

**Important Information:**

*The assessment of the 1<sup>st</sup> external examination is based on the learning objectives for the 2nd semester. A strategic analysis with focus on both internal and external conditions is part of the first semester curriculum and is not included in the learning objectives for the second semester. Therefore, if you make a strategic analysis with focus on both internal and external conditions it must be included in the appendix and it will not be considered as part of the assessment. This can be a good prerequisite for developing a well-founded marketing plan at a tactical as well as an operational level where the arguments for the content of the marketing plan are derived from a strategic analysis with focus on both internal and external conditions. A strategic analysis must be added to the appendix because viewed separately it does not constitute the basis of assessment, but the content of the analysis is expected to be included in the reasoning for the suggested solutions in the marketing plan (where reference to the appendix is mentioned in the documentation).*

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## **Marketing Management**

1st external case-study exam – written interdisciplinary exam

Exam, 8<sup>th</sup> January 2019, 08.30-14.30

**The case company may not be contacted.**

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

Assignment 1: 50 %  
Assignment 2: 10 %  
Assignment 3: 30 %  
Assignment 4: 10 %  
Total 100%

The description of the assignment consists of 4 pages including front page  
6-hour written exam

# INNOVATION LIVING™

The "Marketing package" from Innovation Living is updated on an ongoing basis. The package includes images, videos, samples, a catalogue etc. as well as the option of a shop-in-shop concept. Innovation Living is sharpening its focus on branding. 2018 has witnessed a strengthening of Innovation Living's presence on social media—most noticeably on Facebook, Instagram and Pinterest.

**Innovation Living is expected to spend DKK 400,000.00 on social media in 2018, not including labour costs.**

The target group of Innovation Living's new campaign is the so-called **generation Jones** (people aged 50-60 who would like to stay young). For this specific generation, Innovation Living has recently introduced the sofa bed "Hermod", whose distinctive design and, in particular, its somewhat higher seating height and tilted seat, appeal to the target audience. Innovation Living's market research has shown that Generation Jones does not like the feeling of sitting too low. In the wake of their success with a target group specific sofa bed, Innovation Living is now looking into the possibilities of offering longer sofa legs on sofas available with customised legs.

## **Assignment 1: Marketing**

1.1 Prepare a well-researched marketing mix for the product "Hermod" in relation to Generation Jones, focusing on the distribution, pricing and promotion strategies. A brief account of additional product adjustments in relation to Generation Jones may also be included.

1.2 On basis of the above marketing mix set up a marketing plan regarding the recommended activities.

## **Assignment 2: Organisation & SCM**

2.1 Account for and discuss Innovation Living's placement in the Supply Chain and make suggestions for initiatives to strengthen Innovation Living's negotiating position in the supply chain.

### Assignment 3: Economics

3.1 Innovation Living has registered the following information about sales, prices and variable costs per unit. Determine the optimal price and quantity based on the Total Method and the Differential Method/Marginal Method.

Sales	Price	Variable cost per unit
54	11.000	6.000
62	10.750	5.775
73	10.500	5.550
80	10.250	5.325
87	10.000	5.100
95	9.750	5.325
98	9.500	5.550
110	9.250	5.775
124	9.000	6.000

3.2. The variable costs increase by 10%. How does this affect the sales volume? Make the relevant calculations.

3.3. Innovation Living offers the sofa bed Hermod with two lengths of legs. The expected sales for each of them are as below. Calculate the optimal price for each of them and the total profit. Here the average variable costs are set at 5.000 DKK and have a proportional development.

Sales of Hermod with 18-cm legs	Sales of Hermod with 22-cm legs	Price
26	47	11.000
29	52	10.750
35	56	10.500
41	59	10.250
53	61	10.000
59	64	9.750
61	67	9.500
63	70	9.250
65	74	9.000

3.4 Comment on the plausibility of the following elasticity: An income elasticity of 0.8% compared to generation Jones and the sofa bed Hermod.

3.5 Prepare a promotion budget for the marketing of Hermod targeted towards Generation Jones. In addition, considerations regarding break even should also be included.

#### **Assignment 4: Law (10%)**

99% of all Innovation Living's deliveries to their customers - the distributors - are on time but in 1% of the deliveries something goes wrong.

4.1 Explain the legal consequences of delivery according to the Danish Sales of Goods Act.

4.2 A shipment to a Danish distributor has been delayed by three weeks. Consequently, the distributor has lost a major order from a customer. The distributor is now claiming damages from Innovation Living. Assess if there is any basis for claiming damages. Elaborate your answer.

4.3 Innovation Living made a contract with a weaver from Herning (a Danish city) about delivery of fabric to mattresses. The contract was about fabric of an especially durable quality in a dark blue color. The fabric was delivered on Thursday 20 December 2018 as agreed. Upon receipt Innovation Living found that the delivered fabric is gray - not blue. Because everyone was busy before Christmas Innovation Living did not manage to file a complaint due to the wrong color before Christmas. However, on January 2, 2019, Innovation Living submitted a claim for replacement delivery to the supplier. Make a legal assessment of the situation.