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Internal Assessment Test – II

Sub:	Marketing Management						Code:	18MBA15	
Date:	04/12/2019	Duration:	90 mins	Max Marks:	50	Sem:	I	Branch:	MBA

		Marks	OBE	
			CO	RBT
Part A - Answer Any Two Full Questions (15*02=30 Marks)				
1 (a)	Why do some marketers adopt niche marketing approach? Niche marketing is an advertising strategy that focuses on a unique target market. Instead of marketing to everyone who could benefit from a product or service, this strategy focuses exclusively on one group—a niche market—or demographic of potential customers who would most benefit from the offerings	[03]	C03	L1
(b)	Unlike products, patents and copyrights, Brands do not have expiry dates. What does a brand convey to its customers? What is a Trademark vs. a Brand? While your brand represents your reputation and business in the public eye, a trademark legally protects those aspects of your brand that are unique and specific to your company. It is a mistake to use the terms "trademark" and "brand" interchangeably, as they have very important differences. When considering the two, remember the "all-but-not-all" rule. All trademarks are brands, while not all brands are trademarks. In its simplest form, your brand is your image. It is what the public sees and thinks about your company. A trademark is a specific aspect of your brand which has legal protection as it is a unique identifier for you. Trademarks can be specific words or phrases, such as slogans, which are a vital part of your company's brand. They can be trade dress , or a specific combination of features used to identify you, such as logos, specific combinations of colors, shapes and design layout, or any other aspect of your brand that you feel the need to protect as part of who you are, unique from anyone else. Why Is Trademark vs. Brand Important? While a brand is a corporate image that builds over time and is a reputation of quality in the eyes of customers, a trademark is legal protection of the brand, granted by the Trademark and Patent Office. Whereas a brand helps to identify the company and its products or services, the trademark helps to prevent competitors from stealing the brand image or creating substantially similar identities to create marketplace confusion. Brands consist of a number of elements. These include: <ul style="list-style-type: none"> • Identity • Image • Personality • Character • Culture • Essence • Reputation These elements, taken together, determine the value of a brand in the marketplace. If a brand is not registered or trademarked, other people can use it without fear of penalty. If the brand is	[07]	CO3	L1

registered, severe penalties attach to its unauthorized use

(c) Discuss market segmentation and the variables used to segment consumer market.

[10]

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The most common bases for segmenting markets are as follows:

Traditional:

Geographic, Demographic

Modern:

ADVERTISEMENTS:

Psychographic, Behaviouristic

1. Geographic Segmentation:

Geographic location is one of the simplest methods of segmenting the market. People living in one region of the country have purchasing and consuming habit which differs from those living in other regions. For example, life style products sell very well in metro cities, e.g., Mumbai, Delhi, Kolkata and Chennai but do not sell in small towns. Banking needs of people in rural areas differ from those of urban areas. Even within a city, a bank branch located in the northern part of the city may attract more clients than a branch located in eastern part of the city.

2. Demographic Segmentation:

Demographic variables such as age, occupation, education, sex and income are commonly used for segmenting markets.

(a) Age:

ADVERTISEMENTS:

Teenagers, adults, retired.

(b) Sex:

Male and female.

(c) Occupation:

ADVERTISEMENTS:

Agriculture, industry, trade, students, service sector, house-holds, institutions.

(i) Industrial sector:

Large, small, tiny.

(ii) Trade:

ADVERTISEMENTS:

Wholesale, retail, exporters.

(iii) Services:

Professionals and non-professionals.

(iv) Institutions:

Educational, religions, clubs.

(v) Agriculture and cottage industries.

(d) Income Level:

Above Rs. 1 lakh per annum, Rs. 50,000 to Rs. 1 lakh, Rs. 25,000 to Rs. 50,000 per annum, i.e., higher, middle and lower.

(e) Family Life-cycle:

Young single, young married no children, young married youngest child under six, young

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married youngest child over six, older married with children, older married no children under eighteen, older single, etc.

3. Psychographic Segmentation:

Under this method consumers are classified into market segments on the basis of their psychological make-up, i.e., personality, attitude and lifestyle. According to attitude towards life, people may be classified as traditionalists, achievers, etc.

Rogers has identified five groups of consumer personalities according to the way they adopt new products:

(a) Innovators:

These are cosmopolitan people who are eager to try new ideas. They are highly venturesome and willing to assume the risk of an occasional bad experience with a new product.

ADVERTISEMENTS:

(b) Early Adopters:

These are influential people with whom the average person checks out an innovation.

(c) Early Majority:

This group tends to deliberate before adopting a new product. Its members are important in legitimising an innovation but they are seldom leaders.

ADVERTISEMENTS:

(d) Late Majority:

This group is cautious and adopts new ideas after an innovation has received public confidence.

