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आभास - 047

406 - SPECIALIZATION - VII (MAJOR) 446 B
Marketing Management
(Case Studies in Marketing Management)

P. Pages : 4

Time : Three Hours

Max. Marks : 60

Instructions to Candidates :

1. Do not write anything on question paper except Seat No.
2. Answersheet should be written with blue ink only. Graph or diagram should be drawn with the same pen being used for writing paper or black HB pencil.
3. Students should note, no supplement will be provided.
4. Every question Carry Equal Marks.
5. Solve **any three** Questions out of five.

1. Navin Mehta, a young chemical engineer, developed a new detergent during his M.Tech. course. Upon passing out, he invested a small capital to start manufacturing and selling the detergent under the brand name Nippo. Coming from a middle-class family, Mehta decided to price his detergent much lower than the other detergents available in the market at that time. His pricing strategy paid rich dividends and Nippo became an instant success. Using his newly acquired financial strength, Navin developed a premium quality bathing soap with a unique colour and perfume. Although the cost price of this soap was high, Navin priced it substantially lower, maintaining a low profit margin, to be a comfortable product in the market.

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Answer the following questions :

1. Suggest an appropriate marketing plan to Navin Mehta.
 2. Do you feel Navin committed a pricing mistake in the case of the bathing soap ? Give reasons for your answer ?
2. Shri Hari Narayan Barua was the most reputed lawyer in Assam. He was extremely intelligent and very rich. Hari Narayan Babu, as he was popularly called, was persuaded to marry a pious and diligent woman at a young age. His wife bore him a son, named Archit, but could provide little intellectual companionship to her husband. The son inherited a razor sharp intellect from his father in addition to having an analytical mind and a questioning nature. Father and son developed a deep and satisfying relationship.
- During his travels with his father, young Archit could not help but notice that many men grew their facial hair at a late age. Father and son would often discuss the merits of this phenomenon. They marvelled at the youthful appearances that these men continued to have till advanced ages. They also noticed that these men avoided the nuisance of having to shave. Archit soon became Dr. Archit K. Barua, skin specialist, and worked on his pet project - facial hair. At the age of 26 he developed a composite medical treatment that could divert the nutrition from facial hair to hair on the head. This treatment deferred the growth of facial hair, reduced the quantum of growth on the face and improved hair growth on the scalp. This could counter baldness, though

the medication could not totally cure baldness.

The medication consisted of a powder, which was to be applied on the face for keeping the face clear and smooth and a tablet, which was for diverting the nourishment to the hair roots on the head. Both these medicines were to be taken on alternate days for three months and thereafter once a week for six months.

Hari Narayan Babu was overjoyed with his son's invention. He offered himself as the first customer, mainly to improve his balding pate. The drugs were submitted to the government for testing and certification confirming their fitness for human consumption without any ill-effects. Hari Narayan Babu's connections at the right places ensured that the clearance came quickly. He had enough wealth to fund the setting up of a factory for producing these wonder drugs. On his 28th birthday, Archit got the factory and a duly registered company as a birthday gift.

Mr. Edward Dexson, a retired general manager, marketing of Hindustan Tele System Ltd. and a few youngsters were recruited for marketing the powder and the tablets. The marketing team decided that the distribution channels/sales network should be in place before production started in full swing. Names of the distributors/retailers would be needed during the advertisement campaign. However, the marketers could not identify what distribution channel should be adopted for these products. The idea was so novel that the marketing team was not clear about the target segment. Even prolonged discussions yielded no unanimous solution. Finally, Mr. Dexson ruled that the facial powder should be sold through barbers (since it was related to shaving) and the tablets should be marketed by medical stores/chemists. Distributors, normally covering a state, were to be appointed. They would deal with the retailers on the one hand and with the company headquarters (located at the factory) on the other hand. Both the Baruas were not happy with these decisions, but they knew little about marketing or distribution channels and so on. They, therefore, had little choice.

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Q. Discuss the correctness of Mr. Dexson's plans and, if required, suggest a distribution channel, which in your view, would be suitable for this product. Give arguments to support your recommendations ?

3. Switchex is an eight-year-old organisation manufacturing the entire range of switchgear products. It has a foreign collaborator. Its manufacturing unit is near Delhi but sales are spread over the entire country. The market of switchgears is dominated by two major companies having a market share of 40 per cent and 37 per cent, respectively. Switchex has established a market share of 14 per cent and remaining 9 per cent of the market is divided between three other manufacturers. The competition between the first three organisations is quite fierce. During the initial years, Switchex concentrated in the northern region and established itself as a reputed manufacturer of switchgears. For the last two years, the company has been trying to establish its presence in the western region.

The pricing strategy of the company is to always be lower than the two major competitors by about 8-10 per cent. Its discounting policy is also flexible and sometimes it deals directly with the customers and offers them discounts.

It has appointed dealers in all its markets which are usually district based.

