DECEMBER 2013 EXAMINATION

MM01/eMM01
MARKETING MANAGEMENT

Time: Three Hours **Maximum Marks: 100**

NOTE: The paper is divided into three sections. **Section A**, **Section B and Section C**. There are **seven questions in Section A**. Students are required to attempt four questions from **Section A**. **Section B** has 5 questions, out of which student has to attempt any 3, **Section C** is compulsory.

SECTION - A (10 Marks each)

1. Write short notes on following.
   a. Production Concept & Mass Marketing
   b. Competition intelligence & Competitor Analysis

   (10)
2. Explain what is market segmentation? Discuss the following in relation with segmentation.
   a. Segment profitability
   b. Segment attractiveness

   (2+4+4)
3. What is product portfolio? What is product line extension? Discuss the vertical brand extension and horizontal brand extension strategies.

   (2+2+3+3)
4. Distinguish between Potential market, target market and market penetration.

   (10)
5. Distinguish between Core Product and Augmented product. Discuss the marketing mix strategies for both of the Product type. (5+5)

6. Discuss with example use of following strategies.
   a. Price Bundling
   b. Premium Pricing
   c. Differential Pricing Strategy

   (3+3+4)

7. Discuss the concept of Disintermediation. What is its impact on traditional distribution channel? (5+5)

SECTION - B (15 Marks each)

8. Explain how product sale and product profit behave over the product life cycle. Discuss strategies to improve both.

(7+8)

9. Critically evaluate the role of IMC? Distinguish between Pull and Push communication strategies.

(8+7)

10. Explain what a marketing channel is and why intermediaries are needed? Discuss the role of third party logistic in today's marketing.

(10+5)

11. a. Marketing is value creation and value delivering process. Justify with examples.
    b. Discuss how the concepts of value are associated with market environment.

(10+5)

12. Discuss how competition, demand, distribution strategies, promotion strategies, quality perception affect pricing strategies over a product life cycle.

(10+5)

SECTION C (15 Marks)
Case Study

Cook, 52, is sitting in a sunlit conference room on the top floor of Apple's main building. He's wearing a navy polo, dark trousers, and his signature, rectangular rimless eyeglasses. It's two days after he introduced Apple's latest smart phones, the iPhone 5S and iPhone 5C all he wanted to know was consumer reaction on these two new launches.

In 2001, Apple, under the leadership of CEO (Chief Executive Officer) Steve Jobs, enters the 'Digital Lifestyle/Music' space with the introduction of the iPod, a portable digital audio music device. In 2003, it launches the complementary iTunes Music Store, where customers can download songs from the Internet, onto the iPod, for less than one dollar/one euro, per track. In the process, thanks to these innovations, Apple not only exponentially grews what had been a very small market, but also easily dominated that market. By 2004, the Apple iPod becomes the market leader in the field of portable digital audio devices, it had over 50% of the global share, and consumer demand, especially for the latest, cheapest version, seems as strong as ever.

January 9, 2007—Apple introduced iPhone. IPhone was a revolutionary and magical product that was literally five years ahead of any other mobile phone," said Steve Jobs, Apple's CEO. "We are all born with the ultimate pointing device—our fingers—and iPhone uses them to create the most revolutionary user interface since the mouse."

iphone was a combination of three products—a revolutionary mobile phone, a widescreen iPod with touch controls, and a breakthrough Internet communications device with desktop-class email, web browsing, searching and maps—into one small and lightweight handheld device. iPhone introduces an entirely new user interface based on a large multi-touch display and pioneering new software, letting users control iPhone with just their fingers. iPhone also ushers in an era of software power and sophistication never before seen in a mobile device, which completely redefines what users can do on their mobile phones.

In 2007, Steve Jobs, the company's late co-founder, said, "Apple's market share is bigger than BMW's (BMW:GR) or Mercedes's (DAI:GR) or Porsche's in the automotive market. What's wrong with being BMW or Mercedes?" That was before Apple came tantalizingly close to total domination in several product categories (in one, the iPod, the company effectively established a monopoly) and reset expectations of what it could do.

Six years after the release of the original iPhone, Apple no longer has the mobile marketplace to itself. It has to square off against giants such as Samsung Electronics; previous mobile all-stars Motorola (GOOG) and Nokia (NOK), which are now respectively part of Google and (soon) Microsoft (MSFT); and a rash of new rivals such as Xiaomi of China and Micromax of to Cook the new CEO, the mobile industry doesn't race to the bottom, it splits. One part does indeed go cheap, with commoditized products that compete on little more than price. "There's always a large junk part of the market," he says. "We're not in the junk business." The upper end of the industry justifies its higher prices with greater value. "There's a segment of the market that really wants a product that does a lot for them, and I want to compete like crazy for those customers," he says. "I'm not going to lose sleep over that other market, because it's just not who we are. Fortunately, both of these markets are so big, and there's so many people that care and want a great experience from their phone or their tablet, that Apple can have a really good business."

But contrary to this statement Apple launched new series of iphones recently. The much awaited iPhone 5s rolled out in the US market on September 20, 2013. Apple simultaneously announced another new version of its iPhone product line – the 5C. As with previous versions, the 5S targets the high-end of the smartphone market whereas the 5C aims for more price-conscious buyers. Previously, Apple's strategy was to position the new version for the high-end of the market and discount older versions for the price-conscious segment. This was a smart strategy until formidable competitors entered the market at the low end taking some market share away from Apple.

Apple was faced with the dilemma that all marketers have when competitors nibble at their feet from the low end. The worst reaction to this problem is to lower the price of high-end products. Too many companies follow this strategy at their peril.

What companies do not realize is that you cannot just lower the price but a lot is eroded from the brand.

13. (a) Is taking the high price truly a sustainable strategy. Discuss.
    (b) The iphone 5C is going to erode the brand image of Apple. Comment.
    (c) What are the marketing dilemmas faces by CEO of Apple Mr Cook in the marketing scenario discussed in the case above?