PGDM 2019-21
Marketing Management I
DM 109
Trimester – I End-Term Examination: September 2019

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.** All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	3 questions with internal choices and CILOs (Course Intended Learning Outcomes) I,2 and 3 covered	3*10	30
B	Compulsory Case Study with 2 questions (both to be answered) CILOs I,2 and 3 covered	2 *10	20
			50

P.T.O.

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SECTION A – (10 marks * 3 questions) = 30 Marks

Answer 3 questions. All questions carry 10 marks.

Q1a **(CILO 1)**

Explain Porter's 5 Forces Model with the help of a diagram. What does it measure and what are the factors that make an industry unattractive?

OR

Q1b **(CILO 1)**

Draw a diagram to explain the Ansoff Matrix. What is its utility and describe in what ways it can be used by a company to grow in the very competitive ladies' footwear industry where it has been a Regional market leader for a long time but is today seeing negative growth.

Q2a **(CILO 2)**

India is said to have reached a stage of Consumer Democracy. Outline the various stages through which the country passed before this could be achieved. Is this true for all industries and products?

OR

Q2b **(CILO 2)**

The Marketing concept has evolved through various schools of thought. Trace its evolution to its current stage of Holistic Marketing. What were the assumptions behind each stage and what were the fallacies behind each philosophy which led to. continuous evolution?

Q3a **(CILO 3)**

As posited by the Diffusion of Innovation theory, for any innovation introduced in the market there will always be late adopters and laggards who are difficult to pull in. You are the Marketing Manager of Ikea introducing the Do it Yourself (DIY) concept in India. You have huge targets and the "buy in" of late adopters and laggards is necessary for you to achieve your targets. What possible strategies could you adopt to pull them in, and, thus, achieve your stiff targets?

OR

Q3b **(CILO 3)**

For Electric Cars, there are 4 new models on offer from various manufacturers in the Indian market. Hyundai Kona Electric (Rs. 23.72 lakh), Tata Tigor EV (Rs. 9.17 lakh) and Mahindra e2oPlus (Rs. 7.46 lakh) are among the most popular cars in this segment. (Mahindra eVerito is priced at 12.67 lakhs).

Mahindra is planning to launch a new electric car in India in the 21 Lakh-25 Lakh range. As the New Marketing Manager of Mahindra undertake a SWOT analysis for Mahindra. Based on this exercise draw up a competitive grid with whom you consider the two nearest competitors and outline your Marketing strategy for the new launch (STP and 4 Ps).

SECTION B – CASE STUDY (20 Marks: 2 questions each of 10 marks) (CILOs 1, 2, &3)

Read the case on the next pages carefully and answer the questions below

Q1. Critically evaluate Sue Koenig's present marketing strategy clearly stating its pros and Cons.

Q2. In your opinion will the alternative strategies she is considering work? Why or why not?

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11. Joggers Universe

Sue Koenig, owner of Joggers Universe, is trying to decide what she should do with her retail business and how committed she should be to her current target market.

Sue is 42 years old, and she started her Joggers Universe retail store in 1987 when she was only 24 years old. She was a nationally ranked runner herself and felt that the growing interest in jogging offered real potential for a store that provided serious runners with the shoes and advice they needed. The jogging boom quickly turned Joggers Universe into a profitable business selling high-end running shoes—and Sue made a very good return on her investment for the first 10 years. From 1987 until 1997, Sue emphasized Nike shoes, which were well accepted and seen as top quality. Nike's aggressive promotion and quality shoes resulted in a positive image that made it possible to get a \$5 to \$7 per pair premium for Nike shoes. Good volume and good margins resulted in attractive profits for Sue Koenig.

Committing so heavily to Nike seemed like a good idea when its marketing and engineering was the best available. In addition to running shoes, Nike had other athletic shoes Sue could sell. So even though they were not her primary focus, Sue did stock other Nike shoes including walking shoes, shoes for aerobic exercise, basketball shoes, tennis shoes, and cross-trainers. She also added more sportswear to her store and put more emphasis on fashion rather than just function.

