

**PGDM (IB), 2020-22**  
**Business to Business Marketing**  
**IB-431**

**Trimester – IV, End-Term Examination: September 2021**

Time allowed: 2 Hours-30 min.  
Max. Marks: 50

Roll No: _____
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**Instruction:** Students are required to write Roll No on every page of the Answer Sheet. All other instructions on the question paper / notifications should be followed meticulously.

**Note:** There are 2 sections in this paper. Answer briefly and to the point.

**Section A: Answer 3 Questions from A,B, and C in this section (10 marks each)**

Q. **A.1.a** Can you identify some of the key success variables in B2B Marketing to establish market leadership in an industry? Chart the progress of a company that you know of, that has employed a good understanding of at least one of these. Why is it that many companies fail to see the differences let alone act on them?

**CILO 1. While Business to Business Marketing shares several characteristics with Business to Consumer Marketing, there are distinct differences in the Creation, Servicing and Retention of Customers**

Q. **A.1.b** Which of two alternatives, Social Media interfacing, or an integrated, responsive Company website would be more effective in establishing a lasting relationship with a firm's B2B Customers? Put forth justification for your choice.

**CILO 1. While Business to Business Marketing shares several characteristics with Business to Consumer Marketing, there are distinct differences in the Creation, Servicing and Retention of Customers**

Q. **A.2.a.** Describe the Universal Pricing Mechanism in its various stages. Does it offer lessons both for pioneer companies, and for later entrants? Which is the most important of these, and why? Ultimately will the direction of prices be North(up) or South(down) and what would be the justification for it. Can you think of any exceptions? If so name one, and explain why.

**CILO 2. Robust Product and Service knowledge is an imperative in the successful pursuit of the field which the Course and its treatment has as a major focus**

Q. **A2 b** While charting the progress of the IT industry, in which area of the following: Hardware, Software, and Data, do you think that progress has been less than Satisfactory and has this resulted in unsatisfactory input for Decision making. Show Proof of your choice in a critical performance area of the Automobile industry in India.

**CILO 2. Robust Product and Service knowledge is an imperative in the successful pursuit of the field which the Course and its treatment has as a major focus.**

- ✓ Q.A 3.a A popular notion is that Customisation plays a bigger role in B2B Markets compared to B2C markets. Given the concept framework adopted by us on the universal Customer Expectation and the nature and role of Technology, would you agree with this notion, rather than accept a counter view that Standardisation of products with increasing versatility would be the B2B markets of the future? Support your argument with a couple of illustrations, **CILO 3 Businesses have several universal characteristics which Marketers can and should exploit, there are distinct differences in Domestic and International Markets which the practitioner should be aware of and develop capabilities relevant to these.**
  
- ✓ Q.A.3.b There has been a recent policy announcement on Self Reliance for Indian Business and Industry. Where are the opportunities(which sectors and which key products?) With the focus on the Indian Customer, and using the 4P framework, what in your view are some of the dos, and don'ts to be followed? Propose with justification, two industries for special focus one with the domestic market in mind, and the other the Export market. **CILO3 While Businesses have several universal characteristics which Marketers can and should exploit, there are distinct differences in Domestic and International Markets which the practitioner should be aware of and develop capabilities relevant to these.**

## Section B (Compulsory Case Study, 20 marks)

Read the following Case and answer both the questions given below

### Multiplexes in India Boon or Bane?

“There's no business like show business”.

The above truism comes to life when we consider the amount of turnover churned by the multiplexes that have mushroomed up in the past decade. Predominantly single-screen theatres ruled the roost when it came to movie theatres but with changing times the era of multiplexes was ushered in with cinema halls being converted into the ultimate weekend getaway for the thronging millions.

With around 11,500 active screens, India is under screened. China, which produces far lesser films than India has 65,000 screens while the US has 36,000. India's screen density stands low at 12 screens per million populations. There is a need of at least 20,000 screens as against the current 11,500. This gives multiplex operators enough room to grow as the traditional single-screen theatres do not have the financial wherewithal nor do they enjoy tax incentives.

Over the last few years, multiplexes have emerged as a trend in urban India. Multiplexes are essentially cinemas with three or more screens. They provide a quality viewing experience and are generally located around shopping malls to increase footfalls in these malls.

Each screen in a multiplex has a small seating capacity in the range of 150-300 seats as compared to single screen cinemas which have capacities in the range of 800-1,200 seats.

The multiplexes are ensuring everyone is taken care of as movie theatres have been amalgamated with retail outlets, shopping malls, bowling alleys and food courts etc. The multiplex players are bending over each other to cater to the needs of the customer and make it a family experience.

This is only the icing on the multiplex owner's cake and this icing only gets thicker with time as millions of revenue is on stake with the loyal customers coming to get a good deal. The heavyweights in this arena are PVR cinemas, Big Cinemas (owner ADAG group), Inox and Fun Cinemas.

## **1. BIG Movies:**

In June 2005, the Anil Dhirubhai Ambani Group (ADAG) acquired majority of the shares of the cinema screening business of the Manmohan Shetty owned Adlabs. The phenomenal growth story of 20 screens in 2005 to 186 screens today with a seating capacity of 71,000 followed this acquisition.

The success mantras driving the story are — expansion, scale-up and acquisition. The jump to Rs.365 crores in 2007 was termed as a three-fold growth which jumped again to about Rs.520 crores in 2008.

