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Master of Business Administration (MBA) Examination

(Full Time) (New) Third Semester

FT303M : 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

1. Why Product Management is required in an organization dealing with consumer products ?
✓ Explain the relationship between Competition, Marketing and Product Management.
2. Discuss the role of monitoring the environment in Product Strategy and Product Planning.
3. Illustrate the steps involved in the New Product Development Process. Can these steps be used for developing insurance products ?
4. What is Test Marketing ? Enumerate the various test marketing objectives and limitations of test marketing.
5. Write short notes on any two of the following :
 - (a) Strategic Management of brands and their equities.
 - (b) Product Introduction Strategies.
 - (c) Market Structuring.

Section B

6. Analyse the following case and answer the questions given at the end :

COMPLAN'S POSITIONING SUCCESS

The problem of marketing Complan is somewhat unusual. It is, and it is perceived as 'far superior' to competing brands. This makes housewives think, "It's too much of a good thing. Do we really need all this ?"

The origin of Complan explains its vastly superior formulation. It was developed by Glaxo Laboratories as a complete and balanced nourishment for serious medical and surgical patients unable to take normal food. The name, Complan, is taken from the phrase, complete planned food. Introduced into the Indian market in the early sixties, Complan was first promoted 'ethically', that is, to doctors who then prescribed it for their patients. This ethical positioning as complete and balanced nourishment obtained very good support from doctors and a growing, if modest, tonnage of sales was achieved. However, after some time the growth levelled off. In 1970, Glaxo started promoting Complan along with some other of its ethical brands over the counter, i. e., promoting them directly to consumers with mass media advertising. For a while, this worked to increase their sales volume.

In its very first public appearance, Complan adopted the strategy of 'Positioning by Competitor'. It positioned itself directly against milk.

'Your body needs 23 vital foods,' said the first ad, 'Milk gives 9, Complan gives all 23.'

Factual information about how the 23 nutrients affect bodily functions was also given in the ad copy. This advertising and the position assumed by the brand created a high degree of awareness and trials. The consumer off-take of the brand rose from a volume index of 100 in 1969-70 to 298 in 1973-74. The steady growth also reflected that a considerable number who tried the brand stuck to it and repeatedly purchased it. But later, a rethinking on this positioning was called for. It was clear that Complan couldn't displace milk which is a staple source of life, growth and health. A fresh look at the positioning decision logically led to looking at other malted milk-foods like Horlicks, Viva, Bournvita, etc. in the health beverage product lines. <http://www.davvonline.com>



The decision was to reposition Complan against Horlicks, the leader in the health beverage industry. The new ad headline said: 'Your body needs 23 vital foods every day. Check how many do other food drinks give.' The consumer was urged to read the label on the Complan tin and to compare it with the label of his present brand, assumed to be Horlicks. But this strategy bombed and the year 1974-75 was the first time when sales of Complan declined. A through review appeared to be the need of the hour. A detailed review of the strategy brought some key problems to the surface. Complan's price was almost double that of Horlicks. Its taste was disliked by many, especially children. Also, many children related Complan to a medicine, useful in sickness or thereafter. It was considered too special, and therefore, selectively used. While other brands were growing, Complan was not.

Complan then got a position not by competitor, but by target user and usage occasion.

'Complan is ideal for totally fulfilling the nourishment needs of people who cannot or do not eat enough, because only Complan is complete with 23 vital foods for the body.'

Complan was positioned as the only brand with enough good things to give the housewife the reassurance she needed. Not only Complan advertising, but the product itself wore a new and more attractive look. The package design was cleaned up and modernized. The product's taste was improved through a change in the manufacturing process. New flavours were also introduced. And the price was increased.

The repositioning strategy, together with product improvements, provided the thrust for a take-off in sales. From an index no. of 203 of sales volume in 1974-75, sales shot up to an index of 408 by 1978-79. The availability of full-fledged commercial TV in 1978 and the heavy use of this medium by Complan gave the brand farther thrust.

It became clear that price was not the barrier to growth. By positioning Complan in a unique slot, consumers were persuaded to see that it had no real substitute and a new price-value perception was created for the brand. Soon, a sharper, narrower positioning strategy was adopted stressing that Complan was for growing children. Sales data showed that Complan's growth was accelerated following the most recent re-positioning.

Questions :

1. Explain the reasons behind the repositioning decisions for Complan.
2. What were the reasons for the success of the latest repositioning ?
3. Bournvita, Maltova and Boost are also positioned for children. How should Complan reinforce its position against these competitors ?