



**Case Studies
in
Marketing
Management**

Arvind V. Shukla

Management education was pioneered in India by the Indian Institute of Management, Ahmedabad. It was also the IIM(A) which incorporated the Case Method of Learning in the stream of management education. This method provides the much needed practical exposure to a student of Business Management. This exposure is otherwise difficult to provide within the four walls of a laboratory. Even during placements in corporate business houses the student fails to gain total freedom to apply his ideas because of the high degree of risks involved. As such the Case Method of Learning is now widely recognized as an essential part of management education by B-Schools all over the country. Many universities / institutes like Amravati University have made one Case Study a compulsory part of every paper in the examination leading to the degree of M.B.A.

The book has been written keeping in mind the requirements of both the students as well as teachers of the subject. While the book provides the students with an opportunity to test their analytical skills and abilities to apply theory into practice it helps the teacher to cover varied theoretical topics with proper practical inputs. The book covers almost all important decision making areas of marketing management. Written in lucid style the cases in the proposed book are close to the real life situations in marketing. As such it provides a golden opportunity to the students of marketing to sharpen their skills. Being of appropriate length the cases in the book can very well be used for examination purpose as well.

Rs. 150

Case Studies in Marketing Management

This One



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**The Real Purpose of Books is
to trap the mind into doing its own thinking**

...Christopher Morley

Preface

The opportunity I have had of a close association and interaction with the students of the degree programme in Business Management has enabled me to gain meaningful insight into their requirements. As a teacher of Business Management too, I have long felt the need of Case Studies in Marketing Management which bear close resemblance to Indian situations. This book is a result of these feelings and opportunities.

The book presents its readers some guidelines in attempting a case study alongwith case studies on various aspects of Marketing. An attempt has been made to cover all important areas of the vast science of Marketing. For ease in use, the Case Studies have been grouped into different functional areas.

Although the book is written for students of the M.B.A. programme I am sure it will be found useful by M.Com. students as well as practising managers and management faculty.

For making improvements in the forthcoming editions of the book suggestions and critical evaluations from users are welcome.

Amravati.
1st December 2003

A. V. Shukla

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1

Marketing Management

1.1 THE PROBLEM OF RISING SALES

Apex Chemicals, Ahmedabad market a detergent powder under the brand name 'Superkleen' and also a liquid bleach. These are presently sold in the State of Gujrat only. Superkleen enjoys a good market. Its sales' results during the first quarter of 1998 in Baroda district have been particularly encouraging. During this period the company grossed a sale of 89 lakhs for Superkleen out of which its sale in Baroda district alone had been to the tune of 53 lakhs. The corresponding figure for January - March 1997 was only 20 lakhs. Shri Shravan Venkatraman, the Manager (Sales) is simply delighted. This sales performance of 'Superkleen' foretells a much awaited promotion and an hefty raise for him.

Mr. Jay Deshmukh the company's Vice President (Marketing), who has just returned from Mumbai after attending a 5 day 'Futuristic' Orientation Programme of a leading Marketing Guru, is however not very happy. The

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reason being a market research just completed for the company by a private research organization. The study tells him that the sudden increase in sale in Baroda is due to increased demand in some pockets of Baroda district. The study further points out that these pockets were chiefly milk producing areas accounting for nearly 65% of the total milk produced in Gujrat. The study reveals that Superkleen was being widely used in these areas by milkwalas who add a small amount (approximately 10 gms.) of Superkleen to every litre of milk. This tremendously increases the milk's keeping quality as well as gives it a thick look. This practice enables the milkwalas to charge substantially higher for the same milk.

Mr. Deshmukh is worried because he is fully aware of the harmful consequences of consuming even small quantities of Superkleen for prolonged period of time. Even though the sales of the company are going up the wrongful use to which Superkleen is being put to should be prevented by a socially responsible company like Apex, feels Mr. Deshmukh. He is a firm believer of the societal concept of marketing wherein a company should, while satisfying demands and pushing up sales, keep the ultimate good of the people at large (i.e. the society) in mind.

Mr. Deshmukh expresses his fears and opinions in the next review meeting. While the people in the sales department just brush them aside with a shrug of shoulders a few in the marketing department agree with him. In fact a discussion promptly starts after the meeting on the available options for the company. All types of alternatives are suggested and discussed. Some of them are :

- (1) Total withdrawal of Superkleen by the company

from Baroda,

- (2) Printing of warning on Superkleen packets against wrong use of the product,
 - (3) Launching of a programme by the company to tell milkwalas regarding the harmful effects of use of Superkleen in milk.
 - (4) Launching of an awareness drive among milk consumers about possible presence and detection of detergent in the milk they purchase.
-
- 1] Do you agree with Shri. Desmukh ? Justify.
 - 2] Evaluate the suggested alternatives.
 - 3] What do you feel the company should do ?

1.2 THE TROUBLESOME GUARANTEE

Hygo Pumps Ltd. manufactures and markets electrical motors/pumps of various types and capacities. The factory and head office of the company are located at Ahmedabad. The company launched its pumps all over India about a year ago through a network of authorised dealers numbering 356. The pumps are manufactured under exacting standards of quality and have already been awarded the ISI certification by the Bureau of Indian Standards. The company believes in dealer support for marketing. The authorised dealers of the company are expected to provide installation service, after sales service and all other help and guidance required by its customers.

The marketing executives of the company attach a lot of importance to good dealer relations. In line with this the company organises an annual meeting of all dealers at Ahmedabad. This meeting is used to announce the 'Star Dealer' award to the most successful dealer which includes an all paid 8 day trip to Europe. The meeting also presents a good opportunity for interaction with dealers enabling the company executives to acquaint themselves with their problems, complaints and suggestions as well as experiences of the customers. In fact the company executives use this meeting with dealers as a feed back tool.

In the first such meeting held recently at Ahmedabad the guarantee scheme of the company came under severe

criticism from many dealers. The scheme in its present form gives a 2 year guarantee on every pump sold. The dealers have to attend to many complaints by a customer during the guarantee period. Minor repairs are to be undertaken by the dealer himself. However, major repairs requiring replacements of spare parts above the value of only Rs. 100/- are to be attended at the factory itself. The dealers in this case are required to send the pump to the factory for repairs. After the required repairs the pump is sent back to the dealer who then installs it at the customers place. This takes up a time of 8-12 days depending upon the distance of travel involved.

The complaining dealers have conveyed the annoyance of the customers at this guarantee scheme because of the hardships caused to them due to this policy of the company. The dealers have said that water pumps of the company are installed in large housing societies where large number of families solely depend on water supply from these pumps. In case of trouble with the pump the time required to get the pump repaired entails great hardships to these families with no alternative source of water supply available.

The dealers want the company to restructure its guarantee scheme permitting even major repairs at the dealers level itself. For this they are of the opinion that the company should stock adequate level of spare parts at every dealer and reimburse labour charges to them. The dealers also want the decision of complete replacement of the pumps with manufacturing defects to be left to them. The company executives are however worried about a few issues in such a scheme. They feel that apart from the large capital tie up required to maintain spare parts stock at the dealers, the free replacement clause may also

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be misused in a few cases. In addition the company can not take care of the quality of workmanship available with the dealers.

- 1] Evaluate the current guarantee scheme of the company.
- 2] Evaluate the suggestions of the dealers for a improved guarantee scheme.
- 3] What will be your suggestion to the company ?

1.3 THE CASE OF WRONG SEGMENTATION

Saurabh Mitra is a fresh graduate from the institute of Mass Communication. He also possess a Masters Degree in Marketing Management from the Mumbai University. It was through campus recruitment that Saurabh was picked up by Doras Pharmaceuticals, a reputed company, having a large market share in many OTC products. Main among these being a fairness cream named Snowwhite and an ointment for burns and cuts branded 'SBurns' i.e. Stopburns.

The company has an all India presence and plans to soon launch a pain balm - cum - cold rub named D'Cold. D'cold would be in straight competition with 'Vicks Vaporub' and 'Amrutanjan'.

Shri Manoj Singh, the company's marketing manager, dreams to make D'cold a leading brand. He has contracted Admagic the country's no. 1 advertising agency to handle the account of D'cold.

When Saurabh joined Doras he was included in the Marketing team of D'cold. Looking at Saurabh's qualifications, and interests he was given the task of liaison with the advertising agency Admagic. After a series of meetings between Saurabh and the Account Executive of Admagic, in a few of which Mr. Singh was also present, it was decided to position D'cold towards the adult segment of the market since all the three of them believed that the requirements of the adult segment of

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the pain balm market were different from those of the children. They were also convinced that D'cold had all the ingredients to meet the requirements of the adult segment of the market.

Accordingly, the first advertising campaign of D'cold was released in July 1999 to the media. The company decided to concentrate on TV and the national press to reach its targetted customers. The TV spots showed D'cold being used on the father of a family who is down with cold and body ache. The focus of the advertising was on the punch line 'Bado ka cold rub'. The timing of launching D'cold was perfect since the rainy season was considered boom period for cold rubs.

The initial results were very encouraging and by the end of the rainy season D'cold had already become a brand to reckon with. After the rainy season Admagic proposed to change the campaign and accordingly a new campaign was prepared. While the TV spots showed a young mother using D'cold on her school going child the earlier punch line was entirely missing.

Saurabh was not very happy from the TV spots as he felt that the new campaign went against the earlier positioning of D'cold. This, he felt, would confuse the buyers and the advantage of the positioning strategy would be lost. Since Mr. Singh was very happy with the new advertisements Saurabh decided to keep silent.

- 1] Evaluate D'cold's segmentation strategy.
- 2] Do you agree with Saurabh's opinion on the new advertisements?
- 3] What would you do if you were in Saurabh's place ?

1.4 IS CUSTOMER REALLY THE KING ?

Anand Prakash and his wife Malti are both dejected and angry today. Their anger and frustration seems justified in contemporary times when businesses the world over are trying to make out that 'customer is the king'.

Anand (39) and Malti (34) are both lecturers in a college in Yavatmal, a growing city with approximately 5 lac population. Both of them have since the last 5 years collected every penny of their savings with a single dream that of buying a new car. It was in September 1999 that they started thinking of actually going in for one. Their initial excitement died out very soon when they learnt that the city did not have an authorised dealer of any car company. The nearest dealerships were at Nagpur but again getting the correct postal addresses of these dealers at Nagpur proved quite a task. They were further disappointed when most of the Nagpur dealers chose to ignore their queries. Phone calls to a few dealers at Nagpur only solicited some very cold responses. Anand and Malti's self image of being a valued customer and of being treated like one was totally shattered. The few advertisements in the local newspapers put in by the companies did not answer any of the questions of Anand. While some friends suggested visiting the web sites of prominent car companies, others advised them to run down to Nagpur to gather the needed

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information.

