

PGDM-RM, 2016-18  
Marketing Management-I  
RM-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**. All other instructions on the reverse of Admit Card should be followed meticulously.

**Section A (Attempt any 3 out of 5, 3\*5=15 marks)**  
**Word limit for each answer is 50 words**

- Q1. How did Titan Eye+ (Titan Eyewear) manage to deliver value even while keeping the prices higher?
- Q2. "Mobile becomes the technology platform for several services." Take one particular service where mobile has become the technology platform and elaborate.
- Q3. Software major Microsoft is facing problem from the changing environment. Elaborate on these problems; identify what caused these problems; and discuss the solutions available to Microsoft.
- Q4. Take purchase of a house by a young, double income, professional, couple as the example and explain the buying process involved in it drawing the principles of consumer buying behavior.
- Q5. Do you agree that the Indian middle class is steadily moving towards premiumisation? Take three or four FMCG items and explain with data.

**Section B (Attempt any 2 out of 3, 2\*10= 20 marks)**  
**Word limit for each answer is 100 words**

- Q1. (a) Take ITC's FMCG product line. Show its product mix width and product line length. (b) In the context of the FMCG product mix width and depth of companies like HUL, P&G, Nestle, Britannia, Godrej, Marico, Emami; where does ITC stand in terms of a gap in its offering portfolio?
- Q2. Explain various tools and techniques/metrics used for marketing control. Explain each component with an example.
- Q3. Explain the new SEC. What are the limitations of the same?

**Section C (Compulsory Case Study, 2\*7.5=15 marks)**  
**Word limit for each answer is 75 words**

**Personal care Products**

The personal care market in India is currently estimated at over Rs. 300 bn and growing at a rate of about 12% annually. The major contributor to the size of the market is the soaps and synthetic detergents market of close to Rs. 190 bn. Besides, skin care market at Rs. 20 bn (including fairness creams at Rs. 9 bn); hair care (including hair dyes, hair oils and shampoos) at Rs. 26 bn; male grooming (and female hygiene) market at Rs. 11 bn; colour cosmetics at Rs. 5 bn; oral hygiene (tooth pastes, tooth powder and brushes) add another

Rs. 26 bn to the overall market. Other important components include perfumes and fragrances, estimated at over Rs. 5 bn.

The personal care products are fluid in their taxonomy. For purposes of the present exercise, the following segmentation sounds rational:

1. Dental care products: dental pastes, gels, brushes, mouthwashes.
2. Skincare products: creams including fairness creams, compact packs talcum powder, deodorants and moisturizers.
3. Hair care products: hair oils, hair creams and gels, dyes, shampoos, hair brushes.
4. Colour cosmetics: lipsticks, nail polishes, eye shades (including Kajal) and make-up and eyebrow pencils.
5. Men's hygiene products: shaving creams, after-shave lotions, razors and blades.
6. Women's' hygiene products: sanitary napkins.
7. Perfumes fragrances and eau de colognes.
8. Condoms.
9. Washing products: soaps and synthetic detergents including scourers.
10. Domestic hygiene products: floor cleansers and disinfectants, toilet cleaners.

At one end of the spectrum are the basic necessities like toilet soaps, facial creams and talcum powder and, at the other, the product range covers perfumes, fragrances, eau de colognes, shampoos, fairness creams and colour cosmetics, let alone conventional products like hair oils.

With a population of more than one bn and a growing taste for Western sophistication, India has become one of the fastest growing markets for cosmetics and toiletries. Sale of cosmetics and toiletries expanded by a whopping 12.6% in 2006, and marketers are recognizing the tremendous potential in this budding market.

The growth in the market has been stimulated also by the product range, the new and elegant packaging, and transformation in social values and reduction in duties - both customs and excise.

The increase in the number of working women is leading to higher aggregate disposable incomes commanded by them, which is attracting consumer spending. Consumers are also becoming quality conscious.

