



NAVRACHANA UNIVERSITY

School of Business & Law | BBA Programme - Semester II | End Term Exam

Marketing Management 2 | Subject Code: MK202 | 10.05.17 | 08.00am to 10.00am | Total Marks: 40

The figures in the margin on the right side indicate full marks

Q.1 Explain 4 steps of 'Channel Design Decision' in detail 8

Q.2 Marketing and Distribution of Mushroom - Case Study 8

Sachin and Virag are two enterprising youth. They have passed out from IIM, Bangalore. They thought instead of doing a job, they will launch fresh vegetables in Indian markets. Having learnt of the future conventional foods, they decided to venture into cultivation of mushrooms.

Mushrooms are known to be the best alternative food for vegetarians. For Sachin and Virag fund raising was a serious handicap for mass production. However, the first trial batch of mushrooms that they produced was bought by Star Hotel in Bangalore. Further, the hotel placed orders for supply of 20 kgs every day.

Now mushroom industry is run by small entrepreneurs, like Sachin and Virag. Another big player M/s Ashtavinayak Mushrooms, equipped with cold storage facility was more interested in the export market.

Sachin and Virag have set their sights high. They aim to sell mushrooms in a very big way all over India. Mushrooms have a great market potential and is a perishable food.

Questions:

- How will you advise Sachin and Virag, as how to increase the consumer awareness about this new food?
- What would be your suggestions for distribution channel for mushrooms?

Q.3 Refrigerator - Case Study 9

India's Refrigerator market estimated at Rs. 2750 Cr. is catered mainly by 10 brands. The annual capacity is estimated at around 4.15 million units is running head of demand of 1.5 millions.

As there is a demand and a surplus supply, all the manufacturers are trying out for new strategies in the market.

Times have changed and also the buying behavior of the customer. Earlier it was cash and carry system. Now dealers play an important role in selling; now the system is exchange for old "bring your old refrigerator and take a new one with many gifts".

A new company by name Electrolux has entered the market which has acquired Allwyn, Kelvinator and Voltas brand.

Researchers have revealed that urban and city sales are declining and hence all manufacturers are trying to concentrate on rural markets.

Electrolux strategy is customization of market, with special attention to the Northern and Southern India markets, while Godrej the main player thinks that dealer network in rural market for sales and service will be beneficial and is trying to give more emphasis on dealer network, whereas Whirlpool has adopted the strategy of increasing the dealer network by 30%.

The market shares of the major players are as follows:

- Godrej 30% | Videocon 13% | Kelvinator 12% | Allwyn 10% | Voltas 5% | Whirlpool 27% | Daewoo 1% | L.G 1% | Others 1%

Questions

- Could the refrigerator market be segmented on geographical base planned by Electrolux?
- What would be the marketing mix for rural market?
- Would 125 liter and 150 liter models be an ideal choice to launch in rural market?

Volkswagen, the fifth-largest automaker in the world, was founded in 1937. The first prototype was actually built in 1935 by Ferdinand Porsche, founder of the car company bearing his name, who had been commissioned by Hitler to build a "Peoples Car." Volkswagen began selling its Beetles in North America in 1949, a year in which only two of the vehicles sold in the United States for \$995 each. By 1955, the company had sold one million vehicles worldwide. Today, Volkswagen manufactures a number of other car brands, including Audi, Lamborghini, Bugatti, Bentley, Rolls-Royce, Skoda, and Seat.

Growth Years

With the help of creative and effective marketing, Volkswagen became a household name in America during the 1960s. The company's marketing program in the United States during this decade was designed to make the brand's underdog status an advantage. This was accomplished with self-deprecating advertising that made light of the Beetle's shortcomings. Some memorable slogans for the Bug include "Think Small," "It's Ugly But It Gets There," and "Nobody's Perfect." These self-effacing slogans ran counter to the advertising tradition of U.S. automakers, which usually involved lofty descriptions of a car's style, power, grace, and superior design. The classic Beetle rapidly became a cult favorite, then a popular favorite, and eventually was to become the number-one selling car in history with over 22 million units sold. Volkswagen was not afraid to use the occasional hard sell. One particularly persuasive print ad paired a Volkswagen with a snowplow and a heavy blanket of snow on the ground and asked, "What do you think the snowplow driver drives to work?" Volkswagen also developed a stylish automobile called the Karmann Ghia, which was humorously advertised as the car "for people who can't stand the sight of a Volkswagen."

Decline and Recovery

After sales of VW cars in America peaked at 569,000 units in 1970, cutthroat competition among compacts, especially from Japanese manufacturers, hurt Volkswagen's sales. The company also made an unfortunate marketing move that compounded its problems. It "Americanized" its image, by advertising the opening of an VW assembly line in Pennsylvania—the first U.S. assembly line set up by a foreign auto maker—at a time when imports were becoming popular. The 1980s were not much better for the company, as sales continued to decline.

By 1990, Volkswagen was looking for ways to revitalize its business in the United States. Sales had slipped to a mere 1.3 percent of the American market from a high of 7 percent in 1970. The company developed an advertising campaign that centered on the word *Fahrvergnügen*, German for "driving pleasure." This strategy was considered a risk at the time because many assumed Americans would not adopt a German word as a slogan. The hard-to-pronounce word nevertheless became an instant pop-culture buzzword, but U.S. sales continued to drop to under 50,000 units. The company clarified its brand message under the umbrella of the "Drivers Wanted" slogan in 1995, and U.S. sales rose 18 percent to 135,907 cars in 1996.

Classic Influences Tempt Consumers

In 1998, Volkswagen released a modernized version of its iconic Beetle to a car-buying public nostalgic for the vintage style. Ads for the New Beetle echoed the irreverent humor of the ads from the 1960s, with one ad reading "If you sold your soul in the '80s, here's your chance to buy it back." Another ad emphasized the difference between the modern engine and notoriously underpowered traditional Beetle with the slogan "Less Flower, More Power." American buyers leapt at the chance to buy the classically influenced—but clearly modern—cars, often at well above sticker price. Waiting lists for the new cars, which sold more than 55,000 units in 1998, were common. The company also experimented with the Internet as a marketing and sales medium, holding a special Web-only launch of 2,000 New Beetles in two previously unavailable colors, Reflex Yellow and Vapor Blue. Volkswagen sold out its inventory immediately. By drawing consumers into Volkswagen showrooms, the New Beetle helped the company achieve 50 percent growth in sales volume between 1998 and 1999.

In 2001, the company unveiled its latest retro offering—the Microbus—as a concept car. The car, not expected to be available to the American public until 2003, will likely set off another wave of nostalgia and help the company achieve further sales growth. Other new models slated for introduction include a sport utility vehicle and a luxury V-8 Passat sedan designed to compete with BMW and Mercedes. Volkswagen's history of brilliant marketing will likely lead to success for these new models.

Questions

1. What are some of the ways in which Volkswagen epitomizes the meaning and value of the marketing concepts in the text?
2. Suggest creative extensions of VW's marketing tactics and strategies in applications of advertising, promotion, public relations and other promotional techniques?