

Jagan Institute of Management Studies
End-Term Examination, December 2017 – January 2018
Trimester II – PGDM /PGDM (IB) 2017-19

Marketing Management II
ET_PG_IB_MM-II_2712

Time: 3 Hrs.

M. Marks: 70

INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q8 which are compulsory.

Q 1 Write short answers for any **THREE** from this section. Your answer should not be exceeding more than two paragraphs:

- a) Brand loyalty is more than transactional relationship. It is an emotional bond with customers. On what attributes can a marketer build this high-quality relationship?
- b) Product line extension is a popular strategy due to it being more convenient, less costly and less risky as compare to new product development. In what situations should such line extension be adopted?
- c) For each of the following products should the marketer adopt market-skimming or market-penetration pricing strategy in India? Give briefly reasons.
 - i) High fashion dresses styled & designed by top designers like Rohit Bal / Manish Malhotra / Sabyasachi / Satya Paul.
 - ii) An exterior house paint that lasts twice as long as the competitive brand.
- d) Can sales promotion be used to build a new brand? How? If not, why not?
- e) “Advertising builds brand image over a period of time. It does not deliver instant results.” Comment.
- f) Integrated marketing communications can produce stronger message consistency and help build equity and create greater sales impact. Do you agree?

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Q 2 The firm facing a competitor’s price change must try to understand the intent of such competitor as well as duration of such a change. Market leaders such as **Apple** or **Gillette** often face aggressive price cutting by smaller firms. These lesser known firms or store brands reduce prices to gain market share. What should be the response and strategy of market leaders when they face such price reductions from low-cost competition? Discuss the conditions as well as strategies which could be adopted by these leaders. Give reasons for your choice.

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Q 3 Some marketers feel that the image of the particular channel in which they sell their products does not matter—all that matters is the right type of customers shop there and the product is displayed in the right way. Some other experts maintain that the channel reputation, image and experience can be critical and must be consistent with the brand image of the product. Take a position that the retail image must be consistent with brand image **versus** the argument that the brand image of the product itself is enough to pull the customers and hence the retail image does not matter. Giving examples as well some strategies present your case.

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Q 4 Baba Ramdev's launch of his Patanjali brand has been an amazing success in the shortest possible time. Starting from scratch in 1999 under his umbrella Ayurvedic remedies business with Divya Pharmacy, this brand now fighting the established FMCG giants like Hindustan Unilever or Dabur and ITC. Patanjali is the most talked about business entity beating average market growth rates (of competitors) by several times in this category. Exhibiting great and unique marketing, manufacturing and distribution skills, this company has reported more than Rs.10,000 crores sales revenue in the last fiscal, which is only behind the market leader Hindustan unilever and ITC. Consistent expansion of product portfolio (touching our lives in every sphere –from eatables to edible oils, to shampoos, toothpaste and other health & body care offerings with 20 product lines and 750 products) at cheaper rates with thrust on Ayurveda and natural products has created a great appeal to collective subconscious of the nation. Ready availability of its products at convenient outlets including its own franchise outlets has developed a formidable presence. Choosing news channels for promotions in TV media to advertise its products has been a master stroke by Patanjali which has created great mass impact.

Despite this extraordinary & speedier success, however, many experts have raised concerns over quality issues and standards matching benchmarks. Many also are now questioning whether the low-cost of manufacturing, distribution and R&D can be sustained over a long period. Another area of concern is its plans to create several brand extensions into completely unrelated fields like garments, which many believe, would be a classic marketing mistake of spreading too thin. What is your opinion about these marketing concerns? Present an analysis.

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Q 5 The present government's decision to cap (maximum limit) prices of essential high-end medical devices (like stents and Kneecaps) has been admired as a bold pro-consumer step by health activists. But this decision, it is feared, could also see many quality medical device makers and suppliers to withdraw from high-end, latest-generation products

from Indian markets. Health activists, however, claim that private hospitals, pharma bodies, some companies along with some politicians are creating an atmosphere of fear. Some others believe that this government move will provide Indian medical device manufacturers an opportunity to ramp up and improve indigenous production.

