

PGDM (Retail Management), 2015-17
Marketing Management-I
RM-102

Trimester – I, End-Term Examination: September 2015

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	$3 \times 5 = 15$
B	2 out of 3 (Long Questions)	10 Marks each	$2 \times 10 = 20$
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section A

Attempt any three questions. Each question carries five marks.

Q1. Explain the concept of Brand Equity using suitable industry example. Why is it important for companies to build brand equity?

Q2. Packaging and product design can be important parts of a differentiation strategy. Discuss how companies can use the same to achieve competitive advantage.

Q3. Make a list of two brands in Indian market which have significantly lost their market share since the last five years. Find out the reasons of their declining market share.

Q4. Choose a consumer product or service. How can you get current customers of the product or service to buy more? Illustrate some of the marketing strategies for the same.

Q5. Choose a product that is in the growth stage of the product life cycle. Also choose a product that you believe is a declining product. How is the marketing different for the two products?

Section B

Attempt any two questions. Each question carries ten marks.

Q1. Where does the product 'wet wipe' fall on the product life cycle stage? Based on their position on the PLC, discuss the different strategies adopted by Grasim Industries Ltd. to be a market leader for its 'Kara' brand amidst the present competition.

Q2. Which segmentation variables would you consider important for segmenting the market for a company that is planning to launch a 'tasty tooth powder' as its new product? Justify your answer giving specific reasons for choosing the segmentation variables.

Q3. Discuss the efforts created by Maruti Udyog Limited to enhance the customer delivered value in the recent past. How has the company integrated its After Sales Service efforts to further enhance the value delivery process?

Section C (15 marks) Case study (compulsory)

THE IPHONE: THE GREAT CONSUMER HOPE⁵⁶

In 2004, when Apple announced it was developing an "iPod phone" in partnership with Motorola, consumers and Apple investors were filled with great anticipation. But the resulting ROKR phone prompted widespread disappointment, and less than a year later, Apple discontinued its iTunes support, making the handsets it had sold basically obsolete.

Despite the dismal failure of the first iPod phone, just three years later, Apple announced its iPhone. What could have made Apple decide to offer another cell phone, and what did it do differently when introducing the iPhone?⁵⁷

APPLE INC.

Apple manufactures and sells computer, music, and phone hardware, along with related software. Since its incorporation in 1977⁵⁸ under the name Apple Computer Incorporated, Apple has introduced products that challenge the conventional approaches in the electronics industry. It pioneered modular design with the Apple II, engineered the initial graphical interfaces with the Macintosh, and offered the PowerBook as the first laptop to include a built-in track pad.⁵⁹

In 2001, Apple changed how consumers listen to music when it entered the portable music player market. Since then, it has sold more than 100 million iPods, making it the market leader with a 74 percent market share in the MP3 arena.⁶⁰ According to most consumers and technology experts, the success of the iPod resulted from its incredible ease of use. By combining a music store, software, and portable player into one simple system, Apple eliminated the problems consumers faced with other music players and thus created value by simplifying the digital music experience.

THE ROKR

Three years after it introduced the iPod, Apple decided to partner with Motorola to produce a music phone. When Apple and Motorola came out with the ROKR in 2004, they had high hopes that they could capitalize on the popularity of portable electronics by combining two devices that members of the target market commonly carried: a cell phone and an MP3 player. It seemed like a perfect partnership, with Apple supplying access to affordable content and Motorola providing cell phone manufacturing and marketing experience. But the ROKR had a major flaw, according to cellular carriers such as Sprint and Cingular. These carriers earn revenue from the bandwidth used to download songs and the purchase price. But the ROKR could not purchase songs over the air and only played songs purchased through iTunes, so carriers made much less money from the ROKR phone and therefore did not push it.

Consumers also found the new cell phone disappointing, mainly because the phone was extremely slow to load music,⁶¹ artificially capped capacity at 100 songs, and was sluggish when running iTunes.⁶² Thus, half of its value proposition—that is, that it would replace MP3 players—failed to satisfy those who adopted the ROKR. After less than a year, Motorola discontinued its partnership with Apple and announced that the next-generation ROKR would not use iTunes.

