

[This question paper contains 7 printed pages.]

4238

Your Roll No.

MBA (FT)

A

Paper F – 3202 – ADVERTISING MANAGEMENT

Time : 3 hours

Maximum Marks : 70

(Write your Roll No. on the top immediately on receipt of this question paper.)

Question 1 is compulsory. Attempt any three from the rest of the questions.

1. Read the enclosed case, "Mazda Positioning-A Product Line" and answer the questions given at the end of case study. 25
2. Briefly comment on the following statements: 15
 - a. Advertising is all emotion
 - b. It pays to use celebrity testimony
 - c. Internet advertising is the most effective medium
 - d. Seeing is believing
 - e. Pulse advertising is ideal for launching a product
 - f. A company should select and deal with one agency.
 - g. "Half the money spent on advertising is a waste but no one knows which half."
 - h. Media strategy is dependent on creative strategy
 - i. Humour has no role to play in the serious business of advertising.
 - j. Two sided arguments should be used to create brand loyalty.
3. a) What is 'surrogate advertising'? Make a case for or against surrogate advertising. Why is this kind of advertising resorted to? 7
(b) If you were to draft 10 rules for selecting an advertising appeal? What would they be? Illustrate your answer with examples. 8
4. (a) Two programmes on a particular channel have identical viewership. What factors would you consider for selecting a particular programme? Why? 7
(b) Media buying once a mundane function has acquired centre stage in the ad business. Why? Discuss 8
5. Select a company of your choice and outline the major components and considerations that you would include in your advertising plan. How would competitive situation affect the development of your plan? 15
6. What is the 'percentage of sales budgeting approach'? What assumptions underline this approach? Why is it so widely used? Under what circumstances it would be appropriate? Why? Discuss. 15
7. (a) What are the various methods of compensating advertising agencies? Discuss. 7
(b) "The economics of internet advertising is likely to make current compensation models obsolete." Discuss. 8

P.T.O.

MAZDA – POSITIONING A PRODUCT LINE

Introduction

Mazda has been selling cars and trucks in the highly competitive U.S. market for more than three decades. The company's various models have always received high marks from consumers in areas such as styling, performance, reliability, and value. Sporty models such as the rotary engine RX-7, which was introduced in 1978 and was Mazda's signature car for many years, and the Miata roadster helped the company sell nearly 400,000 cars and trucks per year in the U.S. throughout the decade of the '80s and into the early '90s. However, during the mid '90s Mazda embarked on an expansion program in an attempt to compete directly with Honda, Toyota and Nissan. This plan included the introduction of five new models in less than a year that resulted in a lack of focus in the company's marketing and advertising plans. From 1994 to 1997 Mazda's U.S. sales declined by 33 percent and reached their lowest level in 15 years as the various models were positioned primarily on the basis of value for the money. When the new president took over Mazda North American Operations in early 1997, he found an inefficient company with an image that was bouncing all around. Most of the advertising for the various Mazda models touted the prices and functional features of the cars with little attention being given to image and positioning. A change in marketing strategy as well as advertising philosophy was clearly needed if Mazda was to regain its strong position in the U.S. market.

The Road to Recovery

To begin its recovery, a new marketing strategy was developed which called for Mazda to refocus its efforts and target a younger generation of drivers who appreciate cars with sporty features and want to make a statement about themselves with their cars. In the fall of 1997 Mazda parted ways with its advertising agency of 27 years and awarded its business to a new agency, W.B. Doner & Co., now known as Doner. The new agency was given the charge of building an image that would capture Mazda's overall personality and set it apart from other cars, i.e., to develop a brand DNA. They were also asked to develop an advertising theme that could be used for the Mazda brand rather than trying to establish a separate image for each model. Doner developed a simple but powerful slogan for Mazda, "Get In. Be Moved." The slogan was seen as more than just an advertising tagline, it was a brand promise. Mazda's group manager of brand strategy and communication noted that "It's an invitation to the consumer; a motivation and a promise that you come to Mazda, you get in, and we promise that you'll be moved by what our cars have to offer."