Meanwhile Anand happened to meet one Mr. Dodlani who dealt in cars. Mr. Dodlani who offered to get the couple a brand new Maruti Car from Delhi also quoted a surprisingly low price of Rs. 2,38,000. But the authenticity of his offer was greatly suspect since he was not in any way connected to Maruti Udyog Ltd. A business house which claimed to have been appointed the Maruti dealer for Yavatmal put the price at Rs. 2,74,000. When Malti talked to her father at Jabalpur the price of Maruti quoted there was Rs. 2,55,000. These price variations further confused the prospective buyers.

Questions like : What was the registration tax ? What was the cost of insurance ? What models and colours were available, which models offered. What features remained totally unanswered.

Resultantly Anand and Malti were totally at a loss as to how should they make their buying decision.

- 1] Evaluate the marketing communications of big car companies particularly from the point of view of non-metro buyers.
- 2] Suggest a corporate communication strategy for big car companies so as to avoid situations like the one in this case.

1.5 THE CRUCIFIXION

Shri. Gopalan, the C and MD of Magic Ad, a leading advertising agency at Bombay, was speaking on 'Social Responsibilities of Marketing and Advertising' at a seminar organised by the Advertisers Association of India. He spoke for an hour lauding the role played by marketing and advertising in raising the standards of living in the country and cited the examples of companies shouldering social responsibilities during the recent plague epidemic in the country.

However, during the question-answer session Shri. Raghwan, an agitated consumer, who happened to be participating in the seminar launched a scathing attack on marketing and advertising. Shri. Raghwan said that all marketers were alike and the only thing that mattered to them was selling and that marketers could go to any extent to achieve this goal. He felt that consumers were being manipulated into purchasing inferior and lousy products, some of which were not essentially needed by users. He cited example of a liquid being sold to 'soften fabrics after washing'. He further went on to criticize marketing and particularly advertising into luring young minds of children into wrong habits. Citing examples of ads of a particular brand of toothpaste which told children to eat any amount of chocolates and sweetmeats after using their brand of toothpaste. He also pointed out towards the advertisements of 'Swad' a churan tablet which ran the slogan '*chahe kitna bhi khao Swad se pachao*'.

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He demanded to know what social responsibility were advertisers shouldering after creating such ads. He accused marketing and advertising of misguiding the impressionable young minds. He said that marketing and advertising promoted the feel of class distinction between 'haves' and 'have nots' and enhanced a feeling of deprivation and frustration amongst 'have nots'. He ended his tirade by branding marketing and advertising as being morally bankrupt and demanding growth of a powerful 'consumerist' movement.

Shri. Gopalan listened to Shri. Raghwan carefully while trying to figure out an answer to Shri. Raghwan's outburst that could be both convincing and believable.

- 1] Do you agree with Shri. Raghwan ? Why or why not?
- 2] What should be Shri. Gopalan's response ?
- 3] How can marketing and advertising be more socially and ethically responsible ?

2

New Product Development

2.1 LOOK BEFORE YOU LEAP

After completing his graduation in commerce from a local college in Delhi Rakesh Khanna, the son of a wealthy shop owner was looking for a business venture. His father advised him to visit some foreign countries before making his final choice.

While on a trip to the US Rakesh has a chance meeting with Phil Colins. As this meeting develops into a close friendship Rakesh discovers that Colins is the owner of 'Luv', a very popular brand of chocolates there. Surprisingly Colins is also interested in finding partners for setting up a venture in India being greatly attracted by the huge Indian market for chocolates. He promises all expertise to Rakesh who immediately returns to Delhi. Bubbling with enthusiasm Rakesh tells his father about his new venture and about his friendship with Colins. Seeing his enthusiasm Rakesh's father gives him a go ahead signal promising all financial support.

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Soon Rakesh and Colins jointly set up a plant for manufacturing chocolates in Delhi industrial area. Within a few months i.e. in early summers they launched a range of milk chocolates under the brand name "With Love" all over the country. Initially they introduced two flavours - Rum and Pepper as Colins felt these were the most popular ones in the US. The packaging was on the lines of 'Luv' and looked novel. The results of test marketing in Bangalore were positive. Competitively priced and with heavy advertising support directed towards children and teenagers the results in March and early April were satisfying. Rakesh and Colins went on a pleasure trip to Mahabaleshwar to celebrate their success. However, things went wrong on the market front in May and the sales dropped drastically. A number of complaints were received regarding softening of the chocolates on the shop shelves as many shops did not have refrigerators. The sweltering Indian summers were too much for the chocolates. Moreover, retailers also provided a feedback that the flavours were not very much liked by children. The packaging was not strong enough to bear the rough transportation on Indian roads.

While Rakesh was heartbroken and searching for the causes of failure Colins decided to withdraw from the project.

- 1] What mistakes do you think did Rakesh commit ?
- 2] How should Rakesh have proceeded before launching the product in India ?
- 3] How can Rakesh salvage the venture ?

2.2 THE CASE OF A TECHNOLOGIST Vs A MARKETER

Rakesh Chawla is in a very happy mood these days. He has just returned from Japan after successful completion of talks of a joint venture with Mr. Matshushita, the Chairman of Matshushita Corporation. Rakesh is the son of Late Dwarkadas Chawla, a wealthy hotelier of Chandigarh. Six months ago while he was about to complete his engineering course in New Jersey, the sudden death of his father brought him back to India. He suddenly found himself at the helm of a business which was not in a very healthy state and which was not of his liking. The hotel was built up by Seth Dwarkadas from a scratch. Over the last few months however, many of its trustworthy and senior employees had left due to one or the other reason. The hotel had no longer remained a favourite joint of the youngsters of Chandigarh and business had dipped steadily. Moreover, Rakesh had never liked the idea of managing a hotel particularly with his engineering background he found himself totally unprepared to take over from where his father left.

The reason for Rakesh's happiness now was an agreement he had signed with Matshushita Corporation of setting up a joint venture here in India. The joint venture planned to manufacture and launch all over India a dishwasher and a microwave oven. Both these products were being already successfully sold in Japan as well as in Unites States. Manufactured with great care after years

of research in designing, the products were considered to be engineering marvels. They offered the latest features to the users and were acclaimed as the best money could buy. While the dishwashers were likely to be priced around Rs. 28,000/- the ovens would be priced at Rs. 15,000/- a piece.

The agreement provided for an import of 100% parts of the first 100 dishwashers and ovens to be assembled here till the company sets up its own plant at Chandigarh. Later on manufacturing would commence at the Chandigarh plant using the technology transferred by Matshushita Corporation.

Both Rakesh and Mr. Matshushita hoped to succeed in selling in India encouraged by the data of a recent study of NCAER estimating the middle class at 300 million and growing with an increasing urge to splurge. The study told them that vast multitudes of Indian families have rapidly growing monthly incomes and a willingness to use this newly acquired purchasing power to improve living standards.

Saurabh Chaddha, a school time friend of Rakesh has however serious doubts about the acceptability of dishwashers and ovens by the Indian middle class. Saurabh is an M.B.A. from a reputed institute of Mumbai with the teaching - 'Customers do not buy products, they buy solutions to their problems' deeply ingrained in his mind. Saurabh feels that the eating habits of middle class families in India being chiefly revolving around deep frying and spicy foods were not suitable for microwave ovens and dishwashers. He also had reservations regarding demand at the suggested prices. Saurabh has, during the course of one of his chats with Rakesh talked about his fears. He felt that these products were too

futuristic and would meet the fate of a Vacuumiser launched by another company sometime ago, which had terribly failed. However, Rakesh is of the opinion that these were not insurmountable hurdles and that these could be easily overcome with the rapidly growing western culture in the country.

Nevertheless Rakesh has been pondering over issues like acceptability of microwave ovens and dishwashers by Indian customers taking into consideration the peculiar eating habits of an average Indian household, the appropriate pricing for the two products and the market segments to be targeted by the company to begin with.

- 1] Evaluate the plans of Rakesh and Matsushita Corporation.
- 2] What is your opinion about the views of Saurabh Chaddha ?
- 3] What will be your suggestion to Rakesh in case he decides to proceed with his plans ?

2.3 MARKET SEARCHING BY SURGI-SAFE INDUSTRIES

Surgi Safe Industries (SSI) at industrial estate, New Delhi is the first company among the few about to launch plastic disposable syringes in India. Apart from the traditional glass syringes the company has only one competitor named "Doctors Choice" which has been recently launched in Karnataka.

The SSI has been set up in collaboration with DispoFranc, a French company who are the leaders in the market in Europe. This project could be realised after the recent liberalization policy of the Government of India. Shri. Ashok Raina is the Indian Promoter of SSI.

The product, although well established in Europe is new to the Indian market. The quality standards and technical expertise of DispoFranc are very high. Production in India, to begin with, is planned under the guidance and close supervision of DispoFranc. As each syringe is sterilized and packed in single blister pack with the latest technology they offer complete safety to the user against any type of contamination. Moreover, the market price of SSI syringes is expected to be much lower than the traditional glass syringes and comparable to those of 'Doctors Choice'.

The analysis / study of available and collected data for demand projections for the coming decade reveals the existence of a large potential market. However, Shri. Raina

visualizes initial resistance to change from doctors.

He, therefore, envisages a large scale education cum awareness programme for doctors as well as for general public while trying to pinpoint his company's target market. Shri. Raina lists hospitals (both government and private), nursing homes, maternity clinics, private dispensing doctors as well as individuals as potential users / customers.

While preparing for a meeting of the Board of Directors Shri. Raina's mind is busy thinking about the following issues, likely to crop up at the meeting.

- 1] Have the target markets been correctly identified ?
- 2] How should the company proceed to overcome the initial resistance to change and develop a good market for the product ?
- 3] What sort of marketing network the company should setup to reach the varied type of target buyers ?
- 4] What would be your advice to Shri. Ashok Raina on these issues ?

3

Advertising and Sales Promotion

3.1 ADVERTISING OR MUDSLINGING ?

Green Valley Agro Foods was a well known company having an established range of products like potato chips, 'papads' and 'daliya' under the brand name 'Shakti'. They enjoyed a major market share in Central India.

Shri. Vallabh Mehta had established the company after long years of hard work starting from a scratch. He was a traditional businessman believing in concepts like high product quality, hard work and straight forward business policy. He was the type who believed in slow and steady progress.

Shri. Karan Mehta was the younger son of Vallabh Mehta. He was a production engineer and an MBA from a reputed Institute. Exposed to the latest ideas of business management he joined the family business with great enthusiasm and the goal of rapid growth.

After carrying out a SWOT analysis of his company Shri. Karan decided to introduce a new brand of edible

oil in the market.

Going through the process of product development carefully and under the guidance of experts in the field the company developed a refined groundnut oil. After careful analysis and testing, the oil was launched under the brand name 'Shakti'.