A major change in consumer psychographics has been in evidence: the consumer increasingly perceives the personal care products as essentials with a high degree of relevance to personal health and welfare. The change is aided and abetted by the glare and penetration of the global brands which are flooding the burgeoning Indian consumer market.

In the rural areas, gradual shifts in the consumption patterns are emerging. Upgradation of product use is being witnessed. To ward off mosquitoes, for example, repellent coils and mats are being used. Local and unbranded products are getting replaced by national brands and low priced products by higher priced products.

Penetration into the rural markets is growing deep. Around 35,000 tpa of toothpaste is estimated to be consumed in rural India. With low base, rural markets seem to be growing faster. Estimates put the growth in the urban market at 6% and in the rural market at 15%. According to a survey conducted by a leading market research organization, it has been found that out of the rural household spending in consumables - outside food - 20% is on toiletries, 13% on washing products, 10% on cosmetics, 4% on OTC products and only 9% on other consumables.

Towards the close of 1990s, penetration of personal care products was observed to be twin blades 19.5%, shaving creams 3%, sanitary napkins 9%, hair removers 11%, toilet soaps 3%, talcum powder 6%, tooth powder 5%, tooth pastes 5%, hair dyes 26%, shampoos 12% and hair oils 4%. This penetration has increased perceptibly following the extension of cable TV networks and other means of communication.

Lead players found to have made inroads into rural markets include Hindustan Unilever (88%), Nirma (56%), and Colgate Palmolive (33%). The pointers for the markets are, therefore, indicating a rural thrust, which should accelerate a demand push unseen in the past. In some of the skincare and hair care products, the shift to herbal or natural products is a new phenomenon, not only in India, but also in the western markets, which has enabled the industry to expand its portfolio of exports. The consumer concern for health-related issues is so serious that the marginal price divergence's are ignored; at any rate, the elasticity co-efficient remains low. In the overall cosmetics market Ayurvedic or herbal-based products enjoy a significant share (nearly 20%).

IRL Marketing of Delhi earlier launched its Biotique brand of professional make-up to take on American Mac and Bobby Brown. Its make-up range of products include sandalwood and honey foundation, nutmeg bronzing cream, cinnamon pressed powder, botanical blushers and saffron lip colours. The Shahnaz Husain group also introduced Herbal Hair Mascara, made from vegetable dyes, as a temporary method of colouring the hair.

Godrej Soaps has recently launched a new range of Godrej liquid and powder hair dye. The company has also launched a new range of Godrej Keshkala, oil based liquid hair dye. Godrej Keshkala can be applied in the same way as any other hair oil. Godrej's Kali Mehendi has also been popular. It is a hair colouring product that contains mehendi among other natural and herbal ingredients.

Reckitt Benkiser had plans to introduce two new variants of Dettol from its international portfolio. The company extended the Dettol brand into new products in beauty and health space. It has introduced various variants of Dettol, such as Dettol Beauty Soap, Dettol Cool and Dettol Sensitive Handwash.

South Indian FMCG company, Choalyil's launched the glycerin version of its soap brand, Medimix. Besides, it also launched other versions of the brand, which continue to revolve around ayurvedic formulations. Dabur India has built strong and robust brand architecture with four mega brands for international business across all geographies - Dabur, Vatika, Hajmola and Meswak. Implementing the open innovation strategy, Dabur India has outsourced Italian technology and launched a range of intensive hair treatment masks under the Vatika brand. The key contributing markets to the international business growth have been GCC (Gulf Cooperation Council), Egypt, Pakistan, Nigeria, Sudan, Iraq, Jordan, Libya and Morocco. GCC, the largest market in its international business has registered an impressive 30% growth fuelled by innovations in the hair care and oral care businesses. Dabur Amla Hair Oil is reported to have increased its market share to 42% in 2006-07. It was launched in 2006, targeting the younger generation. The company has also successfully launched Vatika Naturals, olive hair oil, extending the Vatika brand equity.