(e) Laggards:

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These are past-oriented people. They are suspicious of change and innovations. By the time they adopt a product, it may already have been replaced by a new one. Understanding of psychographic of consumers enables marketers to better select potential markets and match the product image with the type of consumer using it. For example, women making heavy use of bank credit cards are said to lead an active lifestyle and are concerned with their appearance. They tend to be liberated and are willing to try new things.

Psychographic classification may, however, be an oversimplification of consumer personalities and purchase behaviour. So many factors influence consumers that an early adopter of one product might well be a laggard for some other product and vice versa.

4. Behavioristic Segmentation:

In this method consumers are classified into market segments not the basis of their knowledge, attitude and use of actual products or product attributes.

Any of the following variables might be used for this purpose:

(a) Purchase Occasion:

Buyers may be differentiated on the basis of when they use a product or service. For example, air travellers might fly for business or vacation. Therefore, one airline might promote itself as a business flyer while another might target the tourists.

(b) Benefits Sought:

The major benefit sought in a product is used as the basis of classify consumers. High quality, low price, good taste, speed, sex appeal are examples of benefits. For example, some air travellers prefer economy class (low price), while others seek executive class (status and comfort).

(c) User Status:

Potential buyers may be classified as regular users, occasional users and non-users. Marketers can

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develop new products or new uses of old products by targeting one or another of these groups.

- 2 (a) What do you understand by the term product mix?
 Product mix, also known as product assortment, refers to the total number of product lines a company offers to its customers. For example, your company may sell multiple lines of products. Your product lines may be fairly similar, such as dish washing liquid and bar soap, which are both used for cleaning and use similar technologies.
- (b) Explain the special characteristics of services using Kingfisher airlines as an example.

[03]

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	CO3	L2

Marketing Mix

Product

Kingfisher Airlines offers unparalleled service to its guests. The success of this airline in a very short period of time can be attributed to the novel services introduced by it e.g.

Roving agents: A roving agent is a check-in counter on the move. The guests with hand baggage are not required to stand in the queue at the check-in counters. The roving agents come to the customers and assist them.

Different check-in options: The airline allows its customers to do a web check-in from its website apart from the option of the airport check-in.

Special care for unaccompanied minors, senior citizens and those with reduced mobility: The airline takes the responsibility of escorting the children safely to their destination. The ground crew assists in check-in and boarding process. Guest with disabilities can expect a personalized and caring treatment. An escort with a wheel chair can be assigned to the Guest. Help in check-in, boarding and disembarkation can also be availed by guests.

In-flight entertainment: Every seat is treated to an individual TV with Live TV as well as well as pre recorded in-flight entertainment channels and Radio.

Place

Connectivity: Kingfisher Airlines flies to 38 destinations across India. These 38 locations cover a wide geography of the country and connect all the metros and the major cities.

Booking of tickets: The customers have an option of booking tickets at the airport, by calling the customer care, through travel agents and by logging on to their website.

Price

Kingfisher Airlines has been termed as the “first full frills-true value carrier.” The airline has a very well defined target audience which is the Sec A and Sec B+ of the Indian economy and that falls within the age group of 25-45 years with high disposable incomes. This section of the population is modern, trendy and upwardly mobile looking for a great flying experience. They have traveled extensively and are aware of the international flying trends. This segment really doesn’t mind shelling out the money as long as they get the experience they are looking for.

Promotion

Kingfisher Airlines has adopted a well rounded approach to reach out to their customers. Their objective is to create a place in the minds of their customers for their brand and to ensure that the message gets across effectively. Kingfisher Airlines has a 360 degree promotion strategy in place. They reach out to their customers through all media of communication such as television, radio, print, outdoor, malls and multiplexes, clubs and pubs and their in-flight magazine. They ensure

that they communicate with their customers at multiple touch points.

King Club is the airline's loyalty program. As a member of King Club, customers enjoy a range of exclusive privileges and benefits for each membership level. The more a customer flies with Kingfisher Airlines the more he will be rewarded.

People

Kingfisher Airline's cabin and ground crew is the hallmark of their services. The real winning factor for Kingfisher Airlines is the quality of staff service being provided to customers. The crew undergoes rigorous training programs. Kingfisher Airlines has also instituted the Kingfisher Training Academy to cater to the growing demand for trained Service oriented professionals. The academy provides intensive training on Airlines Orientation covering Airline Rules & Regulations, Cabin Familiarization and Announcement Delivery.

Process

Following are the processes that add to the satisfaction experienced by Kingfisher passengers:

Kingfisher Airlines facilitates easy booking of tickets. The passengers can book their seats by calling their 24/7 customer care, by logging on to their website, designated travel agents and at the airports.

