

PGDM(IB) , 2013-15

Consumer Behavior

IB-409

Trimester – IV, 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	$3 \times 5 = 15$
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

1. "Companies must understand Indian culture in order to succeed in Indian market" – describe an effort of a company in this respect.
2. Describe the marketing applications of Just Noticeable Difference (j.n.d).
3. What are the various types of needs and their characteristics?
4. What are the various stages of information processing in the consumer decision making Process
5. Explain briefly the requirement of Multinational Marketing Strategies

Section B

1. What is Cross-Cultural Consumer analysis? What are the important factors to be considered for devising marketing strategies?
2. Describe the factors that affect the diffusion rate for an innovation. How can these factors be utilised in developing marketing strategy?
3. Describe the factors that influence the consumer decision making process

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SECTION C

Titan Watches

Titan Industries is the fifth largest integrated watch manufacturer in the world and has 60% of the organized watch market share in India. Titan started its operations in 1986. When it was launched, it was the third watch company in India after HMT and Allwyn. Titan formed a joint venture with Timex, which lasted until 1998, and set up a strong distribution network across India. Titan watches are sold in India through exclusive Titan showrooms called "The World of Titan" and through various franchisees and through retail stores.

The company brought about a paradigm shift in the Indian watch market, offering quartz technology with international styling, manufactured in a state-of-the-art factory at Hosur in Tamil Nadu. Leveraging its understanding of different segments in the watch market, the company launched a second independent watch brand, Sonata as a value brand to those seeking to buy functionally styled watches at affordable prices. In addition, it focussed on the youth segment with its third brand-Fastrack. It has also launched premium fashion watches by acquiring a license for marketing global brands such as Tommy Hilfiger and Hugo Boss, besides having in its portfolio its first Swiss made watch brand-Xylys.

The vision of Titan watches envisaged to be innovative, world class, contemporary and build India's most desirable brands. In line with this vision, the company focussed on brand marketing rather than product marketing. Watches were considered a functional product before the entry of Titan in the market in 1986. Titan changed the perception of watches from a functional product to a personal product in the mindset of the consumer to leverage its brand name and the reputation of Tata. The major weakness of the watch industry in the 1980s was that no brand had a strong personality. Hence Titan positioned itself as a premium brand with global reach. This was achieved through a well-planned advertising strategy.

When the first Titan quartz range was launched in March 1987, it was accompanied by heavy advertising. The first advertisement described the Titan quartz as the international watch one could pay for in rupees. Post-liberalization, the market dominance of Titan was threatened by the entry of various foreign brands in India. The sprouting of the grey market and the entry of cheap Chinese products threatened the bottom end of the market. To counter their threats, Titan adopted various marketing strategies. In 2004, Titan appointed Aamir Khan to endorse its range of brands.

With the celebrity endorsement, TIL hoped to promote the latest trends in the industry. The idea was to make watches that would be seen as style and fashion accessories rather than just utilitarian devices. The brand repositioned itself to a style brand, with the "What's your style" campaign. Titan Industries roped in two more brand ambassadors from Bollywood — Katrina Kaif for traditional women's range Titan Raga — and Farhan Akhtar for Swiss-made brand Xylys.

The company introduced several collections/ranges under each of its sub-brands. Moreover, it participated in the retail boom that the country was experiencing. It has opened its exclusive outlets in most of the malls and hyper markets that have mushroomed over the last few years in mega cities like Mumbai, Delhi and Kolkata and in metropolitan cities like Bangalore, Hyderabad, Chennai and other cities like Chandigarh, Pune, Ahmedabad and Cochin. The

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company also paid attention to its communication strategies. Initially, they were advertised under the mother brand, but with the development of the market, TIL developed separate advertising campaigns for its sub-brands.

Titan found out through extensive consumer studies that Indian customers preferred watches made abroad (foreign watches). A detailed study was conducted to examine major gaps in service, showroom interiors and retailing trends in watch industry. The analysis led to the establishments of exclusive showrooms along with a chain of retail outlets. The company took initiatives to convince its consumers about its model variety, product quality, and service excellence.

1. Variety. Titan wanted to establish a brand with a unique and distinctive style. It introduced a large variety of models, compared to the competitors at that time..

2. Quality. The brand stressed on the importance of quality of product, right from manufacturing stages to the retail stages..

3. Service excellence. To provide excellent shopping experience to the customers, Titan employed trained service personnel in its service centres.

Change in Positioning Focus - Durability to Sophistication: Earlier the customer's desire was: *"Durable, timeless watches which can be handed over generations"*. The then Indian customer preferred foreign watches especially Swiss watches, as a style statement and also for the reputation of the quality. With its heavy advertising campaigns and introduction of multiple varieties, Titan induced the customer to own multiple watches and also targeted unpenetrated segments like first-time buyers.

Today, the customer's desire is *"Classic, understated and elegant"*. These define the characteristics of the young executive of the present day corporate world. The customer segment is characterised by sophistication and tastes, desire for innovative products, international styling, and adaptable to formal / party wear at affordable prices. Customers are looking for a product which would act as fashion as well as a status symbol. Besides Titan has catered to the youth segment by the introduction of the Fasttrack which is an affordable brand for a large number of consumers. All steel look and multicolor models have been introduced for the adult male category. For the women executives, it has brought out the brand Raaga, with its feminine positioning. Today the younger generation is looking for trendy and stylish watches, and Titan is trying to meet their tastes.

Titan has offered a range of products to every segment of the consumers. It needs to maintain the image it has created over the years and preserve its reputation for quality.

The company has taken a decision to organise various training programmes for franchisees, their managers and customer relationship managers to maintain its standards of high customer service. Entry into designer watches is one more area of development which can be pursued vigorously.

Rural markets are an untapped segment in India. Sonata is created for the mass market and has emerged as India's largest selling watch brand. Titan has opened exclusive showrooms in small towns.

Questions:

1. How did the TITAN watches change consumers motivation in the wrist watch market?
2. What kind of emotional message will Titan choose to meet consumer's changing desire from durability to sophistication?