miles, to $725 for 100 hours and 1,000 miles.

Members receive an electronic smart card that allows them to access any vehicle in the company's fleet after they've called and reserved a car. If the car that a member initially selects isn't available, he or she will have to select another car or switch to a different time slot.

But the idea of a large car-sharing program in Seattle encountered some bumps in the road. Ref Lindmark, a Seattle transportation official who helped get the Flexcar program off the ground there, says the idea wasn't well received by a number of potential partners. Some rental-car companies, which he approached about starting a car-sharing program, didn't respond to requests. Some small neighborhood car-share organizations expressed their concerns that the idea just wouldn't work: Car sharing was a local, niche idea, they felt, and they didn't want to be part of a national operation.

"We knew we were taking a risk," says Mr. Lindmark, outreach coordinator for the King County metro area's Car-Sharing Program in Seattle and a partner with Flexcar. "But we thought wherever you have urban density, a good transit system and marketing opportunities, there's a good chance it could work."

And Mr. Peterson discovered his customers weren't exactly who he expected them to be. Unlike in Europe, he found, people in the U.S. weren't necessarily interested in replacing their cars altogether, but rather in using the car-share program as a supplement to public transportation or a substitute for a second car. Also, Mr. Peterson discovered that the biggest growth came not from individuals, but from small and midsize companies that didn't want to maintain their own fleets of vehicles.

Mr. Peterson quickly tailored his ad campaigns to attract more businesses as clients, as well as people looking for second cars. The work paid off. Flexcar remains tiny compared with traditional rental firms, but its network has grown to 10,000 members in six states, covering such markets as Chicago, Los Angeles and Portland, Ore. It plans to expand to 30 more markets by 2008.

Perhaps an even better indication of success: Other car-sharing programs have popped up since Flexcar got started, including San Francisco-based City CarShare, Boston-based ZipCar and Chicago's I-Go Car.

Source: StartupJournal.com

1. Analyze how attitudes drive consumer behavior, using the experience that Mr. Peterson had in introducing the Flexcar. (15 Marks)
2. Discuss the suitability of the decision of Mr. Peterson to introduce the Flexcar concept to individuals highlighting the importance of identifying target consumers. (15 Marks)
3. Explain the alternative consumer decision making processes in terms of the hierarchies of effects and discuss with arguments, which one of them would have been exercised by many of the customers of Mr. Peterson. (20 Marks)

(Total 50 Marks)

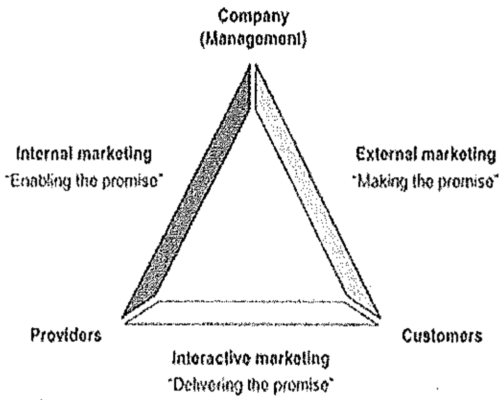
Question Number Two

Discuss with suitable examples how an analysis of the factors in the Micro environment influence the design of a marketing strategy of a service provider in the telecommunication industry.

(Total 25 Marks)

Question Number Three

Use the diagram below and critically analyse why it is said that Internal Marketing facilitates 'Enabling a Promise'.



(Total 25 Marks)

Question Number Four

Briefly explain the following

1. Value Based Pricing
2. Psychological Segmentation
3. Habitual Buying Behaviour
4. Product Concept
5 Low involvement hierarchy

(Total 25 Marks)