PGDM(IB), 2014-16

Marketing Management -2

IB-204

Trimester – II , End-Term Examination: December 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: (Word limit per answer is 50 words)

Q1. Outline in brief the benefits and limitations of the following types of intermediaries: (a) Avon sales representative (b) electrical wholesaler (c) airline (d) advertising agency (e) grocery retailer

Q2. List and explain 5 reasons why service quality might vary in the call taxi market.

Q3. Alibaba.com a Chinese marketplace portal has more than 42 million customers. How is its Indian arm increasing its presence in India?

Q4. The value chain consists of four support activities and five primary activities. Name them.

Q5.What key differences exist in marketing communications for not-for-profit versus for-profit organizations?

Section B: (Word limit per answer is 100 words)

Q1. Taxijet a start up Airline Company is looking to exploit new technologies in aircraft structure and design in the airline market, which potentially could create a new market for private jet services that might appeal to both existing and private jet consumers and airline business class users. Taxijet wishes to understand its customer's primary motivations for selecting a scheduled airline or private jet provider, what decision making process do they follow and what services do they desire?

Q2 Mid-day, an afternoon daily Indian compact newspaper, in association with Foster's Beer, threw 100 parties in Mumbai homes on 25th April 2010, to coincide with the IPL finals.

(a) In what way do you think promotion techniques like Happy Hours@Home or Happy Hours @ Work helped Mid-Day?

(b) Does the joint campaign by Mid-Day and Foster's fall under unplanned or unintended experiences or planned marketing communications?

(c)In view of the limited opportunities available to promote alcohol based beverages in India, what is your opinion on the campaign by Mid-Day?

Q3. With the development of internet has come the emergence of a new intermediary: the infomediary which allows online consumers to search for and provide comparisons among many online retailers. The role of comparison shopping engines (CSE) such as tolmol.com, naaptool.com etc cannot be underestimated.

(a) What type of intermediary is an infomediary?

(b)What benefits do CSEs offer online shoppers?

(c)What impact do you think CSEs could have on the distribution channel structure in the retailing sector?

Section C(Word limit for the case study is 150 words)

Q1. ***WANTS TO SELL BIZ TO A FRANCHISEE - Yum! Chickening Out of KFC Business in Western India - Ratna Bhushan , Nov 26 2014 : The Economic Times (Delhi)***

Company puts outlets on the block to avoid spends on real estate and overhead expenditure Yum! Restaurants has put its company-owned KFC business on the block in western India. The US chain, which has 700 KFC, Pizza Hut and Taco Bell stores in the country through a mix of company-owned stores and franchisee outlets, wants to sell the business to a franchisee to avoid real estate costs such as rents, staff costs and other overhead expenses that are corroding its profitability.Yum directly operates 18 stores in the western region.

Slowing discretionary spends have been impacting same-store sales growth and profitability of restaurant chains despite low prices and value offers. The earnings statement of Yum! Restaurants for the quarter ended September shows a 14% increase in system sales in its India division, driven by 26% unit growth. But same-store sales declined 4% and operating loss stood at $3 million. Industry experts say operations run by local entrepreneurs bring down overhead costs substantially.

A Yum! Spokesman said in response to ET's query: "While we continue to explore opportunities in the course of business, as a policy, we do not comment on market speculation. "

Debashish Mukherjee, partner at consulting firm AT Kearney, said: "Typically, multinational firms prefer to leverage entrepreneurship of local franchise operators, and themselves operate on lower cost models while focusing on branding and customer relationships."

Other quick-service restaurants are feeling the heat as well. Jubilant Food Works (JFL), the listed exclusive franchise of food chains Domino's Pizza and Dunkin' Donuts, reported a 5.3% decline in same-store sales growth for the quarter ended September 30, compared with

6.6% in the year-ago period. The chain, which reported a 12.7% decline in standalone net profit to `. 29 crore, attributed it to moderated growth trends in revenue combined with higher expenditure.

McDonald's west and south region operator Hardcastle, too, reported a 7.9% drop in same-store sales in the July-September, compared with 5.5% in the corresponding year-ago quarter.

UK cafe chain Costa Coffee's India business, run by Devyani International, has shut down 15-20 loss-making stores over the past one year. The cafe business wants to focus only on profitable stores and had shuttered those which were in the red or proving to be a drag on business, an industry official in knowledge of the development said.

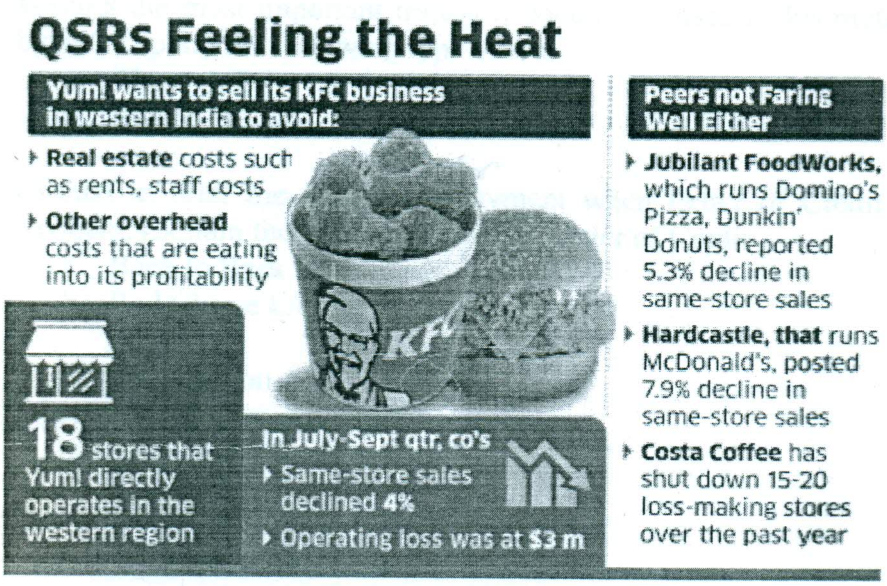
While its 340-odd Pizza Hut and Pizza Hut Delivery businesses are entirely run by franchisees including the Ravi Jaipuria-promoted firm Devyani International, the 350-plus KFC, or Kentucky Fried Chicken stores, are run partly by franchisees and partly by Yum! itself.

Devyani is Yum!'s biggest franchise operator, and runs close to 300 Pizza Hut and KFC stores in the North and East. Other franchisee partners of Yum! Restaurants, operating a smaller number of stores, include the Dubai-based Dodsal group and Malaysian firm KFC Malaysia. Dodsal group is learnt to be keen on exiting the eating-out business.

For the third quarter ended September, the NYSE-listed, Louisville-based Yum! Brands, one of the world's largest restaurant companies with more than 40,000 stores worldwide, reported worldwide system sales growth of just 1%, according to the latest earnings release posted on its website.

"Worldwide restaurant margin decreased 2.7% points to 14.9%, and worldwide operating profit decreased 12%, "the earnings report states.

Samir Kukreja, promoter of food retail consulting firm Tasanaya Hospitality, said: "Most of the big businesses are investing ahead of the curve, so profitability would remain a constraint. But overall, there's a buoyancy and with food inflation easing off, the sector is showing early signs of revival. "



Q1. Why has KFC decided to change its business strategy after so many years into the business in India?

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