For servicing its dealers in the western region, Switchex has opened a regional office at Mumbai and branch offices at Pune, Vadodara and Indore. Its Pune office is headed by Mr. Patil, a competent electronics engineer with a postgraduate degree in management. Since the company wants to establish itself in the western region, Mr. Patil is pressurised to 'accept' higher quotas. In turn, he has had no option but to increase the quotas of the dealers. These days, Mr. Patil is faced with a tough decision. His dealer at Kolhapur is the major cause of concern. The dealer is a partnership firm - M/s Kadam Brothers.

This dealer has been with Mr. Patil for the past two years. Except for the last six months, the performance of this dealer was highly satisfactory. However, six months ago, one of the partners decided to leave the partnership and had to be paid in cash, causing financial problems. Mr. Patil believes this is one of the reasons for untimely payments to Switchex. Moreover, the sales themselves, have suffered. It is reported that the remaining two partners are also concentrating on their other business activities and consequently have less time for developing the business of Switchex. Those partners have been assuring Mr. Patil that they will soon have another competent partner and thus will come out of their problems quickly. But no progress has been reported on the matter till now. In the meantime, another dealer from the same area has approached Mr. Patil for the dealership. He has been dealing with electric panels till now and has good contacts with switchgear buyers in the Kolhapur region.

Mr. Patil knows that given time, M/s Kadam Brothers will recover and because of their experience, reputation and contacts, and will serve Switchex satisfactorily. But he has no time as the regional sales manager is pressurising him to increase his dealers' quotas fast or replace them. We want quick sales is the motto of his sales manager.

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Questions :

1. What are the alternatives that Mr. Patil has to solve his problem ?
2. What alternative should he opt for ? Why ?
3. Critically examine Switchex's policy of 'quick sales' in the context of its product range, viz. switchgears.

4. Mr. Dinesh Kapoor recently retired from the armed forces. A fine athlete and physical fitness enthusiast, Mr. Kapoor has been leading a vigorous and active life.

Mr. Kapoor has been planning to start a business of his own after his retirement for a long time. He had always felt concerned about the low standards of physical fitness and poor quality of food of an average Indian. During his participation in sport meets abroad, he saw that the foreigners were well organised in this field. Mr. Kapoor feels that running a gymnasium and a health centre would offer a good business opportunity, besides fulfilling an important need of the society at large. He has seen pictures of ultra-modern gymnasiums and read about complete health centre facilities which exist abroad.

Mr. Kapoor is planning to establish similar facilities in a large city in India. He is ready to settle anywhere and start this activity at a place which offers a high potential of business success. He would initially cater to the needs of company executives and businessmen. He would later extend the scope of this venture to include housewives and working women too. He is optimistic that with the hectic lifestyle of present-day business people and the growing

consciousness about good health, he would be able to attract a substantial clientele. He is, however, aware of the heavy financial investment required for this project and would like to be careful before taking any long-term decision in this regard. He would like to estimate the possible demand for this type of service and an indication of the financial returns that he can expect.

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Question :

Suggest a step-by-step procedure to estimate the market demand for this type of activity and also people's attitude towards the idea.

5. The Telephone Regulatory Authority of India, TRAI, announced new telephone tariffs, which were to come into force with effect from 1 May 1999. TRAI had stipulated that the rates given in their tariffs were the highest that any company or government department providing telephone services could charge. The telephone service providers were required to fix their own rates below the limits set by the tariffs declared by TRAI. This development called for an immediate reaction from Hello Telephones Ltd. who were in the process of providing telephone services in Punjab. The management had two queries.

1. What charges should Hello Telephones Ltd. fix so that its rates are below the limit set by TRAI and give the company the best returns ? The charges could be in the form of bimonthly rental charges and charges for the number of telephone calls made by a subscriber. The call charges were to be levied as per a formula of varying rate slabs, e.g. charges for a 0 - 200 call slab could be Rs. A per call; charges for a call in the slab of 201 - 500 calls could be Rs. B per call and so on.
2. Should Hello Telephones Ltd. diversify into selling telephone instruments of different kinds to its subscribers ?

Hello Telephones Ltd. gave Truth Finders Pvt. Ltd. (TFPL), New Delhi the task of finding answers to these questions through marketing research TFPL had a preliminary meeting with their clients at which it was decided that :

1. The marketing research project would be carried out through a mail survey so that the potential subscribers get plenty of time to compose their replies.
2. Respondents would be companies who had a flourishing business or those individuals who used their telephones a lot.
3. The survey would be limited to four cities besides Chandigarh (which is not strictly in Punjab but is a union territory). The four cities selected were Amritsar, Jalandhar, Ludhiana and Bhatinda.

TFPL gave the task of desk research to a new entrant, Neena, a vibrant young recruit with an MBA in marketing. Neena was present at all the meetings with the customer and was now directed to prepare a list of respondents from the selected cities who met the laid down conditions. The list would have to include the addresses of the respondents. She was also to draft the questionnaire to be mailed to these respondents.

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Question :

1. Cast yourself in the role of Neena and prepare a questionnaire and indicate the action you will take to get the names and addresses of the respondents ?
