

FACULTY OF MANAGEMENT STUDIES

UNIVERSITY OF DELHI

Semester Examination 2013

Name of Examination: MBA (FT)

Paper Name: Marketing Management

Paper No.: 6105

Time allowed: 3 Hours

Maximum Marks: 50

Question Number 1 is compulsory. Attempt any other three questions.

Maximum marks are indicated against each question.

1. Read the following case and answer the questions given at the end of case:
Case: Motorola Reaches out in India

Marks

Twenty-first-century India is a highly attractive marketplace for Western companies looking to expand their global sales. The nation's \$785 billion economy is growing at around 9% annually and per capita income has risen to about \$3,400 a year. However, the country's population of 1.1 billion is still largely rural, and the Asian Development Bank has reported that about 35% of Indians currently live on less than \$1 a day. Companies looking to expand sales in India are therefore likely to encounter a number of significant people, process, infrastructure, and technology changes. This, however, has not deterred Motorola, the second largest mobile phone maker in the world, with global market share rising from 14% in 2003 to 22% in 2006, from being innovative about its distribution strategy to reach the rural Indian consumer.

In terms of mobile phone technologies, India has the largest subscriber base after China and the USA with 160 million subscribers, and growth at 6 million per month, making it a very attractive market. However, this represents less than 15% of the population owning a mobile phone. The main issue for companies like Motorola is that 72% of the people in India live in rural villages that lack mobile networks, and the infrastructure of supplying mobile phone handsets and associated services. According to a nationwide survey conducted by consultants McKinsey and Co. of 593 rural districts, 248 are 'deprived' and lack basic infrastructure like all-weather roads. Adil Zainulbhai, managing director, McKinsey and Co. says: 'Almost half of India's rural population does not have access to good roads and decent infrastructure.' Given these market conditions, how does a company like Motorola get its product to the rural Indian consumer? ①

To reach India's rural consumer, Motorola has forged alliances with rural retailers like ITC's eCoupal, DCM group's Hariyali Kisaan Bazaar, and Godrej's Aashaar outlets for sales and distribution of handsets, acquiring unparalleled penetration for its handsets sales in India. The alliance is a perfect match of expertise in rural retail, and an initiative aimed at connecting India's mass market consumers in rural/ semi-urban areas.

The alliance will offer consumer direct, over-the-counter access to a wide range of handsets across categories and price bands. Consumers will also benefit from the assurance of a first ever direct channel for the purchase of new handsets. This is a boon for a segment which has traditionally suffered from grey market imports and/or refurbished units. In keeping with its focus on service, sale of all handsets will be covered by Motorola's robust after-sales support. Just as communication

technology has improved the quality of life in urban areas, these partnerships will offer similar benefits to the rural population, helping them enhance their productivity levels. Addressing rural/semi-urban consumers is a strategic imperative in Motorola's efforts to empower existing and potential customers in largely neglected parts of the country. The alliance approach is ground breaking and pivotal in Motorola's efforts to connect the next billion people.

Questions:

- ✓ (a) In the light of the case, discuss the importance of distribution channels. (5)
- (b) What are the challenges in distributing to the Indian consumer? What has Motorola done to overcome these challenges? (4)
- (c) What benefits do these types of alliances offer the Indian consumer? (5)
- ✓ 2. Discuss various stages of consumer decision making process with respect to the purchase of a refrigerator. Is this process likely to be different for a low-involvement product such as biscuits? (12)
3. 'Successful marketing depends largely on a company's ability to manage its marketing programs within its environment'. Explain how a firm's marketing can be influenced by its technological and socio-cultural environment. Give suitable examples. (12)
4. Discuss the objectives of promotions in marketing. Suggest the ways in which a consumer goods company can promote its brand of low priced washing powder. (12)
- ✓ 5. Suggest the pricing approach that can be followed by the company that is ready to launch a mobile phone in premium smart phone category. In what ways price can be adjusted in future? (12)
6. Discuss marketing implications of the maturity stage of product life cycle. Identify the life cycle stage for: (a) Automobile Tyres (b) I-Pad Mini. Give reasons in support of your answer. (12)
7. Write short notes on any two of the following: (12)
 - a) Psychographic Segmentation
 - b) Product-Mix Expansion
 - c) Importance of Branding and Labeling