THE HANDSET MARKET

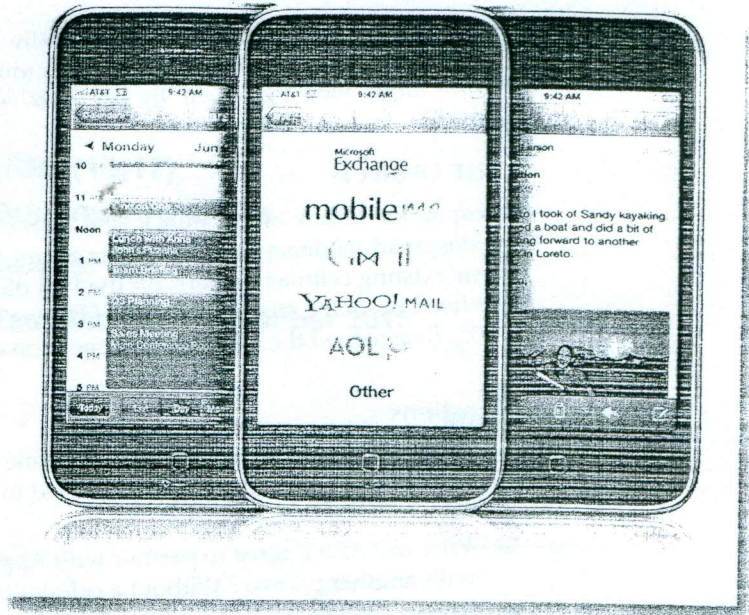
When Apple decided to introduce its second version of a music cell phone, it faced significant barriers. As early as 2005, *Wired Magazine* pointed out that “music phones are the biggest threat Apple has faced since Windows.”⁶³ Although Apple dominated the dedicated MP3 player market, more and more phone manufacturers were adding music playback to their handsets. Primary phone manufacturers, such as Nokia and Motorola, already had existing relationships with cellular carriers, so they achieved a distinct advantage in the U.S. market, where cellular carriers dominate the distribution market for handsets. (Only 0.05 percent of all cell phones are sold by noncarriers in the United States.)⁶⁴ To address this problem, Apple partnered with Cingular, now AT&T. But it could not negotiate price support, which meant that consumers would have to pay the entire \$699 list price—a major issue indeed.

THE IPHONE

Despite these issues, Apple decided to develop the iPhone, but it made two important decisions about this release. First, it would redesign the buying process for cell phones. Second, Apple would introduce new iPod features unique to the iPhone.

To improve the cell phone purchasing process, Apple relied on simplification to make the ordeal as painless as possible. Customers who disliked shopping for phones could buy online and register through iTunes. Those who wanted to be among the first to get their hands on an iPhone could turn to AT&T sales locations and Apple stores, which provided no-risk trials. Apple even took control of the customer service and troubleshooting functions for the iPhone to ensure it determined all aspects of the user experience.

Then, to differentiate the iPhone from anything else available on the market, Apple developed unique features that were unavailable to iPod owners. In



Apple iPhone was named “Invention of the Year” by *Time* magazine.

creating special value for technologically savvy, forward-thinking consumers, Apple designed the iPhone to feature a touchscreen, wireless capabilities, and a much larger viewing screen. By late 2007, Apple added these features to its iPod Touch.

THE LAUNCH

Despite the failure of the ROKR, the high purchase price of the iPhone, and the widespread tendency for consumers to get locked into long-term contracts with their existing cellular carriers, on the first day the iPhone was available, consumers lined up in the streets in hopes of having an opportunity to purchase it. In late 2007, *Time* named the iPhone the "Invention of the Year."⁶⁵

Questions

1. How did Apple know that the cell phone market would be a good opportunity? What important differences led to the success of the iPhone and the failure of the ROKR? (5)
2. Why did AT&T agree to partner with Apple? Could Apple have succeeded with another partner? Without a cellular partner? (4)
3. What kind of industry analysis did Apple likely conduct before releasing the iPhone? (3)
4. Do you think the iPhone will continue to be a success? What environmental factors support your position? (3)