

**PGDM**  
**Marketing Management -I**  
**DM- 105**  
**Trimester- I, End Term Examination, October 2020**

Time Allowed : 2.5 Hours

Max marks: 50

Roll No. -----

**Section A**  
**(Answer any three questions)**

(3 X 10 = 30)

Q1a How can you utilize Porter's generic strategies to decide a Marketing strategy for a company ? Explain how you will decide your expansion strategy for a a 10 year old company in the health care sector having a good brand image and quality products but with limited resources and market share confined only to North India. (CILO 1)

OR

Q1b How is Porter's Five Forces model relevant to an organization? Take the example of any Business School of your choice and explain how it can be used to determine its attractiveness in the education industry. (CILO 1)

Q2a Explain the Brand Positioning strategy adopted by the following: Maggi Noodles, Surf Excel and Vicks Vaporub and reasons for their success in an intensively competitive environment. (CILO 2)

OR

Q2b How can Ansoff's Product-Marketing matrix contribute to developing the marketing strategy of an organization? Explain with an example how an FMCG company of your choice in the biscuit or razor blades manufacturing industry could increase its footprint in India utilizing this matrix. (CILO 2)

Q3a Assume that you are the Marketing Manager for a youth clothing manufacturer and have just read about the megatrend of the "rising western influence" in India. Explain this megatrend and indicate why it would be relevant to your industry and outline "the way ahead" for your organization. (CILO 3)

OR

Q3b Mr Arun Bajaj has decided to build his manufacturing business (lawn mowers) around the production concept. If this approach is taken, what will be Mr. Bajaj's primary areas of concentration as he builds his business? How will his strategy change if he were to shift to Holistic Marketing ?

( CILO 3)

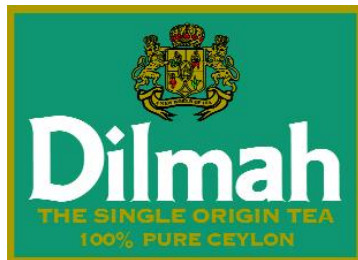
**Section B**

Read the case on the next page and answer both the questions below: (2X10 =20)

Q1 Based on your understanding of Dilmah's core competencies as outlined in the case, detail what should be its Marketing strategy to capture a large slice of the Indian market?

Q2 You are the Marketing Manager of Tata Tea, the largest tea manufacturer in India and conscious of the threat posed by Dilmah's impending entry into the Indian market.

What steps would you take to take to tackle this challenge? Provide the rationale for your suggestions. (CILO 1,2,3)



## Market

In a category dominated by multinational corporations, Dilmah has achieved success against the odds. With the evolution of the tea market from its origins as one populated by a plethora of small and medium-sized, mainly family-owned, businesses, to one controlled by less than five transnational corporations, the nature of tea has changed. Dilmah battled against the commoditisation that came with multinational control of tea, and although this family company went against the flow, it has successfully created for its brand a quality niche.

For a bulk-tea supplier to move into branded tea was quite a risk. Indeed, it was a move that was discouraged by a marketplace dominated by multinationals. Those bulk-tea customers expected Sri Lanka to remain a raw-material supplier to Europe, the US, Australia and New Zealand. They had their reasons. Their businesses were based on the existence of multiple sources of the raw material at a low cost, and the branding thereof. According to this model, tea was a commodity like sugar, oil or grain. The smaller companies that made tea famous did so on the basis of authenticity and clear statement of origin, notably Ceylon Tea. However, the large corporations that bought them over abandoned their heritage and omitted references to origin, in order to reduce costs, by changing the content of their newly acquired brands to multi-origin blends.

Merrill J. Fernando had a very different vision for tea and the tea drinker. He wanted to bring quality, authenticity and ethics back to tea. Fresh tea is richer in antioxidants and so, he wanted to offer his consumers tea that was garden fresh, picked and packed at origin. He believed that consumers had a right to know exactly what they were drinking and so, he pioneered the concept of Single Origin, unblended, tea. Naturally, the multinationals thought differently, since their interests lay in sourcing the product from multiple origins, to buy at the lowest price, regardless of quality. Dilmah challenged this notion and explained the reasons to tea drinkers. In the process, the brand created a segment of the tea market that was driven not by price, but by quality.

In 2006, over 10,000 underprivileged people in Sri Lanka benefited from over 100 projects, which seek to assist victims of the tsunami, the differently able, abused children and women, the elderly and retired workers. It provides for the education and health care of tea estate workers, and is building pre-schools and hospitals which are free of charge for the poor.

The Foundation challenges conventional CSR practice in asserting that business is a matter of human service and therefore, that for every business, social service or helping the poor is an act of justice, an obligation, and not an option or an act of charity.

## History

The company's roots go back to a time when Dilmah's founder, as a young man of twenty, was selected to join the first batch of Ceylonese to be trained in tea tasting. Until then, the British, whose de facto colonialism was replaced by a form of economic colonialism over Ceylon's tea industry, perpetuated the myth that Ceylonese were unsuitable to taste tea because they ate hot curries. This was an element of the Western control of Ceylon's most important produce.

Fernando was trained in London's famous Mincing Lane, in the 1950s. It was here that tea was bought and sold in a country that cultivated overseas, imported and consumed most of the world's tea. In London, the young apprentice learned about tea. He also learned that this was a dysfunctional trade. Tea, a finished product that was handpicked, and produced with care and expertise in a traditional and time-honoured manner in Ceylon, was benefiting middlemen in Europe while earnings for Ceylon, now Sri Lanka, were a pittance. That was when he decided that one day, he would establish his own brand, picked and packed at origin, benefiting Ceylon, its tea industry and the million or so workers who made Ceylon Tea possible.

