

**Read the questions carefully and justify all your answer.
You cannot use any class or personal materials.**

1.

The Virgin Group is a diverse group of more than 60 companies, divided into seven areas: financial services; health and wellness; music and entertainment; people and planet; telecom and media; and travel and leisure. The largest companies in the group are Virgin Atlantic Airways, the airline number two in the UK; Virgin Holidays, a tour operator holidays; Virgin Rail, the second largest railway operator in the United Kingdom; Virgin Retail Group, which operates various Virgin Megastores a retail concept that sells videos, music CDs and computer games; and Virgin Direct, which offers financial services. Other businesses include Virgin Cola beverages, a producer of records and books, hotels, movie theaters, a radio station, cosmetics, and a clothing line.

The combination of this heterogeneous group of companies is the combination of Richard Branson and the Virgin brand name. The choice of new business development involves the identification of 'institutionalized' markets, dominated by a small group of companies that barely serve their clients. Branson sees it as an opportunity to innovate, offering a better service at a better price.

British entrepreneur Branson left school at 17, in 1967 to start his own magazine Venture which was an immediate success, laying the foundation for what would become a conglomeration of several billion dollars during the 1990s. Along the way, Branson wants to achieve the status of a cult character in their country of origin - his business operates and promotes adventure with a unique personal style. With an innate sense to take advantage of opportunities, Richard Branson surround himself with people and entrepreneurs partners' who helped him to face the new challenges and to give body to a universe of constantly changing companies. In fact, the stakes were not always a win. But the launch of new initiatives, the sale of lucrative business and the rapid abandonment of projects with no future, result in a dynamic and business group capable to renew itself constantly.

The Virgin brand revolves around offering a good value for money, quality, fun, great customer service and innovation, and be authentic, people-oriented, a hip, and associated the founder Sir Richard Branson and his personal reputation. The Virgin brand has become, according to the company, one of the top 50 brands in the world in the late 1990s. Research with consumers showed that 99 percent of British people had heard of Virgin. In the USA it has a recognition 96%, 91% France, and in Australia 97%.

- a)** Describe Virgin targeting strategy, and compare it with other strategies that you know. (3)
- b)** Virgin uses his brand on all the products and services it sells. What are the advantages and disadvantages of this strategy? (3.5)
- c)** Virgin Atlantic Airways (the airline company with the missão: *We don't do ordinary. We prefer to leave the run-of-the-mill, the so-so and the average to others. Our business is about delivering the dazzling, serving up the spectacular and making the most marvellous memories - for every customer*), offers its customers a loyalty card, through which collect a huge amount of individual customer data. How the company can use this data to improve their offer to customers? (3.5)

2.

"Just Around the Corner", is a restaurant in London, fighting recession by removing bills, leaving customers to pay what they want. Peter Ilic, owner of Little Bay Restaurants group, does not present a single bill to his customers by letting them decide how the meal service is worth. The dishes the restaurant offer look like the most expensive restaurants of the capital. They include foie gras terrine, salmon in papillote, or potato soup with caviar. Ilic, whose "free dinners" are offered at Little Bay in Farringdon, hopes the deal will lift the spirits of the people. He told the local newspaper: "Even if people do not pay anything, I told my staff to treat them as if they pay £ 50 or £ 60 per person". The restaurant is known for the high quality of their service. "It is entirely up to each customer to pay £100, or a pound. All I ask is that they pay what they think the food and service are worth. We have lots of young city customers that come to the restaurant, looking for a lunch with better value and different and innovative services. It seemed to me that this was the right strategy. We truly offer meals with better value-for-money. The wine is not included and we always offer tap water.

Ilic worked at the Claridge before opening his first restaurant in Kilburn in 1982. His fourth restaurant was the Just Around The Corner in Finchley Road, opened in 1984, where the concept of "pay what you want" was first installed. The restaurant manager said: "Some people will pay more than I would charge, some will pay less. The policy has been extremely successful since it began in 1986, with the majority of customers pay more for their meals at the restaurant than I would charge to define prices. Customers pay an average of 25 pounds for a three-course dinner, but some are especially careful to pay enough. "One night, four employees of the US government gave nearly £ 1,000 to pay a value meal less than £ 200. Then they ask if they had left enough. The owner says: "I make more money with this restaurant than any of my other [four] facilities". He thinks the generosity of its customers is crucial to the success of the restaurant and its pricing policy, while others claim that the fear of embarrassment, common to the English people, prevents customers to pay very little. On the other hand having to decide what is a fair pay can ruin the customer experience putting pressure in deciding what is enough. This different pricing strategy and controversy also brought a lot of publicity to the restaurant in the media and social networks and thus new customers want to try this restaurant concept.

- a) Characterize the positioning of the restaurant "Just Around the Corner" (3).
- b) Describe the pricing method used by the restaurant "Just Around the Corner". How do you compare it to other pricing methods? (3,5)
- c) Develop a service blueprint for the service for the restaurant service. Explain how this tool can help restaurant manager's. (3,5)