

<PGDM-IBM, 2016-18>
<New Product Development>
<INS-403>

Trimester – IV, End-Term Examination: September 2017

Time allowed: 2 Hrs 30 Min

Roll No: _____

Max Marks: 50

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.

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. Describe the risk associated with the launch of new products.
- A2. Describe typical activities of product monitoring, evaluation and feedback.
- A3. What are the different aspects of a product which can be altered to make it a new product?
- A4. What sources of information are suitable during the idea generation stage?
- A5. In what ways do services contribute to new business models?

Section-B

- B1. Describe the activities required for product introduction.
- B2. Explain how insurers incorporate operating expenses charges into product design of fixed products
- B3.
 - A. Discuss horizon 1 opportunity by considering markets and technology. Use an illustration to elaborate.
 - B. Which of the concept testing sub-objectives focussed on consumer behaviour? Discuss.

Section-C

Case Study Compulsory:-

The video recorder wars: The winning formula

A battle took place in the mid-1970s between manufacturers of video cassettes and their associated players. Although Philips was first to market with its Video Cassette Recording system released in 1972, Sony, as with its Walkman concept, was first to really attract the market with its *Betamax* video format released in 1975. It quickly gained market dominance until challenged by JVC's *VHS*. These two formats were joined a year later by the Philips *V2000*; all of these systems being incompatible with each other. The Philips machine despite having several superior features never really gained significant market share - not all of the superior features were offered on the cheaper Philips models, which also suffered from poor video quality and a lack of mechanical reliability. For all these reasons the format never gained substantial market share and was withdrawn in 1985, leaving the Sony and JVC to battle it out for video supremacy.

Sony was confident that its superior performance and high market share would see it defeat the new JVC upstart, but it made the cardinal marketing blunder of not responding to the needs of its potential customers.

Although consumers were impressed with Sony's marketing and the quality of its players, they wanted something quite different. Sony initially restricted the recording time of its player to one hour; suitable for television programmes, but not for the recording of films which formed the basis of a growing video rental market. Movie and video studios turned their backs on Sony and JVC were able to offer by far the largest range of rental titles on its 'Long Play' system. In addition, consumers wanted an affordable video player. JVC had made the decisive strategic move of licensing its technology to a range of electronic manufacturers; competition between which kept the price of VHS recorders well below that of Sony's machines. Despite the perceived quality advantage of the Sony, demand was price sensitive and by 1981, the market share held by *Betamax* tapes had fallen to below 25%.

In 1988, Sony began to market its own *VHS* machines and at that point it was evident that the *Betamax* format was dead. In recent years, both *Betamax* and *VHS* have been replaced by DVDs. The last Sony *Betamax* machine was manufactured in 2002 and the last dedicated JVC *VHS* unit was produced in 2007.

Question 1

Explain the importance of research and development in the process of new product development.

Question 2

Analyse the relationship between the product life cycle and the marketing mix.

Question 3

Research the format war between Sony and JVC and answer the following question:
Using the example of the video recorder market discuss whether Sony could have maintained the competitive advantage of its Betamax format over the rival VHS system.