Repositioning of the Protegé

One of the first challenges Doner undertook was to develop a campaign to completely reposition Mazda's subcompact Protegé model for the 1999 model year. The Protegé had been positioned as a car that was a step up from a compact sedan but retained compact attributes such as fuel efficiency and price. The dual market for the Protegé included entry level young buyers and older, empty nesters who wanted a smaller second car. However, the new advertising strategy for the Protegé called for positioning it as a cool, fun and hip to drive vehicle for young, individualistic females. The ads targeted young professional women in their early 20s to mid 30s and promoted euro-chic styling, room for friends, value, reliability, and cool features of the car.

To launch the repositioning campaign for the Protegé, Doner developed several television commercials combining computer-generated backgrounds with live action and featuring a group of hip "20-somethings" carpooling in a Protegé. One of the most popular spots was called "Protegé World" and showed the group driving a Protegé through a surrealistic cityscape accompanied by a vocal set to music from the rock group Nails' "88 Lines About 44 Women," bemoaning the trials and tribulations of their workday lives. As the car drives off the screen, the voice over describes how the Protegé "is a change from your high-maintenance relationships."

In addition to the commercials, Mazda also gave the redesigned Protegé a major push on the Internet. Mazda kicked off what it called "the world's largest online automotive launch party" with banner ads on a number of web sites and portals such as Yahoo!, Excite, America Online's Autocenter, CarPoint, and MTV. The ads led visitors to the Protegé section of Mazda's web site, which was created by CKS Group, Mazda's interactive agency. Once there they could start the Protegé Road Trip where users picked the traits and a photograph of an imaginary travel companion before starting on a cyber journey that included choosing virtual roads to take. Fun facts about the car were offered along the way. While online, travelers could also enter a sweepstakes to win a new Protegé and play trivia games supplied by the game show site Uproar. Mazda also mailed a CD-ROM with music, movie reviews and interviews to people who requested more information while visiting the Protegé web site. The IMC program was extended to dealer showrooms by developing point-of-purchase cubes that used the same imagery and tonality as the television and print messages.

The IMC program developed by Doner was highly successful in repositioning the Protegé and attracting younger buyers. Protegé sales increased 33 percent in the fourth quarter of 1998 and nearly 12 percent in 1999. Imagery perceptions were also used to track and evaluate the effectiveness of the campaign and revealed that the campaign was successful in creating a new image for the Protegé as younger, hipper, and more intelligent. The research also showed an increase in perceptions of the Protegé on key attributes such as overall quality, reliability, and dependability.

Zoom-Zooming in a New Direction

The success of the Protegé campaign prompted Mazda to use the "Get In. Be Moved" as its overall branding theme and as the tagline in campaigns for various other models. However, the company's marketing executives were still not entirely sold on the tagline. In 1999 Mazda North America hired a new group manager for brand strategy and communications. She felt that Mazda still lacked a strong brand position, as "Get in. Be moved." was too passive and vague and could just as easily work as a tagline for an airport tram as a car. The new manager was an advocate of the idea of using a unified branding effort as she felt that having a different advertising theme for every model would weaken Mazda's overall brand image. However, she wanted a theme that could be used to appeal to the driving enthusiast in everyone and build on Mazda's heritage as the creator of sporty vehicles such as the RX-7 and Miata roadster.

Ironically, when Doner had pitched the Mazda account in 1997, one of the creative ideas that was presented centered on a theme based on the phrase "Zoom-Zoom." The agency had presented a "brand essence" tape that showed images of children enjoying their "wheels" which included toy cars, tricycles and bicycles. The adults in the pitch tape were shown still expecting and experiencing the same excitement when it comes to their automobiles. In early 2000 Mazda had Doner develop a new branding campaign that would communicate the idea that the company makes fun-to-drive cars for adults who are still in touch with their inner child. The first commercials in the campaign showed a young boy running up to a road and turning to the camera to whisper, "Zoom-Zoom." Interspersed were images of children laughing and playing with wheeled objects and adults being playful as well (such as a young man riding a shopping cart through a supermarket parking lot). The message also included a bouncy, Jamaican-toned jingle that keeps repeating the "Zoom-Zoom" phrase. The "Get In. Be Moved" tagline still appeared in the ads but was no longer emphasized.

