

PGDM (IB) (2018-20)
Marketing Management - I
IB-102

Trimester – I, End-Term Examination: September 2018

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)	10 Marks each	3*10 = 30
B	Compulsory Case Study	20 Marks	20
		Total Marks	50

SECTION A

A1. Marketing orientations of a company may differ from being production oriented to societal. Describe how operations of a product oriented shoe company might be different from the operations of a market oriented shoe company. Which orientation, in your opinion may be more suited to a company targeting urban middle and upper class? Justify.

A2. Suppose you are going to take a two week vacation at the end of your PGDM Course. How will you decide your destination? Use the five stage purchase decision process to structure your answer.

A3. Select any one product/service from the following:

- (a) Readymade apparels
- (b) Pre cooked ready- to-eat packaged vegetables
- (c) Fine dine restaurant.

Identify its customers? What are their needs and wants? How will you design a market offering so as to deliver customer value?

A4. Successful marketing decisions require a good understanding of the internal and external macro and micro environmental factors that affect marketing. How does Porter's Five Forces model help a company in this?

A5. We see firms making many claims. Taking the example of washing machines, one marketer claims, 'our washing machines operates on the best technology', another says, 'our washing machines are water savers', while a third says 'there is a simple reason why you must buy our washing machines; we understand them

better...naturally, because we invented them!' Suppose a buyer in this case is not inclined to buy any of these machines and proceeds to collect more information before the buying decision, what could be the reason of her doing so ?

SECTION - B

CASE STUDY.

Read the following case and answer the questions at the end. Each question carries 5 marks

Chick-fil-A is dominating the U.S. fast-food market. Whereas McDonald's, Subway, Burger King, and Taco Bell trudge along at the top of the heap, Chick-fil-A has quietly risen from a South-east regional favorite to become the largest chicken chain and the eighth-largest quick-service food purveyor in the country. The chain sells significantly more food per restaurant than any of its competitors-twice that of Taco Bell or Wendy's and more than three times what the KFC Colonel fries up. And it does this without even opening its doors on Sundays. With annual revenues of more than \$6 billion and annual average growth of 12.7 percent, the chicken champ from Atlanta shows no signs of slowing down.

How does Chick-fil-A do it? By focusing on customers. Since the first Chick-fil-A restaurant opened for business in the late 1960s, the chain's founders have held tenaciously to the philosophy that the most sustainable way to do business is to provide the best possible experience for customers.

Applying Some Pressure

Chick-fil-A founder S. Truett Cathy was no stranger to the restaurant business. Owning and operating restaurants in Georgia in the 1940s, '50s, and '60s, his experience led him to investigate a better (and faster) way to cook chicken. He discovered a pressure fryer that could cook a chicken breast in the same amount of time it took to cook a fast-food burger. Developing the chicken sandwich as a burger alternative, he registered the name "Chick-fil-A, Inc." and opened the first Chick-fil-A restaurant in 1967.

The company began expanding immediately, although at a substantially slower pace than the market leaders. Even today, Chick-fil-A adds only about 100 new stores each year. Although it now has more than 2,000 stores throughout the United States, that number is relatively small compared to KFC's 4,100, McDonald's 13,000, and Subway's 27,000. Chick-fil-A's controlled level of growth ties directly to its "customer first" mantra. As a family-owned operation, the company has never deviated from its core value to "focus on getting better before getting bigger." The slow-growth strategy has facilitated that ability to "get better."

As another way to perfect its business, the company has also stuck to a limited menu. The original breaded chicken sandwich remains at the core of Chick-fil-A's menu today-"a bone-less breast of chicken seasoned to perfection, hand-breaded, pressure cooked in 100% refined peanut oil and served on a toasted, buttered bun with dill pickle chips." In fact, the company's trademarked slogan-"We didn't invent the chicken,

just the chicken sandwich"-has kept the company on track for decades. Although it has carefully and strategically added other items to the menu, it's the iconic chicken sandwich in all its varieties that primarily drives the brand's image and the company's revenues. This focus has helped the company give customers what they want year after year without being tempted to develop a new flavor of the month.

Getting It Right

Also central to Chick-fil-A's mission is to "have a positive influence on all who come in contact with Chick-fil-A." Although seemingly a tall order to fill, this sentiment permeates every aspect of its business. Not long ago, current Chick-fil-A CEO Dan Cathy was deeply affected by a note that his wife taped to their refrigerator. In a recent visit to a local Chick-fil-A store, she had not only received the wrong order, she had been overcharged. She circled the amount on her receipt, wrote "I'll be back when you get it right" next to it, and posted it on the fridge for her husband to see.

That note prompted Dan Cathy to double-down on customer service. He initiated a program by which all Chick-fil-A employees were retrained to go the "second mile" in providing service to everyone. That "second mile" meant not only meeting basic standards of cleanliness and politeness but going above and beyond by delivering each order to the customer's table with unexpected touches such as a fresh-cut flower or ground pepper for salads.

The experience of a recent patron illustrates the level of service Chick-fil-A's customers have come to expect as well as the innovative spirit that makes such service possible:

My daughter and I stopped at Chick-fil-A on our way home. The parking lot was full, the drive-thru was packed ... but the love we have for the chicken sandwiches and waffle potato fries! So we decided it was worth the wait. As we walked up the sidewalk, there were two staff members greeting every car in the drive-thru and taking orders on little tablets. A manager was making his rounds around the building outside smiling and waving at cars as they were leaving.