At this stage Karan drew up an ambitious advertising campaign for the edible oil. As he was convinced of the superiority of his brand over that of their main competitor, a brand named 'Sparkle', his campaign focused on comparative advertising. The ads not only highlighted the advantages of his brand but also compared them with 'Sparkle'. The ads were almost derogatory to 'Sparkle.'

While Karan was convinced about the positive results of these advertisements in creating a favourable brand image for 'Shakti' his father had strong objections about naming the competitor in the advertisements. He felt that this will not only give free publicity to the competitor but may also involve the company in some legal tangles. Moreover, Shri Vallabh Mehta objected to this type of business policy.

- 1] With whom do you agree and why ?
- 2] Evaluate comparative advertising as a business policy.

3.2 ADVERTISING Vs QUALITY

Career Circle is a coaching class started by Prof. S. Dutta after retirement from a reputed city college. He proposes to provide in depth and professional coaching to candidates appearing for all types of competitive examinations. Prof. Dutta has made a deep study of the pattern of question papers of various competitive examinations and found a few common features. The areas of quantitative aptitude, verbal ability, logical reasoning and reading comprehension have been pin pointed by Shri. Dutta in which Career circle shall provide classroom coaching. Prof. Dutta has drawn up an ambitious advertisement campaign for a high pitched marketing of these classes. However his friend Prof. Shyamsunder is of the opinion that Prof. Dutta should spend more on development of proper classroom infrastructure and in paying higher salaries to quality teaching staff instead of on advertising. Prof. Dutta is unable to decide his priorities and asks for your opinion.

- 1] With whom do you agree and why ?
- 2] What will be your advice to Prof. Dutta ?

3.3 THE PROBLEM OF ENDORSEMENTS

Sapna Soaps and Detergents is a company floated by a women's co-operative society. The company manufactures and markets 'Sapna' brand of bathing soaps and a detergent powder under the same brand name. Both the soap and detergent are targeted towards the middle class house-wife who is seen as both price and quality conscious. Accordingly, both the soap and the detergent are suitably designed to position for the middle class housewife. The company is now in the process of launching its ad campaign through press and audiovisual media. In keeping with its policy of targeting the middle class housewife the company decides to utilise testimonial advertising. Its press and TV ads feature a popular stage actress named Rashmi in a 'slice-of-life' sequence. The actress Rashmi has played many roles of a middle class housewife who raises a fight against many ills of the society particularly those exploiting women. Her plays have been highly acclaimed. In fact she has earned the image of a female crusader against exploitation of women. So much so that Rashmi has time and again been pulled into real life issues concerning women and has emerged as a social worker in her own right. When the company chose her as their model they expected some of her image to rub-off against their brands thereby helping to promote a middle class image.

However, Smt. Bajaj and Smt. Kumar, the company chair-person and its marketing manager respectively are

stunned one day on seeing the newspaper. The newspaper prominently carried a news that Rashmi had been arrested by the local police on charges of drug trafficking and that a raid on her house had yielded huge quantities of brown sugar and 'ganja.'

Mrs. Bajaj rings up Mrs. Kumar and expresses her hesitancy in releasing the ads of the company to the media in light of the news item in the newspapers. They both are of the opinion that these ads featuring Rashmi may now not succeed in materialising any benefit for the company's brands. On the contrary, a greater harm can not be ruled out they feel. At the same time both realise the fact that the company has already spent huge sums of money in getting the press and TV ads prepared.

- 1] Do you agree with Smt. Bajaj and Smt. Kumar on not releasing the Rashmi ads to the media ? Give reasons.
- 2] In your opinion will the testimonial affect of the ads featuring Rashmi be greater than their personality symbol effect. Give reasons.

3.4 IS MEDIA CHOICE IMPORTANT ?

Kamdhenu Fertilizers and Pesticide Ltd. was set up in the chemical zone near Amravati in December, 2000 by Shri. Abhijit Deshmukh, a young chemical engineer coming from a traditional farmers family of Morshi. The Company's fertilizers and pesticides are likely to be launched in April, 2001 in time for the sowing season. Currently Abhijit is busy in setting up the marketing plans of the company. To begin with, the company has appointed 13 dealers spread all over the state of Maharashtra. The company has also organised a retailers meet in February, 2001 to provide detailed information about the company's products and marketing goals and policies to them as well as to seek their co-operation in making all these plans a success. The executives of the company have travelled across the entire state selecting one demonstration farm in a radius of every 100 kms where the effect of the company's products on crops will be demonstrated to convince farmers of the area about the product quality and effectivity.

It was during a family get-together in summer when someone suggested to Abhijit that his company should embark on a mass advertising campaign. Abhijit has given due thought to the casual suggestion and has felt that the company should really try to build up brand awareness and trial purchase through an ad-campaigr. However, he seeks your help in media planning so as to make the proposed ad-campaign cost effective and help the company with achieving initial sale targets.

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- 1] Evaluate the suggestion of ad-campaign in light of the nature of the company's products.
- 2] Suggest a media mix to Abhijit-convincing him about proper media planning.

3.5 THE CASE OF IRRESPONSIBLE ADVERTISING

Choco Bon Bon brand of toffees has been recently launched. Its series of TV advertisements feature children. In one of them is shown a school where a big bully is being beaten by a cute looking small boy who gains super strength on popping in a Choco Bon Bon in his mouth. In another one is shown a small baby girl who threatens her mother that she will run away from her home if her mother does not buy a box of Choco Bon Bons for her. The third ad shows a group of children involving a harried shopkeeper in sweet talk while one of them quietly fills away his pockets with Choco Bon Bons.

Suddenly the office of the company is abuzz with rumours that the company may be forced to withdraw its ad campaign. This is because its chairman has reportedly received a letter from the National Women's Society which has branded its advertisements as being socially and ethically wrong and as promoting wrong concepts amongst children. The letter has threatened legal action if the ads are not withdrawn by the company forth with.

- (i) Analyse the case.
- (ii) Do you agree with the allegations of the National Women's Society ?
- (iii) What should the company now do ?
- (iv) What role can the Advertising Standards Council of India play in this case ?

3.6 THE CONSUMER BACKLASH

The mood is tense in the posh office of Shri. Tobaccowala, Senior Vice-President Marketing of Healthy Food Products Ltd. Along with Shri. Tobaccowala also present in the office are Shri. Reddy, Marketing Consultant to the company and Shri. Dabli, the Marketing Manager. The cause of worry are the numerous complaints the company has received during the last one week. Although the complaints started coming in as a trickle they soon grew in number and the situation became alarming when two complaints were received from well known and powerful consumer unions. The contents of all the complaints are almost similar. All of them have strongly criticised the recent promotional scheme of the company as discriminatory against consumers not belonging to the four metro cities where the said scheme was introduced last month. Some complaints have even gone to the extent of threatening a strong reaction in the form of a blanket boycott against all brands of the company. Shri. Tobaccowala and others are particularly worried because they fear a strong backlash from the consumer groups which the company may not be able to withstand in the present situation when the company is already facing a frontal attack from a strong competitor.

Healthy Food Products are the market leaders in the Rs. 400 crore soft drink market of the country. However, with the recent opening up of the economy the company suddenly found itself faced with a major attack from a

multinational giant which markets a globally well known brand of soft drink and has decided to tap the Indian bazar recently. The attack had been so sudden that Healthy Food Products was not able to prepare itself fully before it started losing market share to the multinational giant rapidly. In their anxiety to beat the competition Shri. Tobaccowala, Shri. Reddy and Shri. Dabli quickly planned and implemented a free gift scheme offering one high fashion stylish T-shirt on the purchase of six bottles of their soft drink. Since it was not possible to logistically arrange for this scheme all over the country in the available time they took a decision of launching the scheme in the four metro cities only. Big advertisements announcing the scheme were inserted in all the national, regional and local newspapers along with T.V. spots at prime time. All ads prominently announced that the scheme was offered in the four metros only. It has been two weeks since the scheme was launched and it seemed to be getting a good response in the four metros.

Shri. Tobaccowala, Shri. Reddy and Shri. Dabli are now perplexed what the company should do? Shri. Reddy feels that the company now can take recourse to any of the following three options.

- (a) Withdraw the entire scheme immediately but in that case what will happen to the market share cannot be said because it is rumoured that the multinational giant has also planned a promotional blitz.
- (b) Immediately announce a cash discount to customers all over the country leaving those living in the four metros.

However, the consumer reaction to such an offer

is unpredictable.

(c) Just wait and see how things turn out. In which case the company may lose precious time and find itself in a greater soup later.

- 1] How do you evaluate the hurriedly implemented free gift scheme of the company ?
- 2] What were the options available to the company to overcome the logistical hurdle in the free gift scheme?
- 3] What should the company now do ?

3.7 THE DISCOUNT Vs FREE GIFT STORY

Happy Licks Food Products Ltd. has been the market leader in the health drinks market for the last 15 years. They are the owners of Happy Licks Brand of Chocolate based health drink. Sold in a dry powder form 'Happy Licks' can be used as an additive to whole milk or taken with plain water also.

However, the last couple of years have seen a major challenge being posed to 'Happy Licks' from a competing brand called 'Complete Plan'. Although a late entrant in the market 'Complete Plan' has succeeded in snatching away a major chunk of market share from 'Happy Licks'. To meet the competition from 'Complete Plan' Shri. Chattopadhaya, the senior Vice-President Marketing at 'Happy Licks' has recently introduced a major discount scheme. The first part of the scheme offers Rs. 10/- off on the purchase of a 500 gms bottle of 'Happy Licks' in exchange of the top foil of any other brand of health drink. This scheme, it was felt, will encourage brand switching from competing brands to 'Happy Licks'. The second part of the scheme offers an 8% discount to retailers on the purchase of every 12 bottles of 500 gms. Shri. Chattopadhaya felt that this scheme will enable 'Happy Licks' to arrest the fall in its market share.

However, there has been a new cause of concern for the marketing executives of 'Happy Licks'. That is the new promotional scheme of 'Complete Plan' launched as a

response to the discount scheme of 'Happy Licks'. In contrast to the discount scheme the 'Complete Plan' promotional scheme is targeted towards children who are the actual users of health drinks.

The scheme offers stylish caps as free gifts with the purchase of every bottle of 'Complete Plan'. This scheme is expected to attract children who in turn will influence their parents to purchase 'Complete Plan' instead of any other health drink for them.

While some marketing executives at 'Happy Licks' continue to sing praises for their double edged discount scheme yet others are openly appreciative of the exact targeting of the 'Complete Plan' promotional scheme.

- 1] Evaluate the discount scheme of 'Happy Licks' as a push and pull strategy of sales promotion.
- 2] Evaluate the promotional scheme of 'Complete Plan'.
- 3] Which scheme in your opinion is likely to be more successful and why ?