The first Mazda vehicle to use advertising featuring the "Zoom-Zoom" creative platform was the company's new Tribute sport utility vehicle which was positioned as an SUV with the "soul of a sports car." The campaign for the SUV broke in August 2000 and ran through late November. The launch of the Tribute was extremely successful and its strong sales continued into 2001. Mazda had also begun incorporating the "Zoom-Zoom" phrase and music in ads for other models which resulted in increases in brand as well as advertising awareness. By the summer of 2001 Mazda had decided to phase out the "Get In. Be Moved" tagline and replace it with the "Zoom-Zoom" message in all of its advertising. Mazda and the agency refused to characterize it as a new tagline as Simmons described it as more of the "mantra" of the automaker noting that "'Zoom-Zoom' sums up everything we stand for as a company."

Extending the Protegé Line

By the summer of 2001, the "Zoom-Zoom" message was integrated into all new Mazda advertising which began carrying a sportier look. Advertising for the new Mazda Protegé positioned it as an agile, fun car to drive, with a sports car heritage. New commercials were developed which began with a shot of the Mazda Miata sports car, and asked the question "Where is it written that only a sports car can behave like a sports car?" in a not so subtle attempt to associate the Protegé with the sporty Miata. The commercial also showed the new 2.0 liter engine Protegé keeping pace with the Miata on a curvy highway to demonstrate its speed and handling. All other elements of the IMC program reflected this positioning.

In addition to changing its advertising strategy, Mazda North American Operations had embarked on a new corporate strategy as well. Part of the *Millennial Plan* strategy included the launching of a number of new products including two models that were built on the Protegé platform, the Protegé5 and the MAZDASPEED Protegé. The Protegé5 is a four-door hatchback designed to fit into the growing niche of "crossover" vehicles. While many car buyers had rejected hatchbacks as boring and too much like station wagons, Mazda and other car companies were repositioning them as sporty and youthful, as well as practical. The target market for the Protegé5 is approximately 60 percent male, under 34 years old, college educated, with a college education and annual household incomes of nearly \$70,000. From a life style perspective, the target consumer has an active lifestyle, makes time to have fun, loves to drive, and is likely to be a car enthusiast. To appeal to this audience, commercials for the Protegé5 took the perspective of someone riding a bike zooming about the city, maneuvering around curves and having fun. A second commercial took a similar perspective from a skateboard. The message being conveyed was that if you think this is fun and exciting, you can now have the same experience in the new Protegé5. Advertising for the Protegé5 also noted that it was the only car to score a perfect 10 in *Car & Driver Magazine's* "fun to drive" category and was ranked number one in head-to-head comparisons against other competitors in the category.

In the fall of 2002 Mazda introduced the MAZDASPEED Protegé, a high performance version of the Protegé sedan model. Mazda had previously positioned the Protegé sedan to appeal to young, college-age and professional women and the goal was to extend the appeal of the car. Mazda added some major "bells and whistles" to the MAZASPEED Protegé from a performance aspect to attract more male buyers in the same age range and appeal to real driving enthusiasts. These included a powerful 170 horsepower turbocharged engine, a sport-tuned suspension, racing inspired front air dam, a lightweight rear wing, and aggressive styling. Attempting to capitalize on a growing trend toward street rods, Mazda positioned the MAZDASPEED Protegé model as an affordable "Pocket Rocket" that appeals to the twenty-something, largely male audience that has made "slamming" (customizing compact cars with lowered suspensions, power infusions, outrageous wheels and ear-splitting sound systems) an American phenomenon.

According to Mazda's vice president of product strategy and development, "MAZDASPEED vehicles are the ultimate expression of Mazda performance. This car takes factory-tuned sport-compact performance to the extreme."

The MAZDA6

Perhaps the most critical new product introduction from Mazda in more than a decade was the launch of the 2003 MAZDA6, the long awaited successor to the 626 family sedan. Mazda's marketing vice president referred to the introduction of the MAZDA6 as "one of the most important launches in Mazda's history" since it competes in the mid-size sedan segment of automobile market where most cars sell for \$20,000 to \$25,000. This is the most important segment of the market, because of its sales volume and the halo effect that results from having a successful brand in this segment. Mazda's target customer in this segment is a mid-30s car enthusiast, although not to the extreme, who lives an active lifestyle.