When we came inside, the place was packed! We were greeted immediately by the cashiers. Seth happened to take our order. He had a big smile, wonderful manners, spoke clearly and had great energy as a teenager! He gave us a number and said he'd be right out with our drinks. We were able to sit at a table as the other guests were leaving and before we could even get settled our drinks were on the table! While Seth started to walk away, our food was delivered by another very friendly person. Both myself and my 15-year-old daughter commented on how fast it all happened. We were so shocked that we started commenting on the large groups arriving behind us, and began watching in amazement, not only inside but outside!

Everyone behind the counter worked together, used manners, and smiled. The teamwork was amazing! Then Ron, a gray headed friendly man, made his way from table to table, checking on guests, giving refills, and trading coloring books for small ice cream cones with sprinkles for little kids. He checked on us twice and filled our drinks once.

Recently, the company instituted the "parent's valet service," inviting parents juggling small children to go through the drive-through, place their order, park, and make their way inside the store. By the time the family gets inside, its meal is waiting on placemats at a table with high chairs in place. But beyond the tactics that are taught as a matter of standard policy, Chick-fil-A also trains employees to look for special ways to serve—such as retrieving dental appliances from dumpsters or delivering smartphones and wallets that customers have left behind.

Give Them Something to Do

Beyond high levels of in-store service, Chick-fil-A has focused on other brand-building elements that enhance the customer experience. The brand got a big boost when the Chick-fil-A cows made their promotional debut as three-dimensional characters on billboards with the now famous slogan, "EAT MORE CHIKIN." The beloved bovines and their self-preservation message have been a constant across all Chick-fil-A promotional materials for the past 20 years. They've also been the linchpin for another Chick-fil-A customer experience-enhancing strategy—engage customer by giving them something to do.

Displaying any of the cow-themed mugs, T-shirts, stuffed animals, refrigerator magnets, laptop cases, and dozens of other items the company sells on its website certainly qualifies as "something to do." But Chick-fil-A marketers go far beyond promotional items to engage customers. For starters, there's "Cow Appreciation Day" - a day set aside every July when customers who go to any Chick-fil-A store dressed as a cow get a free meal. Last year, the 10th anniversary of this annual event, about a million cow-clad customers cashed in on the offer.

Another tradition for brand loyalists is to camp out prior to the opening of a new restaurant. Chick-fil-A encourages this ardent activity with its "First 100" promotion -an officially sanctioned event in which the company presents the first 100 people in line for each new restaurant opening vouchers for a full year's worth of Chick-fil-A meals. Dan Cathy himself has been known to camp out with customers, signing T-shirts, posing for pictures, and personally handing coupons to the winners. And whereas some customer-centric giveaways are regular events, others pop up randomly. Take the most recent "family challenge," which awards a free ice cream cone to any dine-in customers who relinquish their smart phones to a "cell phone coop" for the duration of their meals.

To keep customers engaged when they aren't in the stores, Chick-fil-A has become an expert in social and digital media. Its newest app, Chick-fil-A One, jumped to the number-one spot on iTunes only hours after being announced. Nine days later, more than a million customers had downloaded the app, giving them the ability to place and customize their orders, pay in advance, and skip the lines at the register. And in a recent survey by social media tracker Engagement Labs, Chick-fil-A was ranked number one and crowned the favorite American brand on all major social media platforms, including Facebook, Twitter, and Instagram.

Every year, as the accolades roll in, it is apparent that Chick-fil-A's customer-centric culture is more than just talk. Among the many competitors, Chick-fil-A was rated number one in customer service in the most recent Consumer Reports survey of fast-

food chains. In the latest annual Customer Service Hall of Fame survey, Chick-fil-A ranked second out of 151 of the best known companies across 15 industries, trailing only Amazon. A whopping 47 percent of customers rated the company's service as "excellent," and Chick-fil-A was the only fast-food chain to make the list for the second year in a row.

After decades of phenomenal growth and success, Chick-fil-A is celebrating by firing the Richards Group, its long-standing agency of record. Additionally, the beloved cows that are as widely recognized as symbols of the brand will ease into the background of promotional materials. "The cows are an integral part of the brand. They're our mascot, if you will," says Jan Bridges, chief marketing officer for Chick-fil-A. "But they aren't the brand. The brand is bigger than that." For now, Bridges only says that the cows won't disappear. But a new "Cow-plus" is in the works, and the brand's promotional messages will expand beyond the bovines to tell engaging stories about the food, people, and service that make the brand so special. It's a risky move. With Chick-fil-A growing faster than any other major fast-food chain, it begs the question as to whether such a drastic change in the brand's symbolism will sustain its current growth for years to come, or send some customers out to pasture.

Prior to this recent announcement, one estimate has Chick-fil-A on track to add between \$6 billion and \$9 billion in revenues within the next decade. In that same period, giant McDonald's may add as much as \$10 billion in U.S. sales. Clearly, all this growth is not an accident. As one food industry analyst states, "It's about trying to maintain high levels of service, high quality, not deviating dramatically, and giving customers an idea of what to expect." As long as Chick-fil-A continues to make customers the number-one priority, we can expect to find more and more access to those scrumptious chicken sandwiches.

Answer the following Questions. Each question carries 5 marks

1. Give examples of needs, wants, and demands of Chick-fil-A customers, differentiating these three concepts.
2. Describe Chick-fil-A in terms of the value it provides customers. How does Chick-fil-A engage customers?
3. Evaluate Chick-fil-A's performance relative to customer expectations.
4. Which of the five marketing management orientations best applies to Chick-fil-A?