4

Sales Management

4.1 RESISTANCE TO CHANGE

Shri. Mohini Trading Company is a trading house set up by Shri. Telang in Aurangabad. The company is the authorised dealer of scientific equipments of Philips. In addition the company deals in a number of other scientific instruments too.

Set up in 1984 the company has had an excellent growth. Its customers included science colleges, universities, state electricity boards, public works department, engineering colleges and the irrigation department.

The company's work consists of filling tenders and supplying scientific equipments as per received orders. The company has also been providing installations and after sales service to customers, if needed.

As the work increased Shri. Telang went on increasing staff. It was at a time in 1990 when the office had employed as many as 66 typists when Shri. Telang decided to

undertake some automation.

After inquiries and consultations with experts Shri. Telang decided to go in for computerization of the office work. His main aim behind computerization was to improve work quality and speed. Moreover, he was fed up with his excessive dependence on manual typewriters because of their frequent breakdowns.

Since filling tenders constituted a major part of the office work Shri. Telang was particularly convinced about computerization as computers would enable him to have a much better quality of tenders at a much faster pace and lesser cost.

However, the news of computerization was not welcomed by his office staff. Most of them felt that with the installation of computers their services would be terminated because they found themselves totally unprepared to work on computers. Moreover, they also felt that some of them would surely lose their jobs as computers would do much more amount of work at a much faster pace. As apprehensions mounted some even started looking for alternative jobs. As a result there was a drop in efficiency which became more acute as the work of installation of computers commenced. It was at this stage that Shri. Telang decided to have a talk with his staff.

- 1] How do you evaluate Shri. Telang's decision of computerization ?
- 2] Could you advice the office staff to have a frank discussion with Shri. Telang and tell him all about their fears ?
- 3] To what extent do you agree with the fear of the office staff ?
- 4] How should Shri. Telang react ?

4.2 THE DILEMMA

Super Corporation is a well established company dealing in a wide range of modern office furnitures and fixtures. Over the last decade the company has earned an enviable position in the market at Delhi.

Shri. Ajay and Shri. Vijay are the promoters of Super Corporation. They are both young and dynamic. Well known in the elite circles of top officers in almost all government as well as private offices in Delhi these two have set an example of running a successful business through a very well handled public relations effort.

The company has depended almost entirely on a dedicated field sales force of about 23 salesmen to establish, develop and maintain good contacts in offices. These contacts have ultimately helped the company in achieving success in selling its products.

Lately, Super Corporation has acquired authorised dealership of a newly launched brand of vacuum cleaners. A research study conducted by the manufacturers has revealed that the potential customers for the vacuum cleaners could be people whose monthly income is more than Rs. 10,000. In fact it is this finding which has prompted Ajay and Vijay to think that the potential customers for these vacuum cleaners can then be the same officer class of Delhi with whom their company already enjoyed close links.

Both Ajay and Vijay are of the opinion that their

existing contacts with officer class of Delhi can be exploited to sell the vacuum cleaners. Ajay feels that since the potential customers for vacuum cleaners and for their earlier range of equipments are the same, the same salesforce could do the selling job. Vijay, although agrees to the use of direct selling, feels that the buying decision process being drastically different in case of office and home purchases the same sales force may not be of much help. Moreover, he also feels that the nature of two products i.e. office furniture and vacuum cleaners being diverse a separate salesforce for the two should be used.

- 1] Evaluate Ajay's opinion.
- 2] Evaluate Vijay's opinion.
- 3] With whom do you agree and why ?
- 4] What will be your advice to Ajay and Vijay ?

4.3 THE PROBLEM OF UNPROFITABLE ORDERS

Shri. Kumar has been analysing the sales performance of Kaushal Industries for the past 3 years. He is the marketing manager of the company. Kaushal Industries manufactures asbestos sheets and markets them in the states of Maharashtra, Gujrat and Madhya Pradesh.

Shri. Kumar is surprised by the number of small orders that the company has been receiving. Their number has been on an increase. Moreover, further inquiries have revealed to Shri. Kumar that such small orders are clearly unprofitable to the company. Considering their processing cost together with the cost of transportation, small orders, numbering around 20% of all orders, do not bring the target returns to the company. However, what has been worrying Shri. Kumar is that majority of small orders have been coming from customers who have had a long time of dealings with the company. While Shri. Kumar does not want to lose such loyal customers he also knows that something has to be done to make the sales more profitable for the company.

- 1] Analyse the situation.
- 2] As a consultant what advice will you give to Shri. Kumar to overcome this problem of small orders.

4.4 WHAT COST MOTIVATION ?

Shri. Kamat owns a successful departmental store in Madras. Situated in a posh shopping street the store enjoys a big customer base. The store stocks almost all requirements of a household from daily needs to consumer durables. Shri. Kamat has, over the years, set up an organisational structure on sectional lines. Eight sections made on lines of different product categories deal with the entire merchandise offered by the store. All operations from purchase to inventory management to display and sales are independently looked after by each section for the product category being handled by it. Each section is headed by a manager. Shri Bhalla is one such manager heading the consumer durables section. However, Shri. Kamat has noticed a difference in the capabilities of these eight Managers. While Shri. Ratnam, one of the Managers, is efficient and hardworking, Shri. Bhalla is of exactly the opposite types. He lacks in the habit of hardwork and commitment. He is used to putting forward lame excuses for not completing jobs assigned to him and always tries to create an impression of being overworked.

Shri. Kumar firmly believes that Shri. Bhalla can be improved through proper positive motivation. He, therefore, goes out of his way in praising Shri. Bhalla. Given undue importance in meetings Shri. Bhalla is also never refused a leave. A request for time off from Shri. Bhalla is invariably accepted. On the other hand efficiency of Shri. Ratnam is

never recognised. Shri. Kumar feels that Shri. Ratnam does not require any motivation since he is already efficient.

The situation has come to such a turn that Shri. Kamat has been regularly losing efficient people over the past two years with the result that while talent seems to flow out inefficient employees are left back with the store.

While this has already started reflecting on the performance of the store Shri. Ratnam, being fed up with such a treatment has tendered his resignation upon finding a lucrative alternative. Shri. Kamat is totally perplexed and does not know what to do ?

- 1] Evaluate the motivational techniques of Shri. Kumar.
- 2] What changes, if any, should Shri. Kumar bring about in his motivational technique ?
- 3] What do you feel should Shri. Kumar do in the case of Shri. Ratnam ?

4.5 SOME MANAGEMENT POLICY - THIS

Shri. Radhe Agarwal has been running a cloth stores for the last 25 years in Jabalpur. He employs a staff of 6 people including an accountant. His son Rahul however, has a strong dislike for this traditional family business. Rahul completed his M.B.A. from Bombay University and started a stuffed toys manufacturing unit with the support of his father in 1990. Being marketed under the brand name 'Bubbles' the company has been very successful with its range of toys. Rahul now employs a staff of 52 workers and three managers assisting him with marketing, accounts and office work. Each of these managers has two assistants who are also in managerial cadre. The production is looked after by Rahul himself. His father also assists Rahul in managing the show.

While Rahul is of a very progressive nature who believes and implements modern management concepts in his style of functioning his father Shri. Radhe is more of the traditional types. Shri. Radhe believes in a tight fisted management style and is firm believer in being an autocratic leader. This is particularly so considering the nature of business which Shri. Radhe has built up in the last 25 years.

One day when Rahul reached his office he heard his father screaming at the office manager Shri. Khanna for some delay in dispatch of some office letters. Rahul was taken aback at the pitch and the use of abusive language

by his father. On rushing to his chamber Rahul found his father sitting on a chair and scolding Shri. Khanna who stood in front with a bowed head. The office clerk, accounts clerk and a few workers who had come to meet Rahul were also there. Seeing his father's mood Rahul did not interfere.

After some time when everybody had left Rahul went to his father who was still fuming. On being asked he vociferously complained against Khanna and said that Khanna had purposely ignored his orders. However, it is also true that Shri. Radhe has on many earlier occasions praised Shri. Khanna for his work in Rahul's presence.

While Rahul had nothing to say about Shri. Khanna's work attitude he advised his father to follow the policy of 'Praise in public and reprimand in private'. He then praised the human relations approach to management. But his father dismissed his advice as new found wisdom and further said that he need not learn how to treat his employees from Rahul.

- 1] With whom do you agree and why ?
- 2] Does Rahul's advice hold true for all levels of employees and always ?

4.6 THE CASE OF SALES MANAGEMENT

Shri Mamooty has joined the Curewell Pharmaceuticals in 1997 as its GM (Sales). The sales performance of the company has gone up leaps and bounds after Shri Mamooty took over. From a net sales of Rs. 32 crores during the year 1996 the sales have touched an all time high of Rs. 56 crores during 1999. Such an impressive performance is the result of many steps taken by Shri Mamooty after joining. He has installed a number of monetary as well as non-monetary incentive schemes for the company's medical representatives. The application of modern sales management tools like sales planning, forecasting, budgetary control etc. has been streamlined and meticulously implemented.

It was in 1998 that Shri Mamooty observed that while the efforts of the medical representatives in sales promotion were adequately recognised and rewarded nothing seems to be done to recognise and reward the efforts of the office staff of the sales department. He also observed that the increased company sales resulted in an increased work burden on the office staff of the sales office.

Soon Shri Mamooty designed and installed a time bound promotion scheme for the office staff of the sales department. This scheme provided for time bound promotions to the office staff on a predeclared basis resulting in raising of pay scales. The scheme has had the

desired effect on the morale of the staff.

Shri Anant Joshi is a junior clerk in the sales department who joined in 1995 and has since shown consistently good work. He was promoted to the post of senior clerk looking after allowances to the medical representatives under the promotion scheme in July 1998. In July 1999 Shri Joshi is again due for promotion in pay scales under the same scheme.

However, in May 1999 Shri Mamooty received an anonymous complaint saying that Shri Joshi was involved in defrauding the company of huge sums of money under the dress allowance scheme. Preliminary inquiries made by Shri Mamooty have also given him reasons to doubt the credentials of Shri Joshi. Resultantly Shri Joshi was placed under suspension pending inquiry on 5th June 1999.

While the departmental inquiry was underway, in the last week of June 1999. Shri Joshi met Shri Mamooty and requested that his time bound promotion and annual increment due in July be given to him and that the charges against him were false and baseless. He claimed that he will successfully prove his innocence in the inquiry and be ultimately exonerated. Shri Joshi was of the opinion that denial of time bound promotion and annual increment at the due date will in a way be a punishment to him without his guilt having been proved. Moreover, this would set a precedence of halting the progress of all such staff under the scheme in future. Shri Mamooty is in a fix.

- 1] Evaluate the time bound promotion scheme of Shri Mamooty.