Dabur's foray in Pakistan through its subsidiary, Asian Consumer Care (Pakistan) Ltd. registered a 125% business growth. The key growth drivers of the business were Dabur Amla hair oil, Dabur Hajmola and the launch of Dabur Meswak. Both Amla and Hajmola are now market leaders in their respective categories.

During 2006-07, the three Balsara group companies, namely, Balsara Hygiene Products Limited, Balsara Home Products Limited and Besta Cosmetics Limited were fully integrated into Dabur India.

The 15 bn rupee conglomerate, Emami group, is also a leading manufacturer of beauty products, toiletries and cosmetics, with production units spread in the state of West Bengal, Assam, Odisha, Puducherry, Gujarat, Uttarakhand and Himachal Pradesh. Its other interests include paper, cement, edible oils and others. It is investing Rs. 2.2 bn (out of a total planned investment of Rs. 20 bn) for acquisition in personal care and health care space and for product portfolio enhancement through forays into new categories of baby care, hair care and men's grooming.

Some of its leading brands have a considerable market presence. Its Naturally Fair Cream, the first cream in the fairness category, was totally herbi based, against the then chemical based creams. Emami Boroplus antiseptic cream, a preventive, curative and healing Ayurvedic ointment is aimed to protect and moisturize skin year round. It is a combination of moisturizing Aloe Vera and special medicinal herbs. Its other ingredients include special herbs like Chandan, Neem and Tulsi which are known for their antiseptic properties, and help to heal cuts, scratches, minor wounds and cold sores, leaving skin flawless and blemish-free

Boroplus is one of the flagship brands of Emami. It is the world's no. 1 Antiseptic Cream, with a 62% market share. It is sold in over 50 countries, used by 300 mn Indians and around 2 bn people across the world. Himani Fast Relief, launched in 2000, is a powerful pain relief therapy for various ailments, such as arthritis, muscular pain backache, joint pains, and sprains. Boroplus Prickly Heat Powder was launched as an Ayurvedic Prickly Heat Powder in mid 1980s. Its other variants include 'Boroplus ICE' with anti-bacterial and anti-fungal herbs. Boroplus powders are also available in variants like, Boroplus Icy Sandal, Boroplus French Lavender, and Boroplus French Herbal. Besides, its Golden Beauty Talc was relaunched in 2003 with French perfumes in 3 variants, Alpine Dew, Moondrop, and Real Sandal, known to contain 6 ancient French herbs - geranium, evening primrose, common thyme, sweet basil, marigold and chamomile. Its Navratna oil is another flagship brand is among the top selling brands in India. Their traditional Ayurvedic formulation along with the cooling sensation has multiple benefits of providing relief from headache, tension, sleeplessness. Navratna brand, like Boroplus, has been extended to include, Navratna Cool Talc claimed to be first of many brand extensions that brand Navratna is planning.

Emami Sona Chandi Chyawanprash launched in 1999 is positioned around the concept of Surakshit tan, tez dimag. It is claimed to be fortified with the super power of gold and silver along with 52 rare herbs and minerals. In 2002, Emami launched Sona Chandi Amritprash, claimed as an immunity builder; provides nourishment; rejuvenates the body and nervous system; meets every day energy needs; and acts as a central cooling system. Emami has acquired a stake in the prominent ayurvedic products manufacturing company, Zandu Pharmaceutical Works Ltd. For the first time the company is to enter into the baby care segment, by launching "Himani Sona Chandi, Healthy & Fair Ayurvedic Baby Massage Oil." It is claimed to be the world's first baby massage oil with the goodness of gold, silver and saffron, almond along with 17 other herbs, besides precious oils like almond, olive, til, and coconut. Clinical researches, according to the company, opine that regular use of the oil not only makes baby healthy but also makes baby fair in just 6 weeks.

The Rs. 10 bn Marico Industries is retailing Kaya skin care products through other beauty chains. Marico's products profile includes products and services in hair care, skincare and health foods. In the personal care segment, brands, such as Hair & Care, Mediker, Oil of Malabar, Kaya and Sundari are quite prominent.

