

PGDM 2013-15
Marketing Management II
DM-206
Trimester II, End Term Examination, December 2013

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.

SECTION A
15 Marks

There are 5 questions in this section. Attempt any 3 questions. Each question carries 5 marks. (100 words)

- A1) "Value" drivers can be grouped in traditional equation as cost and benefit but modern marketer believes these can be grouped as emotional as well as rational components. Explain how "customer experience" is a central theme for marketers today?
- A2) Discuss the factors determining the price sensitivity. Also write how companies can counter it?
- A3) "With the advent of the computer, database marketing, and flexible factories, the cost of offering more customized products and communications have declined, not to the level of producing a standard product but at least not much higher". Explain the concept of mass customization and also what are the different ways of mass customization?
- A4) "Differentiate or Die". According to you how brands today need to work on differentiation to lure young customers in rising Indian market.
- A5) Choose a product that is in an early stage of the product life cycle. Also choose a product that you believe is a matured product. How is the marketing different for the two products?

SECTION B
20 Marks

There are 3 questions in this section. Attempt any 2 questions. Each question carries 10 marks. (500 words)

- B1) "Logistics is the last frontier for cost saving". Discuss the importance of effective distribution strategy in current scenario? What is omni channel strategy?
- B2) The concept of integrated marketing communications has become central to the communications strategies of companies. The idea is that all communication activities, including advertising, promotion and personal selling, must be coordinated in order to send a consistent

message to customer. Do you agree? Illustrate using a suitable example.

B3) "Marico's Saffola oats has emerged as the second largest product in the category with a value market share of about 12%. The leading brand in the oats segment is PepsiCo India's Quaker which has a lion's share of around 40%. Although Saffola is yet to mark its presence nationally, it has managed to become the second largest brand ahead of Kellogg's, Baggry's and Horlicks, with a turnover of around Rs 20 crore. Marico, which entered the category in 2010, is betting big on the breakfast category which is growing in strong double-digits."

How Saffola is able to break through this new category? Is Saffola Oats relevant to parent brand? Explain brand equity and "brand extension strategy" of Marico.

SECTION C
15 Marks

Read the case carefully and answer the following questions. The summary of the case is must.

"The family touch"

Beth Rogers

University of Portsmouth Business School

Established in 1829 near Venice, Italy, Dal Maschio has been a leader in the production of industrial robots since 1973. Its products enable innovation in other manufacturing companies. This is a very traditional business-to-business market – a manufacturer producing products and services for other manufacturers.

Dal Maschio robots are bought by a variety of manufacturing companies. Some would be classified as small/medium-sized enterprises; others are large corporations who buy in greater volume and/or more frequently. The applications of Dal Maschio robots can be found in diverse manufacturing sectors, including automotive, electrical appliances, packaging, furniture and household plastics. They also have some uses in retail operations. These robots add value a long way up the supply chain from the derived demand from consumers, but they help Dal Maschio's customers to achieve better quality or be quicker to market, which eventually means happier consumers.

Dal Maschio's turnover has been stable at €10-12 million for the past few years, but the company is now planning significant change. Dal Maschio is growing into an international group. A number of partner enterprises are going to work together under the brand "Dal Maschio", adopting consistent marketing messages and methods. Dal Maschio's strength is in a long family tradition and the company wants to promote these values through complementary firms worldwide. The aim is to engage customers not only with a "personal" touch, but a whole "family" touch.

The change will require high quality marketing materials, with considerable attention to consistent brand images and messages. However, given the nature of Dal Maschio's products, the role of the sales engineers as brand ambassadors is critical to the company's successful expansion.

Like many companies operating in business-to-business markets, Dal Maschio has employees and agents who have to discuss with sophisticated business buying decision makers what they

are trying to achieve in terms of operational efficiency in their factories, and design an engineering solution that is special to them, and very competitive.

Because of the broad capabilities of their product range, Dal Maschio has about 1,000 customers in Italy, and 1,500 in other countries in Europe and both American continents.

About 300 of the customers in Italy are large companies that justify regular contact from sales engineers together with contact from other technical and service staff. Currently Dal Maschio has a mixed sales structure, with 50% directly employed sales engineers (looking after the larger accounts) and 50% independent sales agents who look after smaller customers. Dal Maschio operates through 17 sales agents and 4 retailers in export markets. It is cost effective for manufacturers to commission sales agents to represent their products to smaller customers or in particular geographical markets. The agents will have relationships with those customers and be particularly aware of their business culture and environment. (In the USA, about twelve per cent of all B2B business is handled by agents, who are called manufacturers' representatives).