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- 2] Should Shri Joshi be promoted on the due date ?
- 3] If Shri Joshi is not promoted on the due date what will be its impact on the morale of the office staff and on its outlook towards the time bound promotion scheme ?

4.7 A LESSON TO LEARN

Mr. Rakesh Thakur is the Director of Quick Relief Pharmaceuticals Ltd. The company deals in a number of OTC products like pain balms, medicated adhesive strips, and cough lozenges and has a strong presence in South India. Much of the credit of the company's performance in South India goes to the sales team there and particularly to Mr. Vivek, the company's representative in the states of Karnatak and Tamil Nadu based at Madras. Vivek has been with the company since 1998 and has had a good performance record. He has developed personal rapport with all major wholesalers in these two states. By doing so Vivek has pushed company sales past many well established brands in his territory.

It was in the last week of November that Vivek rang up from Madras and talked with Shri Thakur. He reported another fortnight of successful performance for the company and Mr. Thakur congratulated him for the same. Vivek also informed Mr. Thakur on phone that he is getting married in the second week of December and therefore requests a leave of one month. Mr. Thakur not only granted him the leave but also promised Vivek a gift of Rs. 10,000 from the company in recognition of his outstanding performance for the company. The gift cheque was promptly dispatched to Vivek at his residential address in Madras.

However, Mr. Thakur was stunned to receive

remittances from 2 of company's dealers from Madras the very next day. While the remittance of Sanjeevani Medicals showed a deduction of Rs. 5500 against loan to Vivek that of Ramban Medical Stores showed a similar deduction of Rs. 8000. Mr. Thakur immediately tried to contact Vivek at the residential phone number provided by him. However, repeated attempts remained unanswered. Growing anxiety prompted Mr. Thakur to talk to the 2 dealers on phone. He was shocked to know from them that Vivek had only visited them about a week ago and it was then that he was loaned the said amounts taken on the pretext of emergency medical treatment for his mother.

It has been a week now and letters dispatched by Mr. Thakur to Vivek on his residential address through speed post and a private courier service have been returned. The required envelopes showed the noting 'addressee not found'.

It is now that Mr. Thakur is worried as he suspects some foul play on the part of Vivek. In fact Mr. Thakur now apprehends that Vivek may have picked up more such amounts from the company's other dealers as well.

- 1] What should Mr. Thakur now do to meet the situation ?
- 2] What in your opinion should be the policy of sales management in order to avoid such incidents in future ?

5

Packaging and Distribution Management

5.1 THE CASE OF INSTANT FAILURE

Shri. Shantaram and Mrs. Urmila Joshi were both senior clerks in the Accountant Generals office at Nagpur. Mrs. Joshi is an expert cook and her preparations of idlis, dosas and dhoklas are very popular in her office and their friends' circle. Over the years Shri. and Mrs. Joshi have, through trial and experimentation developed instant dry mixes for idlis, dosas and dhoklas. These are very successful in their neighbourhood. But as they are busy in office Mrs. Joshi prepared and sold these mixes on order to very close friends only.

It was in 1991, when Mrs. Joshi took voluntary retirement that she, on the advice of her friends, started supplying mixes on a large and regular basis. But the business was still restricted to advance orders only. Soon the whole activity started gaining lucrative popularity. When Shri. Joshi retired in 1993 they took up the business

seriously. They prepared small plastic packets of all the four mixes. These were sold door to door by two salesboys whom Shri. Joshi employed for the purpose. However, due to lack of business acumen Shri. Joshi did not go in for proper branding, packaging and printing for their products. One essential function performed by the salesboys was of explaining the cooking procedure to every customer. This procedure was unique and important for good results.

One day Shri. Joshi has a chance meeting with one Shri. Khanna who is the proprietor of a large departmental store in Nagpur. This departmental store has been recently started looking at the increasing change in the buying habits of Nagpurites. On the advice of Shri. Khanna Shri. Joshi decides to go in for a major change in their selling technique. He discontinued the salesboys and instead stocked his packets on a shelf in the departmental store. With an eye on the large clientele of the departmental store and depending on his success at selling through salesboys. Shri. Joshi expected quick and tremendous growth in his sales. However, to their great dismay, Shri and Shrimati Joshi soon discovered that their packets had just failed to be picked up off the shelf in the store. Most of the mixes had become highly insect infected. Both of them were heartbroken and perplexed at the failure.

- 1] Analyse the causes of Shri. Joshi's failure.
- 2] What will be your advice to Shri. Joshi if he still wants to sell through the departmental store ?

5.2 THE STORY OF BRANDED MILK

A meeting of the top executives of Tamil Nadu Milk Marketing Federation (TNMMF) is under way in the federation's plush conference room at its headquarters. In addition to the CEO the federations Vice Presidents of Marketing and Finance as well as senior managers of purchase and transportation are also present.

The TNMMF was set up in 1983 when it launched milk bottles in half and one litre sizes all over the state of Tamil Nadu. Soon the federation also launched a number of milk products like curd, butter, cheese and ghee. Curd was sold loose at the federations outlets in Chennai only.

The federation replaced the glass bottles for milk with polyethylene pouches. The glass bottles were bulky and hence took up a lot of space in transportation and storage. Moreover, a half of litre bottle would cost Rs. 10/- to the federation and although bottles could be recycled breakage normally nullified this advantage. The polyethylene pouches saved both space and money for the federation. However, a major drawback still persisted. The pouches, like bottles, required to be stored under refrigeration and yet their shelf life was not more than a day.

Today's meeting was called for a presentation by a sales team of Jetra Pak Pvt. Ltd. This company had developed tetrapacks for packing milk. According to the claims of the sales team tetrapacks offered a number of

advantages over the pouches currently being used by the federation. To begin with because of the Ultra High Temperature (UHT) treatment given to the milk before packing in tetrapacks the shelf life of the milk could be increased to about 3 months without refrigeration. The UHT treatment, it was claimed, was far better to the traditional pasteurization being presently used. This also does away with the need for high cost cold chain for distribution. At the same time tetrapack milk makes boiling redundant. Adulteration of any type is also totally ruled out. The sales team of tetrapack had a high pitch of these advantages rationalizing it with the argument that better living standards and health consciousness had made consumers more demanding. Nuclear families and working couples leaves them with hardly any time to boil and cool the milk before consumption, it was claimed. The tetrapacks were absolutely safe against any adulteration and this was a great advantage that they offered. The cost of a litre of milk in these tetrapacks would work out to be approximately Rs. 20-24 as against Rs. 15-17 for a pouch of the same.

While many of those attending the meeting were convinced about the use of tetrapacks by TNMMF for marketing its milk a few like the marketing manager were skeptical about it. Two issues were particularly troubling the Marketing Manager. Given the habit of Indian consumers to consume only boiled milk even if pasteurised it was doubtful whether they will be willing to give up this habit easily. Moreover, will the price sensitive Indian consumer be willing to shell out extra money for the benefit of not boiling milk? The meeting ended with a clear division of opinion amongst those present.

- 1] Analyse the advantages of marketing milk in tetrapacks compared to pouches from the point of view of consumers.
- 2] Given the pros and cons do you feel that the TNMMF should switch over to tetrapacks ? Give reasons for your answers.

5.3 THE DIFFICULT CHOICE

Shri Madan Kaushik is the General Manager (Marketing and Sales) of Cario Motor Company Ltd. The company manufactures and sells the CARIO brand of cars and enjoys almost 80% market share in the small car segment of the country. In spite of good competition coming up during the last couple of years CARIO has been able to remain the most favoured car across the length and breadth of the country. The Cario 800 comes in AC and non AC models priced at Rs. 2,35,000 and Rs. 1,95,000 respectively. Cario was first introduced in 1979-80 and has since commanded a premium in the market. Shri Amitabh Acharya, a young management graduate has joined Cario only last year as an Area Sales Executive and has impressed his superiors with his hard work and results.

Cario is in the midst of expanding its dealer network. The company hopes to gain better market coverage and also be able to provide better service to its customers by appointing dealers in cities having population between 5 to 10 lacs. The dealerships in all such towns have been advertised and applications received in overwhelming numbers from interested parties.

Shri Amitabh Acharya has just returned from Meerut where dealers have to be soon appointed. Shri Acharya visited the applicants infrastructural facilities, talked to the applicants and tried to access them with a view to appointing one of them as the Cario dealer.

Shri Sharma, one of the applicants is the owner of a BPCH petrol pump and also the Meerut Borewell Company Pvt. Ltd. Financially very sound Shri Sharma owns a 500 sq. mts. plot on the National Highway passing through the city. Shri Sharma proposes to build an ultra modern showroom and workshop on this plot. Shri Sharma himself is a commerce graduate but intends to employ engineers and other lower staff to look after the Cario dealership. Shri Sharma's approach to the company and Shri Acharya has been rather lukewarm. Shri Acharya's inquiries in Meerut itself have revealed a poor image of Shri Sharma and his concerns. People have told Shri Acharya that Shri Sharma is short tempered, many a times rude and notorious for not meeting his commitments.

On the other hand the other applicants are brothers Shri Rakesh and Suresh Malpanis. While Rakesh (42) is a mechanical engineer himself Suresh (35) is an M.B.A. Currently these brothers are running a fabrication unit and enjoy a good reputation in town. Their approach to the Cario dealership has been enthusiastic, eager and very warm towards Shri Acharya personally. The brothers propose to build a showroom and workshop on a plot they intend to purchase. For all this they intend to approach some banks and financial institutions for finance.

Shri Kaushik and Shri Acharya are now discussing as to who should the company appoint as its dealer in Meerut.

- 1] Analyse the case.
- 2] Evaluate the two applicants from the point of view of Cario.
- 3] Whom should Shri Kaushik appoint as the dealer in your opinion?

5.4 AMRUT - THE CASE OF MARKETING IGNORANCE

Nitin Kirtane is a very happy man today. Just yesterday the MIDC has allotted him an industrial plot in the MIDC, Nagpur. Nitin plans to set up a plant for bottling mineral water. The findings of a recent research by Operations Research Group is very encouraging and shows that the 500 crore mineral water market of the country was growing at a healthy 25% per annum. Nitin has himself travelled extensively in the last two months and found out that there were only 2 or 3 major national brands which were regularly available in the entire Central India. At the same time 4 local brands were all in the name of competition. Nitin is a B.E. in Production and an M.B.A. Being from a traditional business family a financial backup of up to Rs. 30 lac is no problem for him. Nitin has already placed orders for a fully automatic water purifying plant from a firm in Sweden. According to the contract the Swedish firm is also going to install the plant and look after the same for the first couple of months.

The brand name of AMRUT has been decided by Nitin and his family members after several hotly discussed options were considered and rejected for one or the other reason.

