**MBA Comp Exam Questions AY 2022-2023 – MKTG 6050**

1. One of the biggest challenges faced by marketers today is commoditization. Many goods and services are perceived by consumers as being equivalent or interchangeable. They are unwilling to pay more for a product or service if they think that the competitor’s product is just as good or acceptable. Commoditization, thus, poses genuine challenges for brand and product managers. They must work harder to persuade the consumer that their product or service is better than the competition and, thus, more desirable. Please provide at least two examples of products or services that are subject to commoditization and explain how a skilled marketer can use the marketing mix to ensure that these products/services remain competitive.
2. In late 1984, the Coca-Cola Company decided to update its flagship product, Coca-Cola, by changing the recipe for the drink in the United States. Coca-Cola had been slowly losing market share in the US to its main competitor, Pepsi Cola, for a number of years. It felt that it needed to update Coca-Cola to be more competitive. It, therefore, decided to change the recipe to make the drink taste more like Pepsi Cola. In blind tests and focus groups, the new recipe proved very popular. The Coca-Cola Company confidently commercialized “New Coke” with the new recipe in April, 1985. Within a few months, Coca-Cola found that its Coca-Cola sales were dropping precipitously and that it was facing hundreds of thousands of customer complaints. (a) Please explain why products, such as “New Coke,” often fail even though market research and business logic suggest that they will be successful. (b) What do these failures tell us about the importance of consumer behavior. (Please use at least two examples of situations similar to “New Coke” in your response).
3. In 1992, IKEA decided to enter the Southern California market. It opened one of its first stores in Fontana, California. Unfortunately, the store never enjoyed strong sales and, by 1997, IKEA decided to close it. The underperformance of the Fontana store puzzled IKEA because it had successfully expanded into markets across Europe over the previous decade using the same store format and products as it had in Sweden, its home country. It perceived the failure of the Fontana store as an anomaly. It, therefore, decided to commission a market research firm to conduct a study examining why the Fontana store failed. The results of the study revealed that consumers felt that the products did not suit their needs or tastes. The drinking glasses were considered too small and the sofas too pale. What does IKEA’s failure in Fontana suggest about the nature of marketing across national boundaries? What tools in the marketer’s kit should they have used to prevent failure? Finally, how can the insights from IKEA’s failure in Fontana help it and other companies be more successful?