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Answer ALL questions

Your company has won a contract to be one of the official partners (sponsors) of the 2012 Olympic Games in London.

Adidas is the partner for 2008 in Beijing and has used this as an opportunity to market its brand in China by 'wrapping' its arms around its 'target consumer in every way possible'.

The *China Daily News* said Adidas has made "good use of text messages, in store and product placements, and a print and television campaign." By doing so, the company has increased its brand awareness, thus driving up its distribution network and sales.

However, your company sells a different product, namely soft drinks. It is also a multinational corporation with a £40 million advertising budget for the Olympics contract.

Your task is to recommend/advise on the best use of this advertising budget.

Sources of information

At the end of this examination paper, there are various sources of information on advertising. You should study all of them and then use the information, together with your own knowledge and understanding of commerce, to prepare a report for your company. The report has been divided into a series of tasks on the following pages.

You should use commercial concepts and terms you have learnt during the course, not just information in the sources you have studied.



H 3 1 3 9 7 A 0 3 1 2

1. My task is to advise the company about

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.....

Q1

(Total 2 marks)

2. Using an example in each case, describe what the following commercial terms mean:

(a) local market

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(b) target consumer

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(c) soft sell advertising

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Q2

(Total 6 marks)

3. There are various methods that Adidas could have used to advertise and promote its products in China.

(a) Identify **three** advertising methods **other than** television.

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(3)



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SOURCE A

Adapted from 'Brand new' article in *China Daily News*

- The buying behaviour and consumption patterns of the Chinese has changed substantially in recent years.
- Nowadays young people are the main driving force in consumption and they even influence the lifestyle of their parents. PepsiCo with 'Dare for more spirit' as its motto, cashed in on this trend. PepsiCo targeted young people and invited newly emerging film and music stars to be its product promoters. This enabled PepsiCo to beat its arch rival Coca Cola.
- Precision targeting is the fundamental step to get its message across effectively, and you have to reach the right customer with the right offer at the right time.
- There are a number of ways Adidas reached its customers, including television, radio, outdoor advertising, websites, LCD panels and text messages. However, according to Adidas, China has its own special demands – "you need to wrap your arms around your target consumer in every way possible – it is about engaging them on their terms and in unexpected ways".
- Adidas' approach might be described as 'hard sell' advertising rather than 'soft sell' advertising.

Source: *China Daily News – Business Weekly* 10-16 April 2006

SOURCE B

UK 2006, Advertising expenditure

Media	£ billion
Newspapers and magazines	9.0
TV	5.1
Direct Mail	2.5
Internet	1.5
Outdoor	1.1
Radio	0.6
Cinema	0.2
Total	20.0

Source: *Advertising Association*



SOURCE C

Media	Description	Price Examples
Newspapers and Magazines	Newspapers have a wider circulation than most (specialist) magazines and so are more costly. Their readership will determine which newspaper a product is advertised in.	In a national daily newspaper a whole page in colour might cost £20 000 for one day.
Television	National television is very expensive. There is a large captive audience of all ages and incomes. Generally used by large firms to sell wide selling products like drinks.	On a national channel a 30-second slot at peak time could cost up to £25 000.
Direct Mail	Mail shots are usually delivered through the post and often used by local firms selling services. They are fairly cheap and have a wide coverage.	10 000 coloured leaflets could be made and delivered for 23p each whereas 100 000 cost 20p each.
Internet	There are a variety of ways to advertise via the internet e.g. websites, sponsorships, pop-ups.	E-mail shots on the internet can be bought per click. The advertiser pays the provider 3p per click when it is accessed.
Outdoor	This covers billboards, posters and public transport. A relatively cheap form of mass advertising, usually used by local firms.	£300 per week on a large billboard in a town centre.
Radio	A very cheap form but with a limited audience.	Local radio for 30 secs at peak time might cost £200.
Cinema	A fairly small but captive audience. Both national and local products and services, particularly food and drink, are advertised.	A cinema chain with 200 screens would charge £10 000 per week for a one-minute advert at family viewing time between films.



SOURCE D

‘Internet advertising to overtake national newspapers’

The internet will overtake national newspapers in the battle for advertising expenditure by the end of the year. This was predicted yesterday in a report which showed that 13.3% of UK advertising would be on the internet, compared to 13.2% in national newspapers.

Six years ago the web was an upstart medium controlling only 1% of the advertising market. But the growth of broadband and declining newspaper circulation have caused advertising spending on the internet to grow. Furthermore, ageing readerships of newspapers and the movement of many classified adverts to the internet have made newspaper advertising less attractive to advertisers.

Source: adapted from *The Guardian* 31 May 2006



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