AMRUT as per plans, will be marketed in 1 litre and 10 litre PET bottles. While the 1 litre bottle of AMRUT will be priced at Rs. 12/- it is targetted towards health

conscious individual buyers. The 10 litre bottle priced at Rs. 105/- is targetted at bulk buyers for parties and marriage receptions.

Ad World a local advertising agency has been engaged to do the promotions of Amrut which Nitin plans to launch at the beginning of the next summer season.

As far as physical distribution is concerned Nitin plans a unique strategy. He plans to sell Amrut through three wheel carts of ice-candy which are very popular in all districts of Vidarbha. The cart wallahs sell ice candy priced at Rs. 1/- per piece which sell like hot cakes particularly in the lower economic strata of the society. Such a strategy, Nitin feels, will distinguish Amrut from competitors and also provide the brand instant recognition.

- 1] Evaluate Nitin's decision of entering into the mineral water market in light of the Indian scenario.
- 2] Do you appreciate the physical distribution strategy as planned by Nitin ? Why ?

5.5 THE STORY OF KEPSI FOUNTAINS

Shri. J. Kapoor is the CMD of a Kepsi Soft drinks, the owners of the famous carbonated soft drink under the brand name 'Kepsi'. Shri. K. Murthy is the company's Vice President (Marketing).

The company had recently commissioned a countrywide market survey to investigate the causes of less than expected growth of the company's market share. The results of the survey have shown that the company's sale has not grown as per expectations because of the following reasons :

- (1) Non-availability of Kepsi as near to a potential customer as he / she wants it and,
- (2) Non-availability of chilled Kepsi at majority of the retailers, when needed.

The company is now drawing up plans to solve the above problems. Mr. K. Murthy has come up with an elaborate plan of installing 4000 Automatic Dispensing Machines in the 4 metros to begin with. This he feels will successfully solve the above 2 problems. The company, he opines, can then gradually spread out these Kepsi Fountains (as named by Murthy's Marketing Team) to other cities.

On the other hand Mr. Kapoor has used KB Associates, a private consultant firm which has submitted a plan of

installing 4500 bottle refrigerators at retailer outlets in 4 metros. The consultants are of the view that this plan would be more effective and economical for the company.

- 1] Evaluate the plan of Murthy.
- 2] Evaluate the plan of KB Associates.
- 3] With whom do you agree and Why ?

6

Marketing strategy

6.1 THE TRIAL PACK STORY

Shri. Keshav comes from a traditional money lenders family. He has recently set up a plant to manufacture premium quality liquid soap essentially meant for woollen garments. Being marketed since July 1995 under the brand name 'Easy' its USP (Unique Selling Proposition) is that it prevents shrinkage of woollen clothes as well as protects their colours. Thus, while other competing brands use the same old USP of a conscious customer who is concerned about the long life of his woollens. To begin with Shri. Keshav has launched his product in the states of Gujrat, Maharashtra and Madhya Pradesh. 'Easy' is available in 500 and 1000 ml bottles priced at Rs. 40/- and Rs. 75/- each respectively. The bottles have a specially designed nozzle to facilitate ease in use.

Once while travelling from Nagpur to Bombay Shri. Keshav has a chance meeting with Shri. Kapoor, a prominent consultant of Bombay. As the conversation progresses Shri. Keshav tells Shri. Kapoor about 'Easy', its USP, pricing and other details. Shri. Kapoor ponders

over the conversation for sometime and then offers the following advice to Shri. Keshav.

- [1] Keeping the different USP of 'Easy' in mind a potential customer needs to be lured into trying the product so as to establish its credibility as well as to distinguish 'Easy' from the rest of the lot.
 - [2] Keeping the pricing in mind it would be difficult to persuade a potential customer to go in for a trial purchase.
 - [3] Keeping the geographic area of launch in mind and its climatic conditions most of the potential customers who wash woollen garments at home possess four or five such woollens worn more out of fashion than necessity. As such these customers go in for not more than one or two wash of a few garments per winter season. That is an average customer does not require more than 100 ml of washing agent per season. As such 500 ml would be too large a quantity for an average customer to purchase and use in a season. Shri. Kapoor, therefore, advises Shri. Keshav to introduce small satches of 'Easy' priced at Rs. 2/- per satche. This, he feels, will take care of the three points raised by him and ensure success for 'Easy'.
- 1] Evaluate the marketing strategy as adopted by Shri. Keshav.
 - 2] Do you agree with the three points raised by Shri. Kapoor? If no, where do you disagree with him and why?
 - 3] Will you tell Shri. Keshav to follow the advice of Shri. Kapoor or give him some other advice?

6.2 THE BUYING EXPERIENCE

Zoom Udyog Ltd. are the manufacturers of Zoom Cars which enjoy nearly 52% share of the car market of the country. Zoom Cars were launched in 1992 and have enjoyed market leadership ever since. In spite of the stiff competition in the last couple of years the company has been successful at maintaining its position through constant innovation and through high degree of customer satisfaction. The company has a 1400 strong dealership network throughout the country. These dealers not only maintain a showroom and sell the company cars but also provide the after sales service required by the customers and are a source of spare parts and accessories.

Shri. Raghunandan is the company's Senior Vice President (Marketing). It is because of Shri. Raghunandan that the company has been able to remain market leader and stand up to some really tough competition from a couple of internationally reputed auto manufacturers. Shri. Raghunandan has just returned from a quick tour of Uttar Pradesh, Madhya Pradesh, Maharashtra and Gujrat. During his tour Shri. Raghunandan has visited 32 dealers of the company. These visits were made to evaluate and choose a few dealers for introduction of a new fact management initiative of the company. This is likely to be launched by the company in a couple of months time.

Shri. Raghunandan has, however, noticed a disturbing feature at a few of the dealers he visited during his tour.

While Zoom dealers provided authorised spare parts to their customers the company maintained no check or control on the accessories being sold by these dealers to their customers. The accessories being sold by most dealers were, he noticed, procured from small manufacturers in Bombay, Delhi and Indore. These were generally unbranded or at the most had some obscure brand name. The manufacturers of these accessories were therefore hardly worried about quality and customer satisfaction. At the Zoom dealership, however, a customer bought these accessories relying on the dealer and company regarding the quality and performance of these. Shri. Raghunandan has come across a few irritated customer who had come back to either exchange or return some accessory they had bought from the dealer and which had not performed up to their expectation. In most of such cases the dealer, it was seen, adopted a very nonchalant attitude of "there is no guarantee of accessories". This put the Zoom customers to a lot of inconvenience, monetary loss and huge dissatisfaction.

In light of the emerging competition Shri. Raghunandan feared loss of customers and an adverse word-of-mouth publicity for the company through such dissatisfied customers. He was of the opinion that customer dissatisfaction could be caused not only by the product but also by any of the accessories used alongwith. He is now contemplating to do something quickly to remedy this situation.

6.3 THE KING SLIPS

King Scooters have been the undisputed leaders in the scooter market for over 4 decades. Their market shares have always been above 70%. Things however, don't seem to be going in favour of the company for the past couple of years. While their market share has constantly been falling in the scooter market from 70.5% in 1995 to 65.1% in 1998 the scooter market, which the company dominated for so many years has itself shrunk from 45% of the total two-wheeler market in 1995 to 36% in 1998. But even in the motorcycle market where King has been the leader with 29.5% market share in 1995 it has been pushed to a the second position with 27.4% share while Hero Mazuka has emerged a clear number one with 38% market share.

King was heavily banking on the success of its newly launched 'Caliber' motorcycle. Initially Caliber seemed to be doing well. Nearly 30,000 were sold in a month. But soon the enthusiasm was out. The off take of Caliber has fallen to 10,000 per month and King has been forced to slash prices by Rs. 2000. The company's return on equity (ROE) has been falling from 33.7% to 22.1% between 1995-1998. Its operating profit margins has come down from 22.4% to 19.5% during the same period.

The mood at the canteen of the company at its plant in Nashik has been serious and heated. A group of 10-12 executives of the company is hotly discussing the future of the company. Shri Mehta, a senior marketing executive

is of the opinion that King made a mistake in tying up with Kawasaki for motorcycles. Kawasaki's expertise lay in making bikes with superior engine power, while the Indian buyer still valued fuel economy over engine power felt Mr. Mehta. Shri Khanna on the other hand felt that the problem lay with the channel members. The King Dealers had got used to selling its scooters which did not require 'running after customers'. On the contrary King Scooters had always commanded a premium and had a long waiting period. Shri Kumar, a young executive in the dealer relations department was of the opinion that the company should not have sold motorcycles and scooters through the same dealers. Certainly these were different products targeted at different buyers which called for different approaches.

Shri Malhotra, a King dealer who happened to suddenly drop in felt that King faced problems in product launches. King has been rather quick at launching 2 wheelers - 4 in the last year alone. This resulted in confusion at the dealers before they could understand a product the company launched another making it difficult for the dealer to convince customers.

Shri Rahul, a young management graduate, who was recently employed as a sales engineer disagrees with all of them. He is of the opinion that the King, today is bearing the fruits of customer neglect over, many years. The golden era' of the company saw the dealers as well as the company failing to come up to the expectations of the customers. The opening up of the market, the entry of a number of players who immediately treated the neglected customers with kid gloves, and the changing requirements of a demanding customer who was ready to pay more for better features all coupled up to bring

forth the present problems of the company.

- 1] Analyse the performance of King Scooters.
- 2] Evaluate the different problems faced by the company currently.
- 3] What in your opinion is the cause of the current woes of the company.

6.4 SEEING IS BELIEVING

Aqua Pura Incorporated is a US company of repute. Their Aqua Protec Water purifying systems for household use are very popular in the US and can be found in every house. Aqua Protec was launched in the States in 1975, when the common US citizen had turned very health conscious and specially careful about the purity of drinking water. The company faced many hurdles in selling Aqua Protec in the initial years there as a result of which a nationwide survey was carried out to find out why people hesitated in buying the company systems. One of the major finding of the survey was that Americans could not believe that the water flowing out through the Aqua Protec was really safe, because as they put it, nothing visible was happening as the water flowed in and out of the machine'. As a result of this survey the company introduced a small red lamp in the machine which would turn green once the water flowing out was safe and pure. The glowing green lamp indicated purity and safety to the user. This reinforced the suspecting customers faith ultimately helping him towards buying Aqua Protec. Slowly the system gained popularity and over the years it has captured market share of leadership proportions not only in the US but also in the entire Europe. The company now diverts huge sums of money each year funding researches in water purification technologies all over the world.

