MBA Comp Exam Questions AY 2025-2026 – MKTG 6050

Question #1:

Nespresso is the global market leader in the espresso pod business worldwide. In 2012, the European Patent Office ruled that Nespresso had to allow other manufacturers to make espresso pods that fit its espresso machines. JDE is a Dutch coffee company that is currently trying to gain market share from Nespresso in the espresso pod business in the United States and Europe. It produces Nespresso compatible espresso pods under the brands Peet's, Illy and L'Or for the US market. The pods are identical and made in the same factory in France. Peet's pods are sold by JDE in supermarkets and Peet's coffee shops while L'Or and Illy pods are sold online. Despite an aggressive online and print advertising campaign positioning L'Or and Illy as upscale luxury coffee capsules, JDE has not succeeded in displacing Nespresso as the market leader in the espresso capsule business. JDE pods, under all brands, are priced at approximately $0.70 per pod while Nespresso pods are priced at $0.80 per pod. JDE does not wish to compete on price with Nespresso as it feels that will reduce the overall profitability of the espresso pod market by triggering a price war. (That has already happened in the French and German markets, where Nespresso pods are now priced at $0.40 cents per pod). It wants to be perceived as equivalent to Nespresso, which has always positioned itself as a high-end aspirational product.

1. Based on your understanding of the marketing mix, what should JDE do to compete with Nespresso? Please cite at least three possible actions it can take, excluding a price reduction.

Question #2:

Costco's Kirkland Signature brand brought in $58 billion in sales during Costco's fiscal year ending August 2021 - equaling about a quarter of the business's total revenue- making Kirkland America's biggest consumer packaged goods brand in terms of sales. Only Nestlé, Procter & Gamble, PepsiCo and Unilever are larger than Kirkland Signature. Kirkland Signature was launched in 1995 by Costco's then CEO, Jim Sinegal. According to Sinegal in a speech, "The conventional wisdom said that you had to have a different name for every class of product that you had — à la Sears Roebuck with the Kenmore appliances and the DieHard batteries and the Craftsman tools. We looked at it and we said, you know, we're in so many countries and we have such a wide array of products, we'll have a room full of attorneys that are doing nothing but trying to clear these names." Sinegal felt that it would instead be better to focus the attorneys on clearing only one brand, Kirkland Signature. His vision was that Kirkland Signature would provide quality products at 20% lower prices than the competition.

1. In light of the information above, please explain how Costco leverages Michael Porter's three generic competitive strategies- differentiation, price leadership and focus- to ensure that Kirkland Signature is successful. (Please explain how Kirkland Signature uses each competitive strategy specifically).

Question #3:

Ikea revolutionized retailing from the 1950s, persuading shoppers to travel to its out-of-town stores, navigate their mazelike formats to collect their furniture, transport it home, and assemble it themselves. But as Jesper Brodin took over as chief executive in 2017, it quickly became clear its customers had had enough. Brodin travelled to Ikea stores in several countries and met with customers. All gave him the same message: we like Ikea, but it's not working for us. Their main complaint? A lack of convenient places to shop. Brodin led changes on several fronts: Ikea invested heavily in its online business, trying to catch up with rivals such as Amazon and Alibaba that were attracting many of its customers; it tested out smaller store concepts including in the center of big cities and shopping malls, which the company had long resisted. (In southern California, it opened a smaller store in Carson, near the 495, 110, 10 and 710 freeways). It also offered shoppers new services, from home delivery to paying somebody to assemble furniture (through one of its biggest ever acquisitions, the odd jobs service TaskRabbit).

1. Please identify and explain at least three risks inherent in Ikea's new strategy.
2. What does it need to do to successfully to maintain its uniqueness and identity as a brand?