Personalized valet service at all airports across the country. The valet service staff assists the passengers' right from the time they reach at the airport till they check-in and also upon arrival at the destination they provide assistance with their baggage.

Physical Evidence

Fleet: The airline has a brand new fleet of aircraft comprising of 18 ATR 72s, 4 A 319s, 13 A 320s, 8 A 321s, 2 A 330s.

Interiors of the aircraft: All the aircrafts of Kingfisher airlines have designer interiors. The moment a passenger enters the aircraft, what strikes him is the bold use of red color and leather. Including the state of the art GPS monitor attached in front every seat along with their entertainment gadgets.

Cleanliness inside the aircraft: All the aircrafts are well maintained for cleanliness and a pleasant experience

(c) Summarize the stages of product life-cycle and the marketing strategy relevant to each stage.

[10]

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L5

Product life cycle strategies

The **product life cycle** contains four distinct stages: introduction, growth, maturity and decline. Each stage is associated with changes in the product's marketing position. You can use various marketing strategies in each stage to try to prolong the life cycle of your products.

Product introduction strategies

Marketing strategies used in **introduction stages** include:

- rapid skimming - launching the product at a high price and high promotional level
- slow skimming - launching the product at a high price and low promotional level
- rapid penetration - launching the product at a low price with significant promotion
- slow penetration - launching the product at a low price and minimal promotion

During the introduction stage, you should aim to:

- establish a clear brand identity
- connect with the right partners to promote your product
- set up consumer tests, or provide samples or trials to key target markets
- price the product or service as high as you believe you can sell it, and to reflect the quality level you are providing

You could also try to limit the product or service to a specific type of consumer - being selective can boost demand. Read more about the [introduction stage of a product life cycle](#).

Product growth strategies

Marketing strategies used in the **growth stage** mainly aim to increase profits. Some of the common strategies to try are:

- improving product quality
- adding new product features or support services to grow your market share
- enter new markets segments
- keep pricing as high as is reasonable to keep demand and profits high
- increase distribution channels to cope with growing demand
- shifting marketing messages from product awareness to product preference
- skimming product prices if your profits are too low.

Growth stage is when you should see rapidly rising sales, profits and your market share. Your strategies should seek to maximise these opportunities.

Product maturity strategies

When your sales peak, your product will enter the **maturity stage**. This often means that your market will be saturated and you may find that you need to change your marketing tactics to prolong the life cycle of your product. Common strategies that can help during this stage fall under one of two categories:

- market modification - this includes entering new market segments, redefining target markets, winning over competitor's customers, converting non-users
 - product modification - for example, adjusting or improving your product's features, quality, pricing and differentiating it from other products in the marking
- Read more about the [growth and maturity stage of a product life cycle](#).

Product decline strategies

During the end stages of your product, you will see **declining sales and profits**. This can be caused by changes in consumer preferences, technological advances and alternatives on the market. At this stage, you will have to decide what strategies to take. If you want to save money, you can:

- reduce your promotional expenditure on the products
- reduce the number of distribution outlets that sell them
- implement price cuts to get the customers to buy the product
- find another use for the product
- maintain the product and wait for competitors to withdraw from the market first
- harvest the product or service before discontinuing it

Another option is for your business to discontinue the product from your offering. You may choose to:

- sell the brand to another business
- significantly reduce the price to get rid of all the inventory

3 (a) How is pricing special than other Ps of marketing mix?

[03]

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WHY IS PRICING IMPORTANT?

There is often a tendency for marketers to focus more on activities like promotion, [product development](#), and [market research](#) while prioritizing their responsibilities. These are often perceived as the more interesting aspects of the product and marketing mix. However, pricing needs to be given its due attention since it has great impact on the rest of the activities and the company. Pricing is of [vital importance](#) because of the following reasons.

Pricing as a Flexible Variable

Pricing changes can be made quickly and with almost no lead time if the business needs to make some product positioning changes or to counter a competitor's activities. In comparison, a change to the product or to a distribution channel can take months and sometimes significant cost inputs. Similarly any promotion decisions will also require additional financial input. Though it is important to plan for pricing changes and their impact on the brand and product perception, this can still be accomplished much faster than any other changes.

Define the Right Pricing

Any pricing decisions for a product need to be made through proper research, analysis and an eye on strategic objectives for the organization and the product. A decision made too quickly with superficial assessment can result in a loss of revenue. A price below the perceived value can lead to both a loss in potential additional revenue and a target audience that judges the quality of the brand through price points. If this price is raised later on, the existing customers may feel like they are being unfairly burdened. A price set too high can result in potential buyers staying away altogether. Pricing is often done by a team of experts who spend time conducting research that considers all variables of the market and brand.