The nature of Dal Maschio's product range means that effectively, all customers get a customised product. The robots have to be engineered into their assembly lines. The flexibility to customise is a strength of Dal Maschio's technology. The professional competence and the know-how of Dal Maschio's sales engineers means that they can design solutions for customers with complex needs. Rapid service back-up is also essential, as the robots are mission-critical in customers' factories.

The "sales engineer" role is usual where manufacturers sell to manufacturers. Detailed product knowledge is essential to communications between the supplier representative and the main customer contact, who will be qualified as an engineer and hold the title of production manager or operations manager. The sales engineer may also come into contact with research engineers and people who have to operate the machinery, so they need to be highly credible, from the factory floor to the boardroom. Of course, the sales engineer also needs to understand the customer's business problems as well as technical problems, and what they are trying to achieve for their customers further down the supply chain. Dal Maschio sales engineers act as consultants to help customers improve their manufacturing efficiency and effectiveness.

Business-to-business communication in this environment is where dialogue is everything. Brochures and web sites are helpful, but personal communications and expertise are pivotal. The solution is developed as the sales engineer explores the application need with customer decision-makers. The sales engineer needs a broad portfolio of skills, which is typical of the profile of "account managers" in other companies. Dal Maschio sales engineers understand the customer's business, the industry they are in, and their specific needs. They need to engage courteously with the customer, and display good personal communications skills, including questioning, listening, presenting information and negotiating. They also must demonstrate a deep understanding of the product and more importantly, how it can be applied in the customer's production facilities. They must be aware of the offerings of competitors, so that they can explain Dal Maschio's differential advantages. They are also expected to be able to have the project management skills to supervise the installation of machinery. Last, but not least, they do the administrative tasks necessary to equip their colleagues to help the customer, and do the progress-chasing to make things happen. The Dal Maschio sales engineers are very versatile and talented professionals.

Although sales meetings are a critical element of their activity, the majority of a Dal Maschio sales engineer's time is spent in interpreting and addressing the customer's technical challenges, both during and after the sale. The sales cycle for industrial robots can be as long as six months. The sales engineer's first concern is designing a solution that meets the operation manager's objectives for the efficiency of the factory. This is followed up by customisation of the robots. Although the uniqueness of Dal Maschio's products is important to

prospects and customers, Dal Maschio's Managing Director Gian Battista attributes 60% of the success

of the sale to the skills and personality of the sales engineer. "There is nothing like being there with the customer, experiencing what they experience, to build trust. They understand the needs that we could never pick up over the telephone or webcam." Gian Battista describes sales engineers as "the ambassadors of our philosophy". They have a responsibility to the customer to provide valuable solutions and after-sales service that enable them to improve their business, and they also have a responsibility to Dal Maschio to design feasible and profitable solutions.

Personal selling is a hugely important aspect of business relationship development, but it is not the only communications tool in the B2B marketing mix. In Dal Maschio, the sales team is supported by marketing activity which includes advertising in trade magazines and provision of news stories to trade magazines. Dal Maschio also invests in attending relevant trade exhibitions. Trade exhibitions are a common aspect of B2B marketing, enabling people in industry to meet and discuss new technologies and other industry trends. Every exhibitor aims to generate leads from visits to their stand, but a great deal of informal networking is done.

Although these marketing activities are important, in Dal Maschio there is a significant focus on leveraging recommendations from customers, and this drives most of the marketing cycle. Indeed, 40% of incoming enquiries are generated by positive word-of mouth. Dal Maschio has a very loyal customer base and can claim very long-term relationships. Sales engineers and sales agents also stay with the company for many years.

Like many companies in business-to-business markets, Dal Maschio is a company with a long and prestigious history, great technology, and long-term employee and customer relationships. As Dal Maschio embraces its international future and develops its brand profile in other countries, marketing will be an increasingly important element of its strategy. "Word of mouth" marketing (i.e. customer referrals) will be a dominant theme, backed up by investment in the skills of sales engineers. These experiences will demonstrate Dal Maschio's "family touch" to customers.

Questions

1. Who else, apart from the production/operations manager would you expect to be in the decision-making unit (DMU) of Dal Maschio's customers?
2. What sort of campaigns could Dal Maschio's marketing agency design to encourage more "word of mouth" referrals, especially in new geographic markets?
3. What does this case description suggest about the breadth and depth of Dal Maschio's customer portfolio?