

January 2017

Master of Business Administration (MBA) Examination

III Semester

Product Policy Management

Time 3 Hours]

[Max. Marks 80

Note : Attempt any four questions from Section A. Each question carries 15 marks. Section B is compulsory and carry 20 marks.

Section A

- (a) Why product management is required ? Explain, the relationship between competition, marketing and product management.
(b) Discuss the product classification by giving suitable examples.
- (a) Write a note on product mix decision. Explain the product mix of Dabur (India) Limited.
(b) Enumerate any five product positioning strategies.
- (a) Explain the process of new product development.
(b) What are reasons for the success or failure of a new product ?
- (a) What are the objectives of test marketing ? Is test marketing essential in all the product categories ?
(b) Discuss the introduction strategies of new product ?
- Write note on any three of the following :
(a) Product Line Decision.
(b) Product Management Process.
(c) Product Planning Model.
(d) Alternatives to Test Marketing procedures.
(e) Market Structuring.

Section B

- Analyze the case by using SWOT analysis and answer the questions given at the end :

LAUNCHING A NEW PRODUCT

Herbal Shine (India) Limited is a leading manufacturer of cosmetic products with a factory at Sahibabad, an industrial suburb of Delhi. The company is presently engaged in the production of creams, lotions and shampoos under brand name of "Nature". Its products are sold through retail at leading cosmetic stores, chemists and general shopping stores throughout the country with over 35,000 outlets.

The company has a turnover of Rs. 315 crores and has grown to double its original size in the last six years. The company's head office in Delhi looks after the entire sales and marketing operations including distribution,

advertising and control. The plant has a manufacturing unit and a state-of-art research centre which employs around twenty five chemists, scientists and bio- experts. The research centre is always looking for new developments and herbs for their products and has an annual budget of Rs. 10 crores.

Last month, the GM-Products had a series of meetings with the marketing director and chief of research centre to discuss a new range of herbal soaps. The GM, Nirmala Singa, has singled out soaps as a growing area and research centre is put on the work of developing soaps without animal fats or chemicals. Sinha, herself, has been reviewing the soap market for the last two years, based on a retail survey conducted by MRA, a consumer and brand research company. <http://www.davvonline.com>

Market Background

The all India bathing soap market is estimated at Rs. 6,000 crore and the premium and herbal segment constitutes about 8% of the market, i.e., around 480 crores. This market is concentrated in large cities only and the demand for herbal soap is expected to grow at an annual rate of 8 per cent. There are over a dozen brands in premium and herbal soap category with two segments. The premium soaps contain higher fat contents, fragrances and glycerin, etc, and are marketed as beauty soaps. On the other hand, the herbal soaps from around six different manufacturers are marketed as mild and chemical free soaps with emphasis on ingredients such as sandal, turmeric, neem, lemon, natural oils, etc.

Table 1: The Market of Herbal Soaps

Company	Soap Brand	Positioning of the Brand	Market Share
1. Herbalex India	Beauty	Beauty soap	32
2. Heavens Research Labs Ltd.	Sheen	Premium and natural soap	27
3. Pioneer Herbs Ltd.	Pearl	Sandal soap	14
4. Natural Products	Pix	Medicated neem soap	8
5. SV Laxmi Products Limited	Ratna	Chemical free natural soap for skin and hair	14
6. Universal Health Products	Galaxy	Soap for dry skin	5

Consumer Survey

Nirmala Sinha, after seeing the market and details of competitors, was optimistic about the prospects of their new soap as she felt that there is a market for premium soap with natural ingredients. She had a discussion with the market analyst of the research agency and decided to launch a

consumer survey for finding more about the consumers of such products.

The objectives of the survey were :

- (a) To identify the contents consumers sought in herbal soaps.
- (b) The price consumers may be willing to pay for a high quality soap in herbal segment.
- (c) Estimate the growth and demand for this product.

The survey was conducted in five major cities namely Delhi, Chennai, Bangalore, Calcutta and Mumbai. The respondents consisted of 80% women and they were asked about their preferences, their needs and reasons behind their purchases alongwith other information as mentioned earlier.

The findings of the survey are briefed below :

- (a) Over 60% respondents said that the reason for shifting to herbal soaps is sensitive.
- (b) Contents and cleaning properties were considered most important qualities and perfume and price were the next two qualities in the sequence.
- (c) Almost 90% respondents felt that herbal soaps are safer for skin and they contain some natural extracts or oils.
- (d) 65% respondents said that at present they are not satisfied with their brand oil herbal soap. The major reasons cited for dissatisfaction were (a) heady perfumes / fragrance used (b) poor framing (c) poor packaging (d) non-availability at majority of places.
- (e) Most of the soaps in this category are almost 5-10% more expensive than other soaps. Still respondents said that they do not mind paying extra for a completely herbal soap.

Review Questions :

1. Is the soap market composed of different segments? What are the major variables in this market?
2. Should Herbal Shine launch a new soap? What are your feelings regarding growth of this market?
3. What are the basic reasons for people switching over to or using herbal soaps? What positioning do you recommend for this new soap to attract the target audience.

