PGDM, 2014-16
Marketing Management I
DM-104
Trimester – I, End-Term Examination: September 2014

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
		Total Marks	**50**

Turn Over

Section A

(Answer any 3 questions out of 5)

(Max 300 words per answer)

1. Describe the different stages of evolution of Marketing and their underlying assumptions and limitations - from the Production concept to its present avatar of Social Responsibility Marketing.

2. Repositioning is a task that revolves around a product and the way it is communicated. Suggest different approaches to repositioning with examples.

3. You are the new Marketing Manager for a firm that produces a line of athletic shoes targeted at the college student subculture .In a memo to your boss list some product attributes that might appeal to this subculture, the corresponding benefits of these, and the steps that would be involved in your customer's purchase process?

4. Explain the term Marketing Myopia with examples. In this context how should Indian Railways avoid falling into the myopia trap?

5. Describe Porter's 3 Generic strategies. Give examples of companies following each of them. What other kind of strategy does Porter warn a company against following and why?

Section B

(Answer any 2 questions out of 3)

(Max 600 words per answer)

1. As the newly appointed Marketing Manager of L'oreal India's Consumer Products Division you have been entrusted the task of drawing up a comprehensive IMC programme for promoting your beauty products. What would be your objectives? Show the components of your plan with the help of a diagram, explaining the utility of each.

2. Describe the VALs segmentation model with the help of a diagram. Would you need to modify this model to apply it to Indian customers? If so, how would you classify segments? Justify your answer.

3. With the help of Porter's 5 Factor Model of Industry profitability, justify your decision to enter or forgo entry as a new airline contemplating entry into the low cost, no frills, Indian airspace.

Section C

Read the case on the next page and answer the questions that follow. All questions carry equal marks.

IKEA

IKEA was founded in 1943 by a 17 -year-old Swede named Ingvar Kamprad. The company, which initially sold pens, Christmas cards, and seeds from a shed on Kamprad's family farm, eventually grew into a retail titan in home furnishings and a global cultural phenomenon, what *BusinessWeek* called a "one-stop sanctuary for coolness" and "the quintessential cult brand."

IKEA inspires remarkable levels of interest and devotion from its customers. In 2008, 500 million visitors walked through IKEA stores, which are located all over the world When a new location debuted in London in 2005, about 6,000 people arrived before the doors opened. A contest in Atlanta crowned five winners "Ambassador of Kul" (Swedish for "fun") who, in order to collect their prizes, had to live in the IKEA store for three full days before it opened, which they gladly did.

IKEA achieved this level of success by offering a unique value proposition to consumers: leading-edge Scandinavian design at extremely low prices. The company's fashionable bargains include products with unu- sual Swedish names such as Klippan·loveseats for $ 279, BILLY bookcases for $60, and LACK side tables for $8. IKEA founder Kamprad, who was dyslexic, believed it was easier to remember product *names* rather than codes or numbers. The company is able to offer such low prices in part because most items come boxed and require the customer to completely assemble them at home. This strategy results in cheaper and easier transportation as well as more efficient use of store shelf space

IKEA's vision is "to create a better everyday life for the many people." Its mission of providing value is predicated on founder Kamprad's statement that "People have very thin wallets. We should take care of their interests." IKEA adheres to this philosophy by reducing prices across its products by 2 percent to 3 percent annually. Its focus on value also benefits the bottom line: IKEA enjoys 10 percent margins, higher than its competitors such as Target 7.7 percent) and Pier 1 Imports (5 percent).

IKEA sources products from multiple companies all over the world rather than a handful of suppliers as many furniture retailers do. This ensures the lowest price possible, and savings that are passed on to the consumer. Today, IKEA works wrth approximately 1,300 suppliers from 53 countries.

IKEA's stores are located a good distance from most city centers, which helps keep land costs down and taxes low. The average IKEA customer drives 50 miles round-trip to visit an IKEA store. Many stores resemble a large box with few windows and doors and are painted bright yellow and blue-Sweden's national colors. They save energy with low-wattage light bulbs and have unusually long hours of operation; some are 24-hour stores. When a consumer walks through an IKEA store, it is a very different experience than most furniture retailers. The floor plan is designed in a one-way format, so the consumer experiences the entire store first, then can grab a shopping cart, visit the warehouse, and pick up the desired items in a flat box.

TURN OVER

Many IKEA products are sold uniformly throughout the world, but the company also caters to local tastes.

In China, it stocked 250,000 plastic placemats with "Year of the Rooster" themes, which quickly sold out after the holiday.

When employees realized U.S. shoppers were buying vases as drinking glasses because they considered IKEA's regular glasses too small, the company developed larger glasses for the U.S. market

IKEA managers visited European and U.S. consumers in their homes and learned that Europeans gener- ally hang their clothes, whereas U.S. shoppers prefer to store them folded. Therefore, wardrobes for the U.S. market were designed with deeper drawers

Visits to Hispanic households in California led IKEA to add seating and dining space in its California stores, brighten the color palettes, and hang more picture frames on the walls.

IKEA has evolved into the largest furniture retailer in the world with approximately 300 stores in 38 countries and revenues topping € 21.5 billion in 2009. Its top countries in terms of sales include Germany, 16 percent; United States, 11 percent; France, 10 percent; United Kingdom, 7 percent; and Italy, 7 percent.

Questions

1.Critically analyze Ikea's Marketing strategy, clearly laying out its pros and cons

2.IKEA has essentially changed the way people shop for furniture. Evaluate this strategy.

3.What is the way forward for Ikea and why?