

PGDM, 2014-16
Product and Brand Management
DM - 434

Trimester IV, End-Term Examination: September 2015

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	$3 \times 5 = 15$
B	2 out of 3 (Long Questions)	10 Marks each	$2 \times 10 = 20$
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

TURN OVER

Section A

- Q1. What are different ways in which companies extend their product life cycles? Illustrate with examples drawn from the soft drink, confectionary and music industries.
- Q2. What are the five international product and promotion strategies companies can employ when going global? Give examples where different companies have followed these different approaches.
- Q3. What part does brand hierarchy play in designing a branding strategy and building brand equity? Give an example of different levels of brand hierarchy for an automobile company of your choice.
- Q4. What different criteria are employed for choosing brand elements? Which of them would you probably lay most emphasis on when building a brand in a highly competitive industry? Why?
- Q5. What is a brand mantra and what are its essential components? In what way do brands carry utility for: a) consumers b) companies?

Section B

- Q1. Develop Customer Brand Based Equity models for two competing brands in the cosmetics industry in India? Give three concrete steps to improve the brand equity of each.
- Q2. As the Product Manager of a major company which produces and markets high - end luxury watches in India what would be the different marketing strategies you would adopt over the various stages of the expected Product Life Cycle over the next 10 years. Clearly state your assumptions.
- Q3. Explain the various dimensions of the Young and Rubicam Brand Asset Valuator. How could it be employed to measure the Brand equity of a brand such as Apple?

Section C

Please read the case commencing on the next page and answer all three question following the case. All questions carry equal marks

EICHER MOTORS

Executive Summary: Senior managers at Eicher Motors faced a tough choice. They had been given one final chance to revive the loss making Royal Enfield - their motorcycle division. For that they wanted to modernise the bikes to appeal to a wider customer base. But existing customers wanted their Bullets just the way they had always been. By modernising, Royal Enfield risked losing traditional fans without possibly gaining any new customers. The case study details how it met the challenge.

The year 2000 could have been decisive. That was when the board of directors at Eicher Motors decided to either shut down or sell off Royal Enfield - the company's Chennai-based motorcycle division, which manufactured the iconic Bullet motorbikes. For all its reputation, the sales of the bike was down to 2,000 units a month against the plant's installed capacity of 6,000; losses had been mounting for years. Though the bikes had diehard followers, there were also frequent complaints about them - of engine seizures, snapping of the accelerator or clutch cables, electrical failures and oil leakages. Many found them too heavy, difficult to maintain, with the gear lever inconveniently positioned and a daunting kick-start.

Just one person stood up to the board, insisting Royal Enfield should get another chance. He was Siddhartha Lal, a third generation member of the Delhi-based Lal family, promoters of the Eicher group of companies. Lal, then 26, was an unabashed Bullet fan: he even rode a red coloured Bullet while leading the baraat (procession) to his wedding venue, instead of the traditional horse. "The board agreed to give me a chance," says Lal. "It was not because of its confidence in me, but because the business was doing so badly it could hardly get any worse."

The petrol tank's design was left largely untouched as it contributes to the bike's sturdy, vintage look. Lal felt Royal Enfield could still be saved. The bike had its reputation, a cult following, an instantly recognisable build, and aspirational value. Changes had to be made to keep up with the times and make the bike more acceptable, and therein lay the problem. Royal Enfield fans liked the bikes exactly the way they had always been. "We needed changes to attract new customers but by doing so risked losing existing ones," says R.L. Ravichandran, whom Lal brought in as CEO in 2005 as part of his revival effort. Ravichandran had earlier worked with both TVS Motor and Bajaj Auto. "We were in a peculiar situation," he adds.

The change had to be a calibrated one. The mistaken notions of prospective customers had to be addressed, and any reservations about Bullet and Thunderbird, which was launched in 2002, removed. At the same time, Lal and Ravichandran were clear that the individuality of Royal Enfield bikes should not be compromised. "We did not want to go down the commuter route, but instead looked at the leisure segment," says Ravichandran.

After much testing, the silencer was extended to capture, to the extent possible, the throb of the old engine. Retaining the bikes' rugged looks was a given, including the build, the design of the head lamp and the petrol tank. But should the gears be shifted close to the rider's left foot - as in most bikes - or retained on the right side? The question gave Lal and his team many sleepless nights, since long time users were dead opposed to the change. The engine was another thorny question. The old cast iron engine was a relic of the past. Its separate gear box and oil sump design made it prone to oil leaks and it seized up very often. Its ability to meet increasingly strict emission norms was also suspect. A modern aluminium engine would eliminate these problems, but it would lack the old engine's pronounced vibrations and beat - which Royal Enfield customers loved. Laws of physics made it impossible to replicate these with the new engine.

Diehard fans opposed shifting the gear lever to the left side of the bike, but the company went ahead anyway. There are many global examples of auto companies going under following a radical change in the engine of their products. Yet Lal and his team proceeded to both alter the position of the gears and design a new engine. "We retained many of the old engine's characteristics - the long stroke, the single cylinder, the high capacity with push rod mechanism," says Ravichandran. But the new engine, unlike the old, had hydraulic tappets, a new engine arrangement, new metal and fewer moving parts. Obviously, it did not produce the vibrations and the beat of the old, but international experts were consulted and sound mapping carried out for over 1,000 hours to ensure it produced the maximum rhythmic vibrations possible and a beat, which was 70 per cent of the amplitude of the original.

The new engine had 30 per cent fewer parts and produced 30 per cent more power than the old, with better fuel efficiency. By 2010, all Royal Enfield models had begun to use the new engine. Two other problems needed to be addressed: the quality of some of the components Royal Enfield bikes were using, and the sales experience. To tackle the first, shop floor processes were fine tuned, while suppliers were exhorted to improve quality levels. Royal Enfield also embarked on a large scale internal exercise to tone up performance. "We declared 2006 as the year of getting back to the basics," says Ravichandran. "We also formed a field quality rapid action force to bridge the gap between customer expectations and the reality".

Slowly, the tide turned. Engine related problems and oil leakages in Royal Enfield products almost disappeared. By 2008 dealers were reporting lower workloads. Warranty claims fell sharply too. Malfunctioning of the sprag clutch, on which the electric starter depends, declined, for instance, from five per cent in 2005/06 to 0.2 per cent in 2010/11. Royal Enfield also began conducting marquee rides to promote leisure biking. "Such steps removed the fears about our products' reliability some customers may have had," says Venki Padmanabhan, who succeeded Ravichandran as CEO earlier this year after Ravichandran was elevated to the board of Eicher Motors. To improve sales experience new company-owned showrooms were launched and dealerships expanded.

In October 2008, Royal Enfield launched in Germany its newly designed 500cc Classic model - inspired by J2, a 1950 model Bullet - with the new engine. It was a success, admired for its performance and fuel economy. The new aluminium engine improved the bikes' performance, but could not recapture fully the beat of the old one. Emboldened, Lal launched it in India in November 2009 initially as a 350 cc bike, priced at Rs 1.20 lakh. This proved a hit too. "Now, our capacity utilisation is 100 per cent. Yet there is a six months waiting period for deliveries," says Venki. "We plan to double our capacity soon to 1.5 lakh bikes."

Q 1 How should Royal Enfield scale up without diluting brand equity?

Q2. How will it tackle the competition with a six month sit - out period? (It faces challenges from iconic global brands such as Harley-Davidson which has entered the Indian market).

Q3. As Marketing Consultant to Eicher Motors suggest the way forward.