Marico Industries had acquired herbal bath soap brand "Manjal" from Kerala-based Oriental Extractions. In 2005-06, Marico had acquired some soap brands in Bangladesh - Camelia, Magnolia and Aromatic - as an entry level strategy into the country.

J&J has a large presence in infantcare, childcare, adult toiletries, skincare, visioncare and pharmaceuticals. In the visioncare, the company focuses on two brands - Acuvue and Surevue. In childcare J&J product portfolio include kid's detangling shampoo and Johnson kid soap. In women's health care, it has Carefree, Stayfree, Germishield, Silkydry, Stayfree Secure, OB Tampons. In wounds care, it has Band Aid, Savlon antiseptic liquid, Johnson Plast.

### **Newly Emerging Indicators**

In the face of inflation, FMCG majors Hindustan Unilever (HUL) and Godrej Consumer product have increased the prices of their soaps. The FMCG major Hindustan Unilever (HUL) has developed what is termed as a 'sustainable living' plan to promote its product brands, especially Lifebuoy, Serf Excel, Pureit and Brooke Bond. The emphasis is to generate interest of its products by creating awareness on the essence of using the brands. For instance, Lifebuoy sells on the back of its hygienic advantage of cleaning of hand to ward off infections.

In the case of its tooth pastes, it focused on 180 schools to teach the students on the effectiveness of dental hygiene. Likewise, its Brooke Bond Sehatmand blended with vitamins addresses the nutritive quality of the tea. The emphasis on water saving, a critical material by using its Comfort One Rinse laundry product. All these have earned it a lot more customers than others have managed.

In the case of the skincare market, there are others now emphatically seeking entry into it considering the futuristic potential. These include Emami and L'Oreal. The edible oil major, Marico is to take on the might of HUL, L'Oreal, Nivea, Emami, Johnson & Johnson, Shahnaz Husain, Lotus Herbals and others in their domain of skincare products. The company is extending its coconut hair oil brand, Parachute, into the body lotion and other skincare products to have a share in the Rs. 45 bn skincare pie. It would have to contend with the established brands, such as Vaseline and Pond's from HUL, Nivea, Garnier, and Neutrogena from J&J among others. The market analysts believe that it would be an easy ride by Marico into the bastion of majors entrenched in the market for over decades.

Wipro Consumer Care & Sighting (contributing 9% of overall Wipro sales) marketing soaps, talc deodorants, after-shave lotion and shaving cream under Yardley brand, include Santoor and Chandrika, among others. Wipro is also bringing in body lotion from Yardley to spread its market coverage.

Amway India launched its new range of men's grooming products under the brand name Dynamite in Pune. The new product range includes face wash, shave foam, deodorant, shaving cream, whitening cream, after shave splash and hair cream. This market is expected to reach at Rs. 53 bn by 2016. The company is also planning to introduce few products in healthcare and beauty sector in the coming year.

The company aims to take its net sales revenue in India to about Rs. 50 bn by 2020. Last year, the company had clocked a turnover of Rs. 23 bn in the country compared to Rs. 21 bn in 2012. The commercial operation at the facility is likely to commence by mid-2015. The company is investing around Rs. 5 bn.

The global personal care market, estimated at about USD 300 bn at the retail level, is a highly attractive segment of the consumer products space. The market has witnessed steady growth of over 4% per annum in the last few years.

According to a report 'Global Cosmeceuticals Market Outlook 2016, the global cosmeceuticals market should reach USD 32 bn by 2016, as it logs a rapid growth rate of over 7% annually between 2012 and 2016.

*Innovation is like virtue; it is important, we would like to have more of it, but few know how to get it and even fewer know how to keep it.*

**Morgen Witzel**

Editor-in-chief

Source: Intecos: CIER

**Q1.** *'Innovation is like virtue; it is important, we would like to have more of it, but few know how to get it and even fewer know how to keep it'.* Based on the above case justify the above statement.

**Q2.** (a) In context of the case details only how would you correlate the positioning and segmentation of Patanjali Aurvedic products. (b) Are there any gaps in their portfolio?