Explain this price- quality dilemma and suggest strategies and choices that could be open to Indian players given the market conditions. What price-quality strategies could be useful?

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- Q 6** Mobile phones were launched in 1995 and their active connections had touched 988 million by 2016. Televisions, on the other hand, were launched in 1959 and TV universe could reach to only 674 million by 2016. In short, mobiles reached more people in two decades than television in six decades. Entertainment and information ecosystem is now more covered through this small handy gadget that we like to sleep and wake up with. Mobiles, particularly the smartphones, therefore, seem to be giving the good old TV a great challenge. Originally meant only to make and receive calls, this small device is a threat to TV(primary screen). Mobile screen is ruling the entertainment and information space today largely due to telco infrastructure, competitive pricing, capabilities led by companies such as Amazon, Facebook, Alibaba, e-bay, Netflix, Uber, Twitter, YouTube. Entertainment and various other communication content anytime anywhere on your mobile phones including personalized viewing benefit is driving mobiles to the more attractive option. Quality display and content, easy to access to favourite content, greater internet connectivity are some of the reasons for greater shift to mobiles over Television. With consumers finding greater choice, ease of mobility and equal bandwidth, content and cost benefits, do you think mobiles will soon be threat to television? Do you think that TV will reach a decline stage of product life cycle in metropolitan India soon? Discuss the different stages that mobile encountered in its journey using specific strategies that you recall from the recent past. Is it only the environment changes that have caused the growth of mobile or some other productive strategies to reach this wide-spread growth?

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- Q 7** Emami Ltd is sharpening its focus on healthcare and men's grooming space to drive future growth through extensions of its fastest selling brands such as **BoroPlus**, **Zandu** and **Fair and Handsome**. Emami has introduced BoroPlus Perfect Touch, BoroPlus Zero Oil, Zero Pimple Face Wash as extensions of mother brand BoroPlus. Also it has come out with new health care extensions such as Zandu Snez care, Zandu Gel, Zandu Spray & Zandu Roll—all extensions of Zandu. Do you think it is a right strategy to focus on investing so much through extensions under established mother brands? Experts believe that brand extensions

make sense only if brand is strong and if there is a potential catchment area for the brand to tap into. Otherwise over-extensions could lead to brand dilution.

Discuss the challenges before Emami in such extensions in the light of factors and conditions which make such extensions a success or failure. **13**

Q 8

Read the case and answer the questions given at the end.

Comeback of Nokia

According to recent business reports Nokia has staged a strong comeback through its relaunches in mobile phone markets in India. In feature phone markets Nokia was a leading player for many years, a situation which was displaced by Samsung in 2011. Eventually declining sales and low brand equity made Nokia exit the feature phone markets.

Nokia's recent revival now reaching a market share in this category 8.5 per cent (after Samsung 23%, Intex 13%, Micromax 11%) suggests popularity of this brand remaining intact. Besides, design quality, affordable price (Rs. 1000 or Rs.1100) for its handset once again has strengthened its brand loyalty and salience which it enjoyed for years in India.

Some other strategies and favourable features of Nokia remain intact:

- (a) Its distribution footprint through 450 exclusive distributors.
- (b) 80,000-plus strong retailer network with exclusive dealer partnerships.
- (c) Huge investment in after-sale service through "Nokia Care" in more than 300 cities.

After gaining its ground in feature phones, Nokia is following hybrid approach. For instance for Nokia 5's unique selling point is touch and pocketability—hence the product is launched offline since product feel is important; Nokia 6 priced Rs.14,999 and onwards is in the smart category is offered online; Nokia sees immense opportunity in the segment between Rs.10,000 and Rs.12,000 category (which constitutes 65% of markets)—it has launched Nokia 3 and Nokia 6 in the category priced between Rs.9,499 and Rs.14,499.

Questions:

- a) Is Nokia right in entering feature phone category through these strategies? **5**
- b) Given the intense competition, will Nokia find it easy to succeed in smartphone category? **5**
- c) Do you think that Nokia will have to develop and widen further its portfolio in smart category? **6**