Pricing as a Trigger for First impressions

In some product categories, a consumer will form a perception about its quality and relevance as soon as they see the price. Eventually, the decision to buy or not may be based on the perceived value of the entire product or marketing mix offering. But there is always a danger that the first impression triggered by the price point will either make the rest of the offering irrelevant or it will be a biased assessment.

Pricing as a Key to Sales Promotions

Sales promotions are often a short time price based offering such as a percentage reduction or a two in one type offer. These are meant to generate interest in the product or make use of a special occasion or event. Used wisely, this can be a useful method of increasing sales but the company must avoid the temptation to offer these special prices too often. In this scenario, buyers will put off purchasing the product till the next sales promotion of price reduction.

(b) *"Packaging act as a silent salesman"* – Justify

Professional marketers apply the term "silent salesman" to packaging, displays, signs or promotional products designed to increase sales and profits. These are particularly useful to small businesses that have few salespeople on hand to promote their products and services. An added benefit is that silent salesmen help inform customers about special events and discounts.

Packaging

Product packaging works as a silent salesman because consumers often make a psychological

[07]

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L5

connection with it, according to the website MarketingWeek. Packaging may appeal to consumers if it represents something that's important to them or symbolizes someone they aspire to be. Shoppers who have environmental concerns may choose a product packaged in recycled materials. People who have active lifestyles may select a product because the packaging includes a photo of an athlete who epitomizes vitality.

(c) Explain "Levels of product", using mobile handset as an example.

PRODUCT DIFFERENTIATION IN SMARTPHONES

Theodore Levitt's 2 classic concept of product levels is used to determine the criteria under which companies can be organized into strategic groups. According to him the product levels are four, but later on Philip Kotler³ adds one more and thus the product levels become five:

1. Core benefit – Kotler
2. The generic product – Levitt
3. The expected product – Levitt
4. The augmented product – Levitt
5. The potential product – Levitt

The Six Product Levels - The sixth product level is the level of compliance of the product with the group's standard. We can assume that the sixth product level is a combination of the benefits and functions of the product which are at the other five levels. Thus, 1

st
level + 2
nd
level
+ 3
rd
level + 4
th
level + 5
th

level 6th level. The sixth level presents the whole way of functioning of the product, the total amount of benefits that it offers to the consumer.

For example, all Smartphones today offer to the consumer almost the same array of benefits such as a hard disc memory and a possibility to put an additional memory card, Bluetooth, Infrared, GPRS, EDGE, WAP, built-in modem, WiFi, HSCSD, XHTML, USB, Push-to talk, Mobile Java – all of them work together thanks to the operating system and represent the functional value of the sixth level.

Differentiating smartphones on hardware grounds it is just next to impossible, if Samsung comes up with a new smartphone with a 5 inch display screen, a 4k camera, 8GB RAM, some Snapdragon chipset, 64 GB memory, this same phone can be replicated and released by other brands. The timeframe by which this happens can be as short as a week to 15 days. A smartphone manufacturer can no longer differentiate their product on hardware alone anymore. Similarly if we talk about the camera, one camera, two

[10]

CO3

L2

camera, front and back side, two camera on front, high mega pixels and so on, everyone who is in the manufacturing business of smartphones have limitation in hardware part and other people are replicating the same with some modifications and launching their product in the market. This effect the market cap. And the growth of the companies, new threats are continuously added to the list and they are eating the share of the existing players.

Part B - Compulsory (01*20=20 marks)

4. M/S Lifeline ltd is in the Business of developing Insurance services for Women. They are in the process of developing an Insurance plan for Middle aged women. They want to fix the premium for the plan, higher than the Industry average. The new product/service development process is challenging to the team at Lifeline ltd. Their competitors are well established players in the Insurance Industry.

(a) What are the stages in the New Product/Service development process that will be applicable for Ms Lifeline ltd's new Insurance plan.

Concepts in applied manner in own words

(b) How they can be successful in terms of pricing and distribution channels compared to their Competitors

Concepts in applied manner in own words

[05]

CO3

L1

[05]

CO3

L1

Course Outcomes		PO1	PO2	PO3	PO4	PO5
CO1:	Make students have an understanding of the fundamental concepts of marketing & the environment in which marketing system operates.					
CO2:	To analyze the motives influencing buying behavior & Describe major bases for segment marketing,					
CO3:	Identify a Conceptual framework, covering basic elements of the marketing mix.	1(c), 2(a), 3(a), 3(c)	1(a), 1(b), 2(c), 3(b)		2(b)	
CO4:	To understand fundamental premise underlying market driven strategies					

Cognitive level	KEYWORDS
L1	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss
L3	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine,

	modify
L4	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5	grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

***PO1–Theoretical Knowledge; PO2–Effective Communication Skills; PO3–Leadership Qualities;
PO4 –Sustained Research Orientation; PO5 –Self-Sustaining Entrepreneurship***

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