It was in 1997 that the company's R & D labs in Paulo

Alto successfully developed a water purification tablet which only required to be stirred in a bucketful water for 10 minutes to make the water completely pure and safe for drinking. The company CEO Mr. Tom Stewart felt that such a tablet could be a grand success in countries like India which faced perennial and widespread shortage of pure drinking water and electricity supply. As a result the company decided to launch the tablet first in India under the brand name Aquatab in July 1998. Shri Rajiv Kapoor was appointed head of the company's operations in India. Aquatab was launched first in Northern India in July 1998 and later in stages all over the country by 1999. Huge amounts were spent to educate the people regarding dangers of drinking impure water along with how Aquatab was an answer to all the troubles of getting safe pure drinking water easily and very economically. Company's sales representative travelled in every nook and corner of the country visiting households door-to-door explaining the Aquatab quality and demonstrating its use. The company launched huge ad campaign in the audio-visual and print media expecting very good results within a short time span. The effectivity of the tablet, its ease in use and the price economy it offered left no doubts in the minds of Shri Kapoor and Mr. Stewart about the grand success of Aquatab. However, they were both very surprised at the poor results of Aquatab in the year ending December 2000. Mr. Stewart rushed down to Mumbai for a meeting with all company officials to find out the causes for the poor performance as well as to decide about the future of Aquatab in India. One comment by a sales representative of the company made in one such meeting was particularly marked by Mr. Stewart. The sales representative said, "Sir the people don't believe Aquatab actually does anything to the water because the tablet

remains inert while it is stirred in the bucketful of water during demonstrations" !

- 1] Why, do you feel, Mr. Stewart felt the remark of the sales representative to be important ?
- 2] What advice will you offer to Mr. Stewart in the area of product improvement based on your knowledge of consumer behaviour in India ?

6.5 OLD WINE IN NEW BOTTLE

India Motors have been selling the 'Kembasador' brand of passenger cars in India for the last 58 years. Their car has been the leading car market sharewise for the last 52 years. However, the last 6 years have seen the opening up of the car market of the country. Many multinational car company's have entered the country and introduced highly fuel efficient, user friendly, high performance models in the country. The country car buyer has thus seen the market change from 'sellers' to 'buyers' market. Stunning product features have become the rule of the day. Resultantly Kembasador has rapidly and constantly lost market share. Realising that the company has no other alternative, they have tied up with a leading car company of Japan and are now ready to launch an absolutely new and drastically improved version of the old faithful Kembasador.

- 1] Evaluate the company's strategy of tie up with Japanese car manufacturer and the readiness to launch a completely newer version of Kembasador.
- 2] Draw up a promotional campaign for the company to help it develop a completely new image in line with the expected new product launch by the company.

6.6 THE STORY OF "CLEARALL"

Alka Pharma is a new company established in 1994 by two young pharmacy graduates Samir and Rohit. They have together developed a new liquid multipurpose cleaning agent which they plan to manufacture and market under the brand name of 'ClearAll'. The product, although similar to the already popular 'Colin' brand of liquid soap, has many different uses. It gives lustre to metallic and glass surfaces as well as protects metals against rusting. It can be used as a good cleaning agent for delicate electronic equipments too.

Samir and Rohit plan to price 'ClearAll' at Rs. 24/- per litre. This will be supplied to retailers at Rs. 16/- per litre bottle for bulk orders at a credit of 30 days.

However, having no exposure to marketing science both Samir and Rohit are at a loss to find answers to the following questions in their mind.

- 1] Who could be potential customers of 'ClearAll' ?
- 2] How should they proceed to market 'ClearAll' ?
- 3] How should they fight competition from 'Colin' ?
- 4] As a consultant what will be your answers to these questions of Samir and Rohit ?

6.7 THE QUESTION OF BRAND IMAGE

Shri Ajay Sharma, the Marketing Vice-President of Shara Laboratories Pvt. Ltd. is sitting deeply worried in his office. The causes of his worry are the newspaper clippings in front of him. Collected from leading national dailies these clippings are the reportings of the just concluded 11th International Dental and Oral Health Conference. Papers at the conference have presented the findings of a long drawn research which have conclusively proved that fluoride is harmful to the gums and teeth and that prolonged use of tooth pastes claiming to have fluoride can actually prove harmful to the teeth.

Shara Labs are the proprietors of a leading brand of tooth paste named 'Fluolife' The brand is in fact a market leader enjoying more than 42% of the market share for the last 5 years. It has, over the years since its launch carefully and consistently built up an image as a high quality toothpaste which gives teeth long life through the use of a fluoride based formula. Its USP in advertising over print, audio, audiovisual and outdoor media has been its content of fluoride which claims to give long life to teeth. This is highlighted in its brand name itself. The company has in fact succeeded in establishing a synonymous link between dental care and fluoride in the minds of the public at large.

Now Mr. Sharma is seeing before him the crumbling of a carefully built brand image. Moreover he foresees the

loss of customer faith in the brand built up and maintained so delicately by the company over the years. He visualised that the company will not only have to change its USP and brand name but will have to undertake a rebuilding of the lost customer faith.

The company he feels will have to be quick in :

- (1) Opening up a dialogue with the customers and telling them about the recent dental conference reports so as to prevent any rumours creating an uglier situation for the company and
- (2) Change its formula, brand name and USP and relaunch a massive educational ad campaign to win back customer confidence.

On the other hand Shri Gopal Kukreja is of the opinion that such conferences and the findings presented there at generally fail to reach the masses and so may not cause any real damage to the company image whatsoever. He feels that the first part of the action plan suggested by Mr. Sharma may actually tell people what they might not have known earlier and thus cause greater harm to the company. He suggests that the company should gradually replace the Fluolife brand with another new brand totally dropping Fluoride from the formula, brand name and USP in advertising.

- 1] Analyse the case.
- 2] With whom do you agree and why ?
- 3] What should the company now do ?

7

Service Marketing

7.1 FIGHT FOR SURVIVAL

City point has been a popular family restaurant in Nagpur since 1985. Opened in May 85 by two young and dynamic Hotel Management Graduates the restaurant soon gained the images of a well decorated dining place for families. It offered a wide variety of menu and its preparations were widely admired. Although in the beginning there was a general impression that their prices were slightly higher compared to the going prices at that time, people still patronized the restaurant admiring the quality of service it provided. Sales increased rapidly and the restaurant seemed to be buzzing with activity till late every night. Encouraged by their success the promoters decided to add a bar in the restaurant with an eye on the ever increasing habit of taking alcoholic drinks in the society.

Soon the bar got underway and the response from male business and officer class increased. To cater to the requirements of the bar users the restaurant went in for

new decor with dim lights, a live band and also hired the services of Miss Percy, a dancer of repute.

Taking a clue from the success of City Point a couple of more restaurants came up in the city during 1989-91. As a result competition for City point increased. Moreover, its early image of a family eating place soon changed as families no longer liked the changed ambience at the restaurant resulting in drop in popularity and sales. The clientele of the restaurant now consisted mostly of people wishing to use the bar. Moreover, the management soon realised to its dismay that such visitors showed hardly any patronizing for any single restaurant. This attitude made the sales erratic and fluctuating.

- 1] What do you think went wrong ?
- 2] What can the promoters now do to increase sales ?

7.2 A CASE OF SERVICE MARKETING

'Shriman' is a newly setup gents beauty parlour and saloon. Shri. Aftab its proprietor has invested Rs. 10 lakhs in setting up an ultra modern facility which offers the services of hair cutting, hair styling, body massage and suana bath for gents. At a time nearly 9 customers can avail these facilities at 'Shriman'. Being the only one of its kind the clientele of 'Shriman' has steadily climbed in the last couple of months. Almost all regular customers of 'Shriman' come from high ranking revenue and police department officials in the town, corporate executives and rich business class.

Shri. Aftab has, however, faced a difficulty from the last one month. 'Shriman' has been overcrowding with customer in early morning, particularly on Saturdays and Sundays while many customers were required to wait for up to 1 hour for their chance, a few have even gone back seeing the crowd of waiting customers. At the same time overspreading of work has resulted in a drop in quality of service rendered resulting in customer dissatisfaction and also breakage and spoilege of tools.

Shri. Aftab was looking for ways and means to solve the problem like differential pricing based on time, prior fixation of appointments, entertainment facilities for waiting customers and so on to meet the problem. Shri Aftab, however, cannot think of expanding the available facilities because of limitations of space and money.

- 1] What in your opinion is the problem ?
- 2] Evaluate the alternative solutions being thought of by Shri. Aftab.
- 3] What will be your suggestions to Shri. Aftab ?

7.3 THE CUSTOMER CENTRIC BANK

Shri. B. Subramaniam is the CMD of the Bank of People, a nationalised bank. Shri. Bhatt is the bank's Marketing Manager. Recently the bank got a customer satisfaction survey conducted on national level. This survey pointed out that customer satisfaction depended most heavily on -

- (1) Quick availability of cash when needed.
- (2) Longer hours, when customers in need of cash can withdraw the same (day and night if possible).

The bank is now drawing up plans to improve its services on both these counts as the survey has also revealed poor customer satisfaction for the bank on both these counts.

Shri. Subramaniam has hired the services of AA Associates, a private consultant to submit plans in line to improving bank's services. They have drawn up a plan of extensive increase in number of counters at 2500 most busy branches of the bank to begin with. This will also require the bank to go in for large scale clerical recruitment. The plan, AA Associate feel will immediately and effectively boost the quality of service and thereby customer satisfaction of the bank. Their plan also involves

day and night working at a selected few 100 branches of the bank.

Shri. Bhatt and his marketing team in the meantime have drawn up an elaborate plan of installing 4500 ATM's (Automatic Teller Machines) in 4 metros. These will be further increased by 5000 more ATM's in the next one year. Shri. Bhatt feels that this plan effectively addresses the issues brought up by the Research Survey.

- 1] Evaluate AA Associates plan.
- 2] Evaluate Shri. Bhatt's plan.
- 3] With whom do you agree and Why ?

7.4 CUSTOMER CENTRIC - THE BEST CAR CARE

Best Car Care is a service station established by Shri. Aju a former mechanic of the authorised Maruti dealer in Nashik. Best Car Care seeks to provide quality repairs and service to such Maruti Cars which have exhausted the usual 4 free after sales services provided by Maruti Company. Aju has developed a wide network of relations with Maruti Car owners in the city and has a reputation of a highly experienced mechanic who has a special expertise in increasing the mileage of cars by lower petrol consumption.

Aju has a very customer centric approach to business. This is reflected in all aspects of his recently setup proprietary concern. Right from the name the entire service station is oriented towards customer satisfaction through highest quality service. The service station has four hydraulic ramps (service bays), computerised fault detection facility, facilities of mechanised car washing, polishing, denting, painting and vacuum cleaning. The station has specially marked area for such customers who are looking for quick service of minor nature like tune ups, oil change etc. While separate areas are reserved for fault detection and major repairs.

