

**PGDM (IB) (2016-18)**  
**Marketing Management - I**  
**IB-102**

**Trimester – I, End-Term Examination: September 2016**

Time allowed: 2 hrs 30 min

Max Marks: 50

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		<b>Total Marks</b>	<b>50</b>

**SECTION A**

**A1.** Kodak's fall is a case of Marketing Myopia? Elaborate

**A2.** We see firms making many claims. Taking the example of washing machines, one marketer claims, 'our washing machines operates on the best technology', another says, 'our washing machines are water savers', while a third says 'there is a simple reason why you must buy our washing machines; we understand them better....naturally, because we invented them!' Suppose a buyer in this case is not inclined to buy any of these machines and proceeds to collect more information before the buying decision, what could be the reason of her doing so ?

**A3.** Explain how IKEA has leveraged its physical distribution and supply chain to gain competitive advantage?

**A4.** Explain with an example an upward line stretch that was undertaken by a company in recent past.

**A5.** How in your view has TATA Swach, an innovative water purifier launched by Tata succeeded in 'Designing, and Delivering Value' to its customers?

**SECTION B**

**B1.** Cell phones have become a technology platform for several service offerings. Take any one example to explain how this has helped the company to improve the service delivery quality for its buyers?

**B2.** Successful marketing decisions require a good understanding of the internal and external/ macro and micro environmental factors that affect marketing. How does Porter's Five Forces model help a company in this?

**B3.** Explain the BCG Matrix with the help of examples.

**SECTION C**  
**CASE STUDY**

Read the article on the next page and answer the questions in the end.



## Case Study

By the end of FY 2012, Rohit Surfactants' Ghari detergent beat HUL's Wheel to become the top brand in the Rs. 13,000 crore laundry industry. Launched 1987, Ghari became India's largest-selling detergent brand by the end of FY 2012, with a sale of over Rs. 2,500 crore. With that turnover, it had garnered 25 per cent share of India's detergent market. The Kanpur-based Rohit Surfactants Private Limited (RSPL), maker of Ghari in now Rs. 3000 crore diversified conglomerate.

### How is Ghari's Case Unique?

Two points could be cited for explaining how Ghari's success is a unique case.

- i. **Meteoric rise:** The rise of Ghari has been meteoric. Ghari is a late entrant into the detergent market; it entered the market long after Nirma and Wheel had established well. But, it soon became the third-largest brand, next only to the two giants in the category. It then became almost unstoppable and reached the No. 1 position in a relatively short time.
- ii. **Its longevity as a low-cost/low-price model, remarkable:** The historical experience with low-cost/ low-price models has been that they have difficulty in sustaining their success over a long period of time. Their cost advantage gets erased over time, either because of the changing circumstances, or, because of competitors acquiring the same advantage. Analysis of low-cost phenomenon in different industries corroborates this view. Airline operations in India is one major example. For a period of four or five years, there was a big buzz about the low cost airlines. But none of the aggressive low cost players could sustain the business model and the phenomenon faded away. Even Nirma's low-cost/ low-price strategy in the detergent industry worked only for two decades. Ghari has bucked this trend. Its successful run with the price-oriented strategy has been a continuing one.

It is not easy to grow and also to keep making profits in the highly competitive, cluttered, low-priced detergent category. Over a period of time, players come under margin pressure due to rising costs of raw material, transportation, etc. It is in this context that the low-price success story of Ghari in the mass detergent category acquires significance. The longevity of its success makes the case unique.

**Ghari Detergent Powder  
Latest Prices**

Size	Retail Price (Rs.)
2.5 Kg	104
1 Kg	42
475 gm	20
235 gm	10
100 gm	5
15 gm	1

RSPL's endeavour throughout has been to give superior value for consumer's money. Efficient capital structure, new technology, operational discipline and a widespread distribution network, have together contributed to RSPL's growth. Keeping in line with its expansion, and its goal of intensive and extensive marketing, RSPL has been establishing manufacturing units in various locations across India. This well spread out and decentralized, closer-to-the-market production model substantially helped the low-price strategy.



It entered 10 new states in the last three years to expand its reach to 19 states through more than 3,500 dealers. It has 21 manufacturing units, 15 of which were added since 2006. The group's installed capacity of detergents is expected to cross 800,000 MT p.a. by FY 2013.

### How about the Road Ahead?

#### Cost and Margin Pressures May Inhibit the Low-price Strategy

It is anybody's guess whether RSPL and the Ghari detergent would continue to buck the trend and maintain its longevity record of being a success with a low-cost/low-price model. Inherently, it is a tough road. The model does come under pressure over time. Pressure on the margins of all detergent makers has been increasing due to increasing prices of key raw materials such as LAB (linear alkyl benzene) and soda ash. Smaller companies have to face additional problems. After all, they are required to compete with companies with ad budgets bigger by ten times or more than the annual sales of many of the smaller companies.

#### The New Plan to Enter the Mid-Premium Segment Can Prove to Be a Two-Edged Sword

By 2011, RSPL started its plans to launch a brand in the mid-premium detergent segment to take on Hindustan Unilever's Rin and Procter & Gamble's Tide. The new brand, Uni Wash, was to be launched in FY 2012 and to be priced similar to Rin and Tide. Rin's 1- kg pack is priced at Rs. 50, while Tide Naturals' 870 gram pack is priced at Rs. 30.

There are two views about the outcome of this move.

**One view is:** It would not be easy for Rohit Surfactants to build a brand from scratch; the move would change the image of the company known by the Ghari brand; it could further dent margins in the business; it being the largest segment that contributes to more than a quarter of the revenues for both HUL and P&G, they will offer cut-throat competition to RSPL; and RSPL would find it a challenge in this market.

**The other view is:** The mid-priced category offers higher margins as well; there is also a market gap here as only two significant brands- Rin and Tide- operate here; it has good potential.

#### Diversification Endeavour Can Also Go Either Way

RSPL also has plans to tap vigorously the expanding market of personal and home care products in India, like shampoo, hair oil, toothpaste, moisturizer, shaving cream, liquid hand wash, floor cleaner, liquid detergent and toilet cleaner. One unit to cater to this category has already become operational in March 2010. Which way this diversification will go is also unpredictable. **One view is that RSPL has been building its distribution network to cover most of the country and has developed the wherewithal to compete with established brands. It has a solid platform, which it can leverage for pushing new brands.** Another view is that RSPL would be frittering away its resources and bleeding against several established brands in these categories, and hence it may be better to stick to its knitting.

- (1) What would be your recommendation to RSPL regarding launching a mid –premium segment detergent? Why? (8)
- (2) What would be your recommendation to the company regarding its plan to expand in the personal and home care market? Why? (7)

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