On his return, he joined A. F. Jones & Co., a British-owned and managed tea business. Within a few years, he became its Managing Director.

Eventually, he bought out the British shareholders, to run the business with another partner. He distinguished himself at a tender age by supplying the first consignment of Ceylon Tea direct to the then USSR. Fast-forward a few decades and in 1962, while still in his twenties, he established Merrill J. Fernando & Co., an entity that became one of the top-ten bulk tea exporters in Ceylon.

Fernando's dream was not to sell tea in bulk. It took him 38 years from the time he originally conceived the idea as a young trainee tea taster in Mincing Lane. In 1988, his brand was launched in Australia. Shortly thereafter, Dilmah was introduced to New Zealand.

The brand was named after his two sons, Dilhan and Malik, and it was picked and packed, garden fresh and unblended, where it was grown, in Sri Lanka. As consumers accepted his tea and welcomed the return of Ceylon Tea to supermarket shelves, Dilmah's founder became the spokesperson for the brand, appearing in television commercials and on the product's packaging. His message was simple. I am a tea grower, I bring you my tea garden fresh, unblended, with a guarantee that it is the finest. He signed every pack and included a letter, and that tradition continues to this day. Today, the brand is marketed in over 90 countries around the world.

## Product

Tea is the second most consumed beverage on Earth, after water. It has a heritage of 5,000 years, having begun as a medicine and only then becoming a beverage. Dilmah understands this and therefore pioneered the concepts of unblended tea, garden fresh and packed at origin. The range of teas offered by Dilmah share this heritage of quality, its founder's guarantee, and extends to a wide and varied range including a Premium selection, for everyday enjoyment, a Gourmet Tea selection, Special Green Teas and Exotic Teas. Dilmah launched its Watte (meaning garden) boutique teas in 2003, representing the finest Single Region Teas from Ceylon's four premier tea-growing regions. In capturing the essence of these regions in four distinctively different teas, Dilmah drew parallels between tea and wine, taking Watte and fine Ceylon Tea to a new dimension. Watte Single Estate Tea was launched in 2006, extending the significance of this innovative line.

In designing its extensive range, Dilmah acknowledges consumers' growing awareness of tea, and their growing preference for teas that are unique and different, whilst offering authenticity and quality. The t-Series joined Watte, in the Boutique Tea segment, as the brand offering tea with style to a younger generation of tea drinkers.

Dilmah was the first international brand to launch a genuine White Tea, which made its debut in Coles Supermarkets in Australia, redefining a segment that was commoditised by the same multinationals that commoditised tea generally. Dilmah genuine White Tea launched at Aus\$ 11.49 for ten teabags, more than a dollar per bag, competing successfully against vastly inferior blends with little or no white tea, which sold at 99 cents to Aus\$ 3.99. Consumers recognised the difference.

## **Recent Developments**

In addition to White Tea, Dilmah's new teas feature three naturally spiced green teas – green tea with cinnamon, green tea with ginger, green tea with cardamom, two green teas enhanced with herbs, green tea with camomile and green tea with lemongrass. The range is all-natural, combining green tea with natural spices or herbs. The tastes offered in this range provide a new direction to the green-tea segment, the objective being to keep green tea natural.

Dilmah's strategic direction remains unchanged since its inception – quality tea, delivered garden fresh, with authenticity and ethics. Dilmah Tea is offered on board almost 20 international airlines, including Emirates, Singapore Airlines, Etihad, Qantas and LOT Polish Airlines. The company's t-Bars, offering tea with style and substance in a cocktail bar of teas, offer tea to younger consumers in Holland, Poland, Italy and Thailand.

## **Promotion**

Dilmah is the sponsor of Sri Lanka's cricket team, both domestically and internationally. The Dilmah Cricket Network celebrates Sri Lankan cricket with real-time updates of match scores, team and player statistics, and features on cricket from some of the world's leading commentators.

In its commitment to the upliftment of the ailing Ceylon Tea industry, Dilmah launched The History of Ceylon Tea as an industry service project, one of the largest single-category information websites in the world. It is an ongoing project that has assembled an archive of over 50,000 pages of literature relating to the heritage and history of Ceylon Tea, and offers this online as a resource for researchers, stakeholders and consumers. The objective is to grow awareness of the effort and expertise that goes into producing the finest tea, in order to benefit the industry.

## **Brand Values**

Fernando pioneered the concept of tea picked, packed and branded at origin, right where it is grown: Single Origin Tea. Value addition at the source gives the Dilmah brand a unique strength, reaching the consumer direct and eliminating the need for traders and their profit. Dilmah believes that innovation in tea will influence the long-term sustainability of the entire tea industry, not just the sustainability of the Dilmah brand.

The company has consistently incorporated social justice (or ethics) into its business model, on the assertion that business is a matter of human service. The MJF Foundation evidences and supports this assertion. In re-enacting the traditional model of a farmer bringing his produce to market, directly and with a commitment to its quality, Dilmah represents the fairest trade. Its founder believes that if every tea producer had the same opportunity to bring his product to the market direct as well as for their countries, industries and workers to benefit from the added margin, this would be much fairer than Fairtrade.

**[www.dilmahtea](http://www.dilmahtea)**