

Navrachana University
School of Business & Law BBA/BBA-LLB
End-Semester Examination November 2017
2017 Semester 1
MG 101 Business Organization

Date: 22/11/2017
 Time: 8 am to 10 am

Marks: 40

Instructions:

- Write each answer on a new page
- Please write answers in bullet points and underline important points.
- Do not write unnecessary description or copy the content already given

Q 1. Read the following case and answer questions.**(10 Marks)**

Balsara Hygiene Products Ltd., which had some fairly successful household hygiene products, introduced in 1978 a tooth paste, *Promise*, with clove oil (which has been traditionally regarded in India as an effective deterrent to tooth decay and tooth ache) as a unique selling proposition. By 1986 Promise captured a market share of 16% and became the second largest selling toothpaste brand in India. There was, however, an erosion of its market share later because of the fighting back of the multinationals. Hindustan Lever's *Close-Up* gel appealed to the consumers, particularly to the teens and young, very well and toppled Promise from the second position.

Supported by the Export Import Bank of India's Marketing Finance (EMF) program and development assistance, Balsara entered the Malaysian market with Promise and another brand of tooth paste, *Miswak*. The emphasis on the clove oil ingredient of the Promise evoked good response in Malaysia too. There was good response to Miswak also in the Muslim dominated Malaysia. Its promotion highlighted the fact that *miswak* was a plant that had been used by centuries by as a tooth cleaning twig. It had references in Koran. It was pointed out that prophet Mohammed used miswak before sleeping at night and after awakening. Scientist all over the world also confirmed about the antibacterial property of clove and its ability to prevent tooth decay and gums.

Market intelligence revealed that there was a growing preference in the advanced countries for nature based products. Balsara tied up with *Auromere Imports Inc. (All)*, Los Angeles. An agency established by American followers of Aurobindo, and Indian philosopher saint. Eight months of intensive R&D enabled Balsara to develop a tooth paste containing 24 herbal ingredients that would satisfy the required parameters. Auromere was voted as the No. 1 toothpaste in North Eastern USA in a US Health magazine survey in 1991.

The product line was extended by introducing several variants of Auromere. A saccharine free tooth paste was introduced. It was found that mint and menthol were taboo for users of homoeopathic medicines. So a product free of such mints was developed. Auromere Fresh Mint for the young and AuromereCina Mint containing a combination of cinnamon and peppermint were also introduced. When the company realized that Auromere was not doing well in Germany because of the forming agent used in the product, it introduced a chemical free variant of the product.

Questions

- a. Which factors caused erosion of market share for Balsara in India? (3 Marks)
- b. Which were the factors responsible for success of All? (3 Marks)
- c. Explain the environmental factors which Balsara used to its advantage. (4 Marks)

Q 2. Read the following case and answer questions.

When French automotive giant Renault first entered India through a joint venture with Mahindra & Mahindra, it placed high hopes on its maiden product offering Logan - a mid-sized sedan launched in 2007. But the car with its dated looks and high pricing failed to strike a chord with Indian consumers. Such was the scale of the failure that it ended up killing the joint venture in 2010. Renault's brand name took a massive hit in India.

Renault desperately needed a "volume driver" to shore up its operations. It identified a gap in the SUV segment. "There were SUVs costing Rs 20 lakh and above manufactured by global players and those priced from Rs 6 lakh to Rs 10 lakh produced by Indian companies. They saw an opportunity there and planned to launch "Duster".

The company identified a focus group of about 200 people whose profile matched the potential buyer of the Duster. It then short-listed 30 families from this focus group across five Indian cities for an ethnographic study spread over two months. During this period members of the product development team lived with their target customers to observe them, understand their lives and needs. They also spent time with the customers to know what they liked and did not like about their vehicles.

The study threw up 41 modifications that the European Duster needed. Guerin says "We understood that a critical purchasing factor of a car in India is the exterior design," she says. "People loved an SUV with rugged looks that stood out in a crowd, but at the same time wanted it to operationally perform like a sedan - easy to drive and [offering] good fuel efficiency." The study revealed that Indian consumers liked a strong dose of chrome on their cars, especially the exterior. Inside the car they preferred a dual-tone interior, and wanted the switches for power windows on the door rather than in the central console. Indians preferred inclined seats for greater comfort. Rear air-conditioning was critical and so was the armrest, a mobile charger and a reading light. Some storage space was also welcomed.

Renault made several changes in the car to suit Indian conditions. The engine was tuned to meet the quality of the fuel in India and deliver high efficiency of at least 20 km per litre.

The company launched the Duster priced between Rs 8 lakh and Rs 12 lakh in July 2012. The Duster took the Indian market by storm. It fuelled the segment of compact SUVs and grabbed a 23 per cent market share within a year. The Duster today accounts for 86 per cent of Renault India's production, 81 per cent of its sales and 100 per cent of its exports.

Questions

- a. Explain the demographic factors which have affected the Business of Renault India. (3 Marks)
- b. What are the lessons from the success story of Renault Duster? (5 Marks)

Q.3 What type of organization structure would be suitable to a company like PepsiCo? Make necessary assumptions and prepare an organization structure for Pepsico India. (7 Marks)

Q.4 Assume that you are starting a restaurant in Vadodara city. a) Which factors will you consider to choose the form of the organization? b) What will be the differences between Sole proprietorship and Partnership form of Business in this situation? (8 Marks)

Q.5 What do you understand by 'Organization Culture'? List down the difference between Indian and US work culture. (7 Marks)