

PGDM 2016-18

Product and Brand Management

DM - 436

Trimester IV, END TERM EXAMINATION, September, 2017

Time Allowed: 2 hrs 30 minutes

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	$10 \times 2 = 20$
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section A

(Answer any 3 questions out of 5)

(Max 300 words per question)

1. Name and explain five types of risks that brands can reduce for consumers.
2. Choose a brand that appeals to you and discuss its brand elements on the basis of 5 criteria recommended for choosing brand elements
3. Name and briefly explain a framework that can be utilized for product portfolio management with real life examples.
4. Explain the relationship between product innovation and production complexity, how would you assess the optimum level of innovation for your firm?
5. Is decline after maturity in a product life cycle inevitable? Support your view with an example.

Section B

(Answer any 2 questions out of 3)

(Max 600 words per question)

1. How would you utilize Roger's 5 factors to inform a sales prediction exercise for a new product like olive oil in the Indian context? Explain in detail.
2. You are trying to come up with a new brand of baby food. Explain how you will undertake the research exercise to develop and shortlist a positioning strategy.
3. Explain 5 academic research based guidelines for brand extensions

Duke Cricket bats

Gargi Divgi was the category manager responsible for cricket bats at Wombat, a maker of cricket equipment. Wombat's products were popular in all cricket playing countries but especially so in Australia, New Zealand, the United Kingdom, South Africa and India. Divgi managed the Indian market which was a growth market for the company and the sport.

Wombat had developed a new bat and was considering two strategies for positioning it in the Indian market. Divgi needed the financial impact of each to determine which one she would recommend.

Branding a new product

Wombat's new product, marketing and research and development groups had developed a technologically superior cricket bat prototype that significantly outperformed the company's traditional line of cricket bats. The new bat not only exceeded past models in traditional measures of performance, it also did not require the involved process of oiling and knocking in that traditional bats needed for peak performance.

The traditional bat's performance was significantly better than Wombat's current bats which were the basic Wombat Spark and the top of the line Wombat King. The King was the bestselling bat in the category, accounting for 75 percent of Wombat's sales units and 84 percent of the dollar sales, with the remainder coming from the Spark. However new bat launches by global competitors like Adidas were threatening Wombat's image and its reputation for producing the bats with the highest performance.

Testing indicated that the name Genius best communicated the new bat's performance advantages. Two branding approaches were considered, one was to launch a new and stand-alone brand with an endorser link to the parent Wombat brand. "Genius by Wombat" similar to "courtyard by Marriott" would be considered as a super-premium niche product, the first bat to support a specific claim of being immediately ready to use, needing no preparation. Marketing research had indicated that this was not important to most consumers who doubted a bat that had not been knocked in truly would be high-performance. However it was very appealing to a select group. Genius would seek to build perceptions of efficacy through endorsement by leading Indian cricket team members.

The other branding approach was to launch the bat under the Wombat King brand umbrella as "Wombat King Genius". In this option, the bat would be positioned as the best performing bat overall, one that could send the ball fastest, straightest and furthest. This mainstream launch strategy was designed to appeal to the mass market, including current users of the Wombat King line, and it would update and upgrade the image of Wombat as an innovator.

Financial Analysis

Table 1: Financials for Indian Base Business

Unit Sales	783,360
Net sales (Rs. 000)	1,442,940
Variable cost of sales (Rs. 000)	808,050
Total Advertising and promotion	
• Media (Rs. 000)	152,130
• Consumer promotions (Rs. 000)	134,520
• Trade Promotions (Rs. 000)	124,120
Operating Profit (Rs. 000)	154,130

Table 2: New Product Sales Estimates

Positioning Strategy	Niche (Genius by Wombat)		Mainstream strategy (Wombat King Genius)	
	Year 1	Year 2	Year 1	Year 2
Retail units	80,000	150,000	270,000	440,000

Table 3: Assumptions

Positioning Strategy	Niche (Genius by Wombat)		Mainstream strategy (Wombat King Genius)	
	Year 1	Year 2	Year 1	Year 2
Investment in capacity (Rs. 000)	50,000	22,000	150,000	52,000
Depreciation on equipment (Rs. 000)	5,000	7,200	15,000	20,200
Advertising and promotion (Rs. 000)				
Media	45,000	62,000	95,000	112,000
Consumer promotion	24,000	27,500	62,000	70,500
Trade promotion	19,500	21,000	35,500	38,000
Variable cost/unit (Rs.)	1330	1330	1250	1250
Price/unit to retailers (Rs.)	2,350	2,350	2,150	2,150

Q1. Make the profit and loss statement for both strategies for both years, (10 marks)

Profit and loss statement should contain the following

- Unit volume, b. revenue, c. variable cost, d. variable margin, e. fixed costs (with details), f. profit (loss)

Q2. Which of the two strategies do you think will result in higher cannibalization rates for the Wombat King? Provide reasons for your answer. (5 marks)