The station maintains detailed computerised records of all jobs done on any vehicle. This facility is used in the vehicles proper maintenance and future repairs. The same is also proposed to be used for generating reminders for

due replacements on these vehicles. Keeping the current requirements and future needs of the concern in mind Ajjju has setup Best Car Care on a 5000 sq. ft. plot situated on the outskirts of the city. The building of the service station provides ample parking space for vehicles waiting to being taken up for servicing and/or repairs and vehicles ready for delivery to customers after completion of work.

It has been 3 months since the starting of operations and Best Car Care has seen a steady increase in vehicles coming for repairs and/or servicing. While on one hand Ajjju is happy with the response to Best Car Care, on the other there are few things which Ajjju has noticed which require immediate attention. One such issue is taking care of customers who come in for repairs and/or servicing of their cars which may take anywhere between 2 to 6 hours of time. Ajjju has noticed that many customers decide to leave their vehicles for different jobs and collect them back in the evening. Such customers face difficulties of transport since the service station is 2/3 kms. outside the city. Moreover, even if some customers decide to stay back and wait till their cars are ready they have no proper place to sit, relax, refresh themselves etc. Such customers, it is noticed, invariably loiter into the service area and are at a risk of body injury due to some freak accident. Even otherwise such customers talk to and distract the mechanics working on various vehicles slowing down the operations. Shri. Suresh, Ajjju's young and dynamic Station Manager has suggested the following solutions to the above problem :

- (1) Provision of a comfortable waiting room with a TV, playing music, magazines and newspapers, toilets, water coolers, tea and coffee dispensing

machines and a snacks bar with soft drink fountains for waiting customers.

- (2) Provision of replacement vehicles to customers whose vehicles are likely to take more than 2 hours to be ready for delivery and who wish to use them.
- (3) Running of a shuttle service at regular intervals to and from the city for use by such customers who wish to drop their vehicles and collect them later.

Shri. Ajju is yet to decide in this matter.

- 1] Evaluate the customer centric policy of Best Car Care.
- 2] Evaluate the three alternative solutions suggested by Shri. Suresh.
- 3] What will be your advice to Shri. Suresh ? Why ?

7.5 ROSE BUDS KINDERGARTEN-UNDERSTANDING BUYER PSYCHOLOGY

Mrs. Kumar is the 56 years old wife of Col. Kumar. Col. Kumar retired from the army about 4 years ago and now settled in Nagpur. Mrs. Kumar has served in Central Schools wherever Col. Kumar was posted and always nurtured a thought of opening her own pre-primary school. It was only after settling in Nagpur that Mrs. Kumar could give concrete shape to her dreams by starting a play house named The Rose Buds Kindergarten about 3 years ago. The school is housed in 3 spacious well lit halls provided with various teaching aids like building blocks, charts, shapes, sizes and toys. Run on the montessory pattern the school gives more weightage to the growth of motor skills of the children than to memory skills and to cramming. Mrs. Kumar employed only one teacher in the inaugural year. However, she was required to increase the number of teachers in the subsequent years when the school added Sr. K.G., Class I and Class II. The response to Rose Buds has been very encouraging for the first couple of years. However, for the last 2 years Mrs. Kumar has noticed a disturbing trend amongst parents of most of the students of the school. They mostly tend to remove their child right after the playhouse and get them admitted in the Jr. K.G. class of reputed schools in the city which have schooling facility up to class X and beyond.

Mrs. Kumar has also tried to probe the reasons behind this attitude of the parents. Some of the parents have been

frank enough to tell her that although they are very satisfied by the school, they are forced to withdraw their children from the school because they are well aware that Rose Buds is providing schooling up to primary school only and because they shall face great difficulties in getting their wards admitted to other schools in higher classes.

Mrs. Kumar is now in fix as to what should she do.

- 1] What alternatives are available to Mrs. Kumar to deal with the problem at hand.
- 2] What will be your suggestion to her ? Why ?

8

International Marketing

8.1 EASY TASTE BUT UNDUE HASTE

'Vaidyaratna' is a reputed Ayurvedic company. Established in 1976 the company manufactures and markets quality ayurvedic preparations. Shri. Basu has been the company's CMD since its inception. However, Shri. Bose joined Vaidyaratna in 1997 as its GM (Marketing) after serving 'Baidyanath' another competing ayurvedic company for 15 years as its marketing manager. It was under the leadership of Shri. Bose that Vaidyaratna attained market leadership in the Chyawanprash market in 1999. In January 2000 the company, again under the stewardship of Shri. Bose, launched a range of ready-to-use masala pastes of garlic, ginger and green chillies under the brand name 'Easytaste'. Easytaste received an overwhelming response in the four metros and became an instant success. The company immediately launched Easytaste all over India in March 2000.

Encouraged by the success of Easytaste in India and

guided by an article in the June 2000 issue of the American magazine SPAN which reported the changing lifestyles and liking of Americans for Indian food the company decided to make Easytaste an international brand. Shri. Basu and Shri. Bose are very enthusiastic about the project and by July 2000 finalise the distribution of Easytaste in all the major cities of the US through a large chain of departmental stores. Shri. Basu now feels that the company should not delay launching Easytaste in America because as he puts it 'Good times do not last forever'. It is here that Shri. Bose disagrees with him. Shri. Bose is of the opinion that a lot of groundwork needs to be done before the company actually launches Easytaste in America. He feels that the company should test Easytaste against American standards of food and preservatives. He has suggested that the company should also incorporate suitable changes in its packaging to stand out in the huge departmental stores there. Similarly, the packets, he feels, shall also be required to carry more detailed information regarding contents and dietary details as per the going practice there. The company will also have to make a detailed study of pricing there to fix up a suitable price for Easytaste to be sold in American markets. Shri. Bose has still to apply his mind regarding the changes in the ad-campaign of the company for Easytaste in America. As such Shri. Bose feels that the actual launching of Easytaste should be postponed by at least 6 months and that there is nothing like 'Good times' or 'Bad times' but only 'good planning' and 'lack of planning' which results in either success or failure in the market.

- 1] Evaluate the company's decision to launch Easytaste in America supplementing the supplied details in

the case with your knowledge of American lifestyles.

- 2] What are your detailed suggestions regarding the change of Marketing Mix for Easytaste in America ?

8.2 THE SEGMENTATION SCRIPT

Calligraphic Instruments Ltd. are the promoters of 'Scripto' brand of pens. The brand is very popular in India and has been the market leader in ball pens for the last couple of years. The company markets, under the 'Scripto' brand name not only ball pens but also gel pens, sketch pens, ink pens and a number of other specialised usage pens. Under each type the company's market offerings include a wide range of pens priced in a way as to suit every pocket. While the lower end pens are designed keeping the casual user and student user in mind the upper end offerings of the company cater to specialised users like executives, artists and people who choose a pen as their personality statement. The company also offers 'use-n-throw' type of economic versions of their popular pens. There are pens to write on glass surfaces as well as magic pens which change colours on the desire of the users.

Shri. Kamal Khanna is the Chairman and MD of the company. He is young and dynamic. While being very happy with the success of 'Scripto' he has many other dreams for the company. Shri. Sunder Khanna, the brother of Kamal is an NRI based in London. He runs a popular Indian restaurant there and is also the President of the NRI Brotherhood Association there. While on a visit to India Sunder proposes to Kamal to launch 'Scripto' in UK. He admits that he has no understanding of the market of pens there but promises to use his contacts of the NRI

Brotherhood Association to make 'Scripto' a success story there.

Kamal is attracted towards the proposition and starts thinking in those terms. However, what is worrying him is whether the markets in UK can be segmented on the same lines as those in India ? And therefore whether 'Scripto' needs any changes to suit the needs of Englishmen or not.

Next day Kamal discusses these issues with Shri. Gopal Chaddha his General Manager. Gopal not only agrees with the doubts in the mind of Shri. Kamal but also raises a number of issues regarding pricing, distribution and promotion of 'Scripto' in UK which he feels require serious considerations. He suggests that Shri Kamal should go on a business trip to UK to study all these issues before deciding anything in this regards.

- 1] Evaluate the proposal of Shri. Sunder to Shri. Kamal.
- 2] What is your opinion on the doubts in the minds of Kamal and Gopal ?
- 3] What will be your advice to Kamal on the Marketing Mix of 'Scripto' for UK ?

9

The Case Method of Learning

Management has been defined as 'the art of getting things done through others'. It, therefore, is a matter of insight, experience and judgement. These requirements are best served by study of problems from real life. The case method of learning attempts to give the student an opportunity of such a study. In simple words a 'Case' can be said to be a description of a real life situation that has been actually faced by a decision maker which required his analysis and decision in the context of a firm. By analysing the case with the help of relevant concepts a student is required to define the problem, find alternative solutions, evaluate and choose a course of action (solution) which could best suit the situation in the case. Such a method of learning enables the student to sharpen his analytical skills and provides him an opportunity of applying theoretical knowledge to real life situations. In other words a case study attempts to simulate a real life situation which ultimately a marketing student is expected to face as a practitioner. At the same time

traditional methods of learning have always remained a one-way-communication process wherein a lecturer assumes a superior position and hands down answers which the students are expected to remember and reproduce at the time of the examination. This method is no longer considered as the best or effective method of teaching and learning. In contrast a case method of learning provides the student a chance to learn through his/her own active participation and involvement in solving problems given in the case. This method initiates in the student the intellectual process necessary for solving practical problems.

HOW TO SOLVE A CASE STUDY

Since every case is based on a real life situation no case has 'one best solution'. Similarly, there is no 'one' best method of solving a case study. However, since every case study in this book is followed by few suggested questions the students are required to answer these questions by way of solving the case study. These questions ask the student to define the problem, develop alternative courses of action and ultimately recommend a plan of action. As such an important first step in trying to solve a case is to read and reread the case details carefully. At least three careful readings are recommended to successfully attempt any case.

The first reading will help the student in knowing what the case is about and therefore, should be done as a story.

The second reading should be utilised for pinpointing the problems in the case and for developing a proper understanding of the same.

The third reading will enable the student to mark out

the key or important facts about the case as well as to dig out relevant information/data given in the case either directly or in a hidden manner.

After having thus studied the case the student is expected to develop and jot down the alternative courses of action which he feels are available for solving the problems in the case. Each of these alternatives should then be examined individually to find out its practicability, implications and likely results. This shall enable the student to eliminate impractical alternatives reducing the number of feasible alternatives to two or three.

Every student is, however, expected to choose and present only one alternative, which he finds most appropriate, as a solution to the case. He should also present his reasons of choosing the alternative. It is also advisable to present short term solution/(s) to deal with the immediate situation arising out of a case as well as to present long term solution/(s) for installation/improvement of systems to avoid recurrence of problems.

The book attempts to bring out a student's understanding of marketing as a discipline as well as the interrelationship of elements like product planning, pricing, promotion and physical distribution.



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