ADAG bought nearly 200 cinema houses pan America in cities as New York and Chicago and 51 theatres in Malaysia and six in Mauritius, which increased their presence overseas. Moreover they have focused on acquiring and renovating old movie houses in tier II and tier III cities.

Thus you would find a big cinema presence in cities like Lucknow, Hyderabad and Ghaziabad. Big Cinemas has opted for organic and inorganic growth strategy and if we look at the turnovers, this seems to be paying off.

According to the Adlabs spokesperson, they have 70 movies in the pipeline. The acquisition of N.D. studios in Karjat raised many eyebrows as they seem to be going into risky ventures in an over-zealous attempt to aim for the stars. They also plan to launch 52 satellite channels and are targeting the TV audience.

One of the most innovative concepts brought in is the d-technology which would entail production, distribution and screening of the movies via digital cables. This technology reduces the risk of piracy and also makes it much simpler for cutting costs.

Reliance Adlabs is one of the firms that are planning a double-digit number of screens in one of its megaplexes. The firm is investing Rs.30 crore on what will be India's largest megaplex. It will have 15-16 screens, including an IMAX 3D-digital screen, food and beverage lounges, special screens for kids and sports screens.

Adlabs is also opening a nine-screen multiplex at Ghatkopar and PVR is coming up with eight screens. Adlabs has tied up with Kingfisher airlines where if you travel by airlines, you accumulate points on which you can get a free ticket in Adlabs after you have reached a specific number of points.

## **2. PVR:**

It is one of the leading multiplex chains in India with 101 screens under operation in 14 cities at present. PVR has been successful in building a lifestyle entertainment brand because of its focus on customer service and quality of experience.

The company has been able to establish itself as one of the premier entertainment destinations, which has resulted in the highest occupancies, footfalls and spend per head as compared to all of the other multiplex operators.

It attracted 18 million patrons with an occupancy ratio of 41% in FY08, both the highest numbers among all the multiplex players. Today, it contributes 10% plus to the total domestic box office collections in the country, showing a clear dominance.

### **3. Inox:**

It has shown impressive operational performance, delivering a 65% CAGR in top line in the past five years. The company has shown remarkable pace of expansion in the last 3-4 years with commendable speed and quality of execution.

Inox has more than 50% of its screenings the tier I and II cities, which has rewarded the company very well in the past. It plans to add more than 100 screens in the coming two years, 70% of which will come up in select tier I and II cities. They believe that the move will create value for the company as these locations are comparable to metros level.

Inox has ramped up its presence to 84 screens in 24 locations at present. While registering a strong capacity growth in the past four years, the company has also been very successful in building a strong entertainment brand for its cinemas. Operating in an industry marked by execution delays, both the speed and the quality of expansion are commendable considering that the promoters didn't have prior exposure to the exhibition industry.

### **4. Shringar Films Pvt. Ltd.:**

It was founded in 1975, with the distribution of Bollywood films as the company's core area of operation. Operating the chain of Fame cinemas, the company gave Mumbai its first five-screen multiplex and its first IMAX theatre. Today it has a total of 30 screens in seven complexes. By 2009 the chain aimed to targets a sprawling presence with approximately 52,000 seats.

### **Risks and Concerns Related to Multiplexes:**

Multiplexes thrive on rising footfalls which in turn depend on the better supply of films from producers. Hence, any disruption on the supply side will definitely have a negative impact on a multiplex players' growth. Movies compete for customer attention with other forms of entertainment viz. DVDs, TV, cricket, festivals etc. An increased acceptability of these avenues will divert footfalls away from the multiplexes.

However, there is enough room for all to exist and grow simultaneously. A case in point is the US, where almost all forms of entertainment are present and have been well received by the consumers. Even then, footfall growth hasn't halted over there.

Moreover, there might be possible synergies among these formats which might benefit multiplexes, e.g. showing of IPL matches on cinema screens. Supply of quality real estate has been a problem in the past for multiplex players. Mall delays due to various reasons will hurt expansion plans of the companies.

Entertainment tax in India is among the highest in the world leading to a much higher occupancy levels required for breakeven of multiplexes. Even though state governments have announced tax free windows for these players, uncertainty looms over the viability of multiplexes after the window expires. The level entertainment tax should come down in the future; otherwise any increase will be passed on to the consumer to a large extent like it is being done at present.

The whole football growth story depends on rising prosperity in the country leading to higher discretionary consumer spends. If the economic environment starts worsening for a prolonged period, it will affect patronage levels, negatively pulling down top line growths. Hopefully there is enough space for more multiplex projects given the quantum of demand and lack of supply in the sector.

Preliminary analysis suggests that at national level and considering only the urban population demand in the age group of 15-60 years, 662 multiplexes with three screens per property i.e. 2,000 screens can operate at 35% capacity. All of the multiplex players combined are operating only 500 screens at present.

- Q.1 Analyse the Marketing Strategy of the Multiplex industry in India with special focus on the driving Technology of Telecommunication and the Universal Customer Expectation framework. Would you consider this industry as a growth industry, or a mature industry? What Marketing initiatives and responses could in your view improve the Business prospects? **10 Marks**
- Q.2 Do you think that the B2 Market prospects have been explored, let alone exploited by the Multiplex players? Could you identify one aspect of forward/backward integration that has been exploited by the owners of multiplex chains? Can you make one suggestion for exploiting a Marketing opportunity by this industry? **10 Marks**