

**February 2014**

**Bachelor of Business Administration (BBA) Examination  
III Semester**

**Marketing Management**

Time 3 Hours]

[Max. Marks 80

**Note : Attempt any four questions from Section A. All questions carry equal marks 16. Section B is compulsory and carries 16 marks.**

**Section A**

- Q.1.** Explain how societal concept have broaden the traditional marketing concept ?
- Q.2.** Why is it important for a firm to have a product mix that includes products in different stages of the product life cycle ?
- Q.3.** Explain how the addition of guarantees service and credit can improve a "total product". Cite specific case where and how this has been done and explain.
- Q.4.** Identify four categories of segmentation variables. Give two examples of products offering for each segmentation.
- Q.5.** Write short notes on the following :  
(a) Branding (b) Challenges in Marketing.
- Q.6.** Explain the concept of price elasticity of demand. What are the factors affecting price elasticity of demand ?

**Section B**

- Q.7.** Read the case and answer the questions at the end :  
COOL BREEZE was in the business of manufacturing and marketing air conditioners. The company's sales grew at approximately four percent. The current year's unaudited results showed that the turnover had gone up from Rs. 200 to 220 crores.

**Competition**

The company's nearest competitor, Air Cool was way behind with a turnover of Rs. 70 crore; it has recorded a 25 percent growth over the previous year. The CMO felt that the marketing strategy adopted by Cool Breeze was faulty and did not measure up to the present standards in marketing of air-conditioners. He was worried. The telephone rang and there was more bad news. Cool Breeze had lost the prestigious Power Corporation of India (PCI) order to Air Cool. The PCI was quite happy with the earlier orders placed with Cool Breeze and remained satisfied with the products' performance even if the price was 20 percent higher than that of Air Cool. Price would not be a major consideration

(as promised by PCI), argued the regional manager of North, under whose jurisdiction the order failed to materialize. PCI had been a trusted business partner for the last three years and involved Cool Breeze in all its expansion plans.

**Company Profile**

Cool Breeze, founded in 1980, soon established itself as the industry leader. The company had also set up a state-of-the-art manufacturing facility and had developed a pool of technical skills. Its R & D wing was quite active and had developed several products in different price segments. By 1995, Cool Breeze had gained an impressive 60 percent share of the air-conditioning market in the organized sector. Cool Breeze was dominant in commercial segment (market share 80 percent). The company had a reputation for executing large projects in coordination with builders and civil contractors. It had bagged many major contracts in the country in the late 1980s enhancing its visibility. Each multi-crore project had been implemented within the specified parameters of cost, quality, and time.

**Sales and Service**

Cool Breeze had five zonal offices in the metros and 26 sales offices in various parts of the country. The company had been following a uniform marketing strategy. The process of selling was initiated and completed at the level of individual sales offices that had been given freedom to decide both pricing and credit terms. Zonal managers coordinated their activities. A service cell was attached to every sales office to provide after-sales service. The company, somehow, did not perceive the need to develop a dealer network. The commercial segment had ensured a growth rate of 15 to 20 percent every year. The company took its first step towards developing a dealer network only in 1992, when the home segment showed signs of higher growth. Still, the company's historical bias towards the commercial segment continued.

**Sales Force**

On the promotional front, Cool Breeze relied heavily on its army of over 250 sales executives. About a third of them had put in between 10 to 15 years of service with the company while about 45 percent had less than three years of service. Almost all of them believed in high-pressure selling. They were all paid well above the industry norms and the company had an attractive incentive system linked to sales volume, the number of new projects booked, and realization of receivables. The company's salesmen worked to a set pattern selling during a specific period and concentrating on revenue realization a few months before the end of the financial year.

**Responsibilities of CMO**

The CMO had joined in 1980 as a sales manager and moved rapidly up the hierarchy to be promoted as head of marketing two months ago.

His long-term mandate was to ensure that the company would remain the market leader, but his immediate brief was to enhance the rate of growth in turnover. Having risen through the ranks, he knew the gaps in the company's marketing strategies. He was aware that the company's after-sales service was just average. He was also conscious of the importance of brand building to tap the growing home segment, the first task was to ascertain customers' post-purchase perception of the company. The idea was to get a feel why competitors were scoring over the company in all the segments of the air-conditioning market in the country.

### **Report of Survey**

A marketing research agency was pressed into conducting a survey. The criteria used were purchase value, number of years of usage and the number of complaints. The final report outlined several points:

- 60 percent of the customers were dissatisfied with the after-sales service. Of them, 45 percent were categorical in stating that they would switch over to some other brand.
- Corporate customers felt that the company's after-sales service contract was too rigidly priced and did not meet the diversity of needs.
- 85 percent of the respondents felt that there was no pre-sale service to help the buyer select equipment appropriate for his company - needs. The sales executives concentrated on describing the product features without attempting to understand the client's specific needs.
- Nearly 50 percent of the respondents complained of delays in installation. There were problems related, to space allocation, location of equipment, and plumbing.
- The sales executives spent time only with the top officials and had not bothered to develop a network of relationships at different levels in the client's organization.
- The warranty conditions were too complicated to be understood. Some customers had taken the help of private service engineers even during the warranty period.

### **Follow-up**

The CMO was convinced that the company had to act immediately to prevent the impact of negative word-of-mouth publicity. The problem was not just after-sales service, as he had imagined. He convened a meeting of all regional chiefs in Delhi and started working on a strategy.

### **Questions:**

1. What should the company do to make its people understand that it was no longer in a seller's market and that the brand's historical dominance counted for little?
2. Make a strategic plan of action for developing marketing to the company.