The advertising strategy for the MAZDA6 departed from the approach used for the Protegé, as it involved what the company describes as a "more mature" effort that is designed to position the car as a refined, sporty alternative to the Toyota Camry, Nissan Altima, and Honda Accord. While the ads still use the "Zoom-Zoom" line, the campaign features a more confident and less playful feel than that used with the Protegé. The commercials are designed to reflect a more "grown-up" approach, with the young boy that appeared in the Protegé ads removed but still delivering the "Zoom-Zoom" phrase in the voiceover. The ads also use more action shots of the car and its workings. Introductory TV spots and print ads focused on attributes such as styling, performance and handling with each calling out mechanical features like zero-loss brake boosters, double-cone synchronizers and/or the car's double wishbone suspension.

The promotional strategy for the MAZDA6 utilized a heavily integrated communications program. Print advertising accounted for 12 percent of the overall budget with ads being run in "enthusiast" magazines as well as in lifestyle magazines and newspapers. The broadcast media schedule was heavily weighted to college and pro football and included a marketing deal between Mazda and ESPN. This deal includes advertising of the MAZDA6 through ESPN's various media including print (*ESPN Magazine*), TV, radio and the Internet as well as in ESPN Zone restaurants. It also integrates the MAZDA6 into various promotions such as ESPN's "Pigskin Pick'Em" game and "Exhilarating Moments" along with nationwide exposure through the ESPN Truck. The IMC program for the MAZDA6 also includes an extensive publicity/public relations campaign, direct mail, and the use of interactive media such as online advertising, CD-ROMs, and a mini-web site on www.MazdaUSA.com. The MAZDA6 also received strong media acclaim including being named one of *Car & Driver's* 10 Best Cars for 2003.

Moving Forward

During the 1980s and '90s Mazda North American Operations had spent much of its time and effort trying to imitate and keep up with its major competitors in the U.S. market such as Honda, Toyota and Nissan. However, by 2003 Mazda was on its way to returning to its roots as a marketer of sporty, fun-to-drive, stylish vehicles. While overall sales in 2002 had declined by 4.2 percent from the previous year, much of this decline was due to the phasing out of the Mazda 626 and Millenia models. The company had assembled a strong product line with vehicles such as the Tribute SUV, Protegé, and MAZDA6 showing very strong sales. Sales of the Protegé models rose to 83,367 units in 2002, a 5.9 percent increase over the previous year. By July 2003 sales of the MAZDA6 reached 32,297 units as the new flagship sports sedan was on track to exceed the previous year's sales of the 626, which it had replaced.

In July 2003 Mazda introduced the new RX-8 sports car which had been in development for nearly 10 years and marked the return of the rotary engine. The RX-8 was eagerly anticipated by the automotive community and first few month's sales were very strong. The success of the RX-8 would be critical to Mazda's recovery as the senior vice president of marketing and product development referred to it as "our halo car, the one at the top of the mountain." The launch campaign for the RX-8 included product placements in TV shows and films, including being featured as the escape vehicle for the hero in the movie *X-Men 2*. One of the launch commercials featured a man's loving admiration of his RX-8 in his garage being interspersed with his fantasies of open-road driving. At one point he is shown hugging the car and its doors close in such a way that the vehicle seems to be returning his embrace. All of the RX-8 spots feature the "Zoom-Zoom" message.

As Mazda prepared to move forward, the issue now facing the company was to ensure that its advertising, as well as other elements of its integrated marketing communications program, would continue to resonate with consumers and support its positioning platform. Mazda had become identified as the "Zoom-Zoom" brand and a decision had to be made as to whether this was the image that would best serve the company in the highly competitive U.S. automotive market.

Discussion Questions

1. Analyze the role of integrated marketing communications in the marketing of automobiles such as the Mazda Protegé and MAZDA6. How is each IMC element used to market automobiles? 7
2. Evaluate Mazda's decision to drop the "Get In. Be Moved" tagline for the Protegé and adopt the "Zoom-Zoom" theme for its advertising. 6
3. Evaluate the strategy Mazda is using to advertise the new MAZDA6 sports sedan. Do you agree with the decision to use a more mature and less playful approach for the MAZDA6? 6
4. What recommendations would you make to Mazda regarding its integrated marketing communications strategy as the company moves forward? 6