

PGDM (IB) (2014-16)
Marketing Management -I
IB-102

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

SECTION A

- A1. How do initiatives like TATA Swach and HUL Pureit reflect contemporary marketing thought?
- A2. Businesses fail because they are 'product oriented' and not 'customer oriented' it is said. How has HDFC Bank made its offerings more customer oriented?
- A3. Products are often bundles of benefits that satisfy customer needs. Explain what bundles of benefits does a Café Coffee Day outlet offers its customers?
- A4. How has Theodore Levitt contrasted between 'selling' and 'marketing'?
- A5. Which product levels of the Customer Value Hierarchy does the low cost carrier(LCC) Indigo meet through its offerings. Justify.

SECTION B

- B1. How does an Integrated Marketing Communication (IMC) approach help a company to build its brand equity?
- B2. Successful marketing requires a complete understanding of all experiences in learning, choosing, using and even disposing a product by its buyer. Explain the Five Stage Model of Consumer Buying Process in light of the above statement.
- B3. Setting a Price Policy is a complex and crucial process. Explain the Six Step Process of setting up a price policy.

SECTION C
CASE STUDY

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

TURN OVER

Apple cuts online price of iPhone 5S to clear stocks; ties up with Amazon, Flipkart and Snapdeal

By Writankar Mukherjee, ET Bureau | 4 Sep, 2014, 06.40AM IST

Just ahead of the launch of the next iPhone, Apple is offering a price cut on its outgoing flagship device. It has tied up with online retailers Amazon, Flipkart and Snapdeal to offer discounts on the iPhone 5S in a move that's sharply contrarian to the strategy of brands such as Samsung and Sony that are fighting to ensure price parity between on-line and brick-and-mortar stores. Apple is offering an extra Rs 1500-2000 in margins to on-line retailers to liquidate 5S stocks ahead of the new phone launch. This, combined with the usual discounting by e-commerce sites, has made the 5S about Rs 8,000 cheaper online than in brick-and-mortar stores. That's probably the widest price gap currently for any smartphone or electronic gadget, according to three of Apple's top trade partners. The 16GB iPhone 5S is available online at Rs38,000-39,000 while it costs Rs 46,000-47,000 in stores.

The idea is to clear out stocks of the 5S, which will get a substantial downward price revision when the new flagship iPhone model is launched, trade sources said. It's a strategy Apple routinely adopts in the US and Europe.

Apple has scheduled a global event on September 9 in Silicon Valley that's widely expected to be the unveiling of a new largescreen iPhone and smart watch concept. Emails sent to Apple, Amazon, Flipkart and Snapdeal did not elicit any response as of press time. "Apple's sudden focus on e-commerce sites has become a nightmare for us," said the **chief executive officer** of a leading cellphone retail chain, requesting anonymity. "We have even told them that if the situation continues, we may stop picking up stocks of iPhones since our sales have suddenly taken a hit."

While big retail chains have taken up the issue with Apple and have threatened to stop stocking its products, some have negotiated special consumer offers on the 5S, such as a free case with each purchase. Apple follows a uniform pricing strategy around the world, hence it cannot reduce prices across all **sales channels** in the market. A top trade executive said Apple's strategy was in stark contrast with what other consumer **electronics** and smartphone makers are currently trying to achieve a level-playing field between offline and online trade. "We have to see whether Apple is doing this discounting as a regular phenomenon before taking a decision on the way ahead," the person said.

Explaining the large online-offline gap, another of the company's trade partners said, "Apple is offering 3-4% extra margin to e-commerce to be passed on to consumers as discount, apart from usual schemes such as 1-2% more margin if sales target is reached. The e-commerce firms are further doing their own discounting which has made the price difference this wide." Apple offers an 8-12% retail margin on iPhones, according to those in the trade. As per estimates, modern retail and the exclusive Apple stores contribute around 20% each to iPhone sales in India, while ecommerce and general trade accounts for the remaining 60%.

QUESTIONS

1. Evaluate the move from the pricing strategy and the channel management point of view. What is your opinion about the same? (7)
2. What options can Apple choose to achieve its objectives and avoid the channel conflict? (8)