Even with this broadened product line, Sue's sales flattened out—and she wasn't sure what to do to get her business back in growth mode. She realized that she was growing older and so were many of her longer-term customers. Many of them were finding that jogging isn't just hard work—it's hard on the body, especially the knees. So many of her previously loyal runner-customers were switching to other, less demanding exercise programs. However, when she tried to orient her store and product line more toward these people she wasn't as effective in serving the needs of serious runners—still an important source of sales for the store.

She was also facing more competition on all fronts. Many consumers who don't really do any serious exercise buy running shoes as their day-to-day casual shoes. As a result, many department stores, discount stores, and regular shoe stores have put more and more emphasis on athletic shoes in their product assortment. When Sue added other brands and put more emphasis on fashion she found that she was in direct competition with a number of other stores, which put more pressure on her to lower prices and cut her profit margins. For example, in Sue's area there are a number of local and online retail chains offering lower-cost and lower-quality versions of similar shoes as well as related fashion apparel. Wal-Mart also expanded its assortment of athletic shoes—and it offers rock-bottom prices. Other chains, like Foot Locker, have focused their promotion and product lines on specific target markets. Still, all of them (including Sue's Joggers Universe, the local chains, Wal-Mart, and Foot Locker) are scrambling to catch up with rival category killers whose selections are immense.

In the spring of 2003 Sue tried an experiment. She took on a line of high-performance athletic shoes that were made to order. The distinctive feature of these shoes was that the sole was molded to precisely fit the customer's foot. A pair of these custom-made shoes cost about \$170, so the market was not large. Further, Sue didn't put much promotional emphasis on this line. However, when a customer came in the store with a serious interest in high-performance shoes, Sue's sales clerks would tell them about the custom shoe alternative and show a sample. When a customer was interested, a mold of the customer's bare foot was made at the store, using an innovative material that hardened in just a few minutes without leaving a sticky mess. Sue sent the mold off to the manufacturer by UPS, and about two weeks later the finished shoes arrived. Customers who tried these shoes were delighted with the result. However, the company that offered them ran into financial trouble and went out of business.

Sue recently learned about another company that is offering a very similar custom shoe program. However, that company requires more promotion investment by retailers and in return provides exclusive sales territories. Another requirement is that the store establish a website promoting the shoes and providing more detail on how the order process works. All of a retailer's salesclerks are also required to go through a special two-day training program so that they know how to present the benefits of the shoe and do the best job creating the molds. The training program is free, but Sue would have to pay travel, hotel, and food expenses for her salespeople. So before even getting started, the new program would cost her several thousand dollars.

Sue is uncertain about what to do. Although sales have dropped, she is still making a reasonable profit and has a relatively good base of repeat customers, with the serious runners still more than half of her sales and profits. She thinks that the custom shoe alternative is a way to differentiate her store from the mass-merchandisers and to sharpen her focus on the target market of serious runners. On the other hand, that doesn't really solve the problem that the "runners" market seems to be shrinking. It also doesn't address the question of how best to keep a lot of the aging customers she already serves who seem to be shifting away from an emphasis on running. She also worries that she'll lose the loyalty of her repeat customers if she shifts the store further away from her running niche and more toward fashionable athletic shoes or fashionable casual wear. Yet athletic wear—women's, in particular—has come a long way in recent years. Designers like Donna Karan, Calvin Klein, Georgio Armani, and Ralph Lauren are part of the fast-growing women's wear business.

So Sue is trying to decide if there is anything else she can do to better promote her current store and product line, or if she should think about changing her strategy in a more dramatic way. Any change from her current focus would involve retraining her current salespeople and perhaps hiring new salespeople. Adding and maintaining a website isn't an insurmountable challenge, but it is not an area where she has either previous experience or skill.

Clearly, a real shift in emphasis would require that Sue make some hard decisions about her target market and her whole marketing mix. She's got some flexibility—it's not like she's a manufacturer of shoes with a big investment in a factory that can't be changed. On the other hand, she's not certain she's ready for a big change, especially a change that would mean starting over again from scratch. She started Joggers Universe because she was interested in running and felt she had something special to offer. Now she worries that she's just clutching at straws without a real focus or any obvious competitive advantage. She also knows that she is already much more successful than she ever dreamed when she started her business—and in her heart she wonders if she wasn't just spoiled by growth that came fast and easy at the start.