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Code No: BA1908

GEC-R14

MBA II Semester Regular/Suppl. Examinations, May 2016

MARKETING MANAGEMENT

(Master of Business Administration)

Time: 3 Hours

Max. Marks: 60

Note: Answer All Sections of Questions

All Questions from **Section-A** are to be answered at one place.

SECTION-A

6 × 2 = 12M

1. How would a business with a strong customer focus differ from one with a weak market orientation?
2. Why are customer satisfaction and customer retention important drivers of profitability?
3. Why customer should be the driving force in segmenting a market?
4. What factors need to be considered in selecting one marketing channel over another?
5. Why vertical brand extensions are cheaper than horizontal brand extensions?
6. What is the role of sales promotion in promotional mix?

SECTION-B

3 × 12 = 36M

1. a) Review the following observations and identify the core concepts of marketing embedded in the same:-
“Today’s successful companies – whether large or small, for profit or not-for-profit, domestic or global – share a strong customer focus and a heavy commitment to marketing. The goal of marketing is to build and manage profitable customer relationships. Marketing seeks to attract new customers by promising superior value and to keep and grow current customers by delivering satisfaction. Marketing operates within a dynamic environment, which can quickly make yesterday’s winning strategies obsolete.”

(OR)

- b) Trace the evolution of the marketing concept as an integrating function between the internal and external environment of a firm.
2. a) For each of the following products, should the seller adopt a market-skimming or a market penetration pricing strategy? Support your decision in each instance.

- i) High-fashion dresses styled and manufactured by a celebrated designer
- ii) Tablet that converts a gallon of water into a gallon of automotive fuel
- iii) Exterior house paint that lasts twice as long as any competitive brand

(OR)

- b) What is marketing audit? Explain the process of marketing audit and its role in the present day scenario.
3. a) Explain the concept and advantages of branding in marketing. What may be the reasons, for marketing organizations in placing increasing emphasis on branding?

(OR)

- b) Describe two products/services that are in the decline stage of their life cycle? In each case, point out whether you think the decline is permanent. What recommendations do you have for reviving demand for either of these products?

SECTION-C

1 × 12 = 12M

CASE STUDY: NOKIA – A PHONE FOR EVERY SEGMENT

“While practically everybody today is a potential mobile phone customer, everybody is simultaneously different in terms of usage, needs, lifestyles, and individual preferences,” explains Keith Nowak, Nokia’s Media Relations Manager. Understanding those differences requires that Nokia conduct ongoing research among different consumer groups throughout the world. The approach is reflected in the company’s business strategy:

“We intend to exploit our leadership role by continuing to target an entire segment of the communications market that we believe will experience rapid growth or grow faster than the industry as a whole and that cater to the diverse needs, lifestyles and preferences of our customers.”

In fact, Nowak believes that “to be successful in the mobile phone business of today and tomorrow, Nokia has to fully understand the fundamental nature and rationale of segmentation.”

Nokia segments its markets - According to Keith Nowak, “Different people have different usage needs. Some people want and need all of the latest and most advanced data-related features and functions, while others are happy with

basic voice connectivity. Even people with similar usage needs often have differing lifestyles representing various value sets. For example, some people have active lifestyle in which sports and fitness play an important role, while for others art, fashion, and trends may be very important.”

Based on its information about consumer usage, lifestyles, price sensitivity, and individual preferences, Nokia currently defines and markets mobile handsets to following six segments. “Basic” consumers, first-time buyers who are very price-driven and only need voice connectivity; “Expression” consumers, younger buyers who want to customize and personalize features; “Active” consumers who are looking for a rugged product to stand up to an active lifestyle; “Classic” consumers, who prefer a more traditional mobile phone with some features at a modest price; “Fashion” consumers, who want a very small phone as a fashion item; and “Premium” consumers, who are interested in all the high-end technological and service features. Nokia also markets a number of much focused products including the “Communicator” line, for business users who want more sophisticated convergent devices that contain telephone, pager, Internet, streaming multimedia, and other functions, and the “N-Gage” line of mobile game decks, designed to provide a mobile, connected video game platform.

Nokia’s Product Lines - Nokia has recently introduced several innovative products to meet the needs of these segments. To target the “Basic” segment, Nokia provides very easy-to-use, low-priced phones, such as 1000 and 2000 series. Products designed for the “Expression” segment are still in the lower price range but allow young adults to have fun while communicating with friends. These products often feature changeable covers, color displays, embedded lights or game controls, and a wide selection of high-fidelity ring tones and downloadable games. Examples include the 3000 series of mobile phones, which offers all of these features, plus the unique option for owners to design their own custom cover inserts. For the sports enthusiast segment, Nokia designs products in the Active segment. The 5000 series of mobile phones offer a youthful and vibrant style with improved durability. Features include a removable shell, built-in timers and stopwatch, a digital compass, a digital camera, a “Fitness Monitor” that monitors activity level and calorie consumption, and “Fitness Coach” personal trainer software. Nokia’s 6000 series of mobile phones allow Classic consumers to roam between various global networks. Some models have Bluetooth technology, voice dialing, voice recording, and Internet access while others have a camera, a document viewer to read e-mails, a browser, and a wireless keyboard for entering data into a personal information manager. Nokia also designs phones for the Fashion

segment – people who want a phone to “show off.” The Nokia 7000 series of mobile phones are in this category. They allow these consumers to have a device with unique styling and materials that allow the owner to communicate their individual sense of style. In addition, Nokia offers phones for the Premium segment – people who also want a distinctive and elegant design, but as a functional phone to use rather than to show off. The Nokia 8000 series features titanium or stainless steel construction and a color screen.

The Future for Nokia and the Mobile Phone Industry – By the end of 2010, the total number of mobile phone users worldwide could approach 3 billion due to the growth in emerging markets like China, India, and Latin America. This will spur the development of mobile phones that will work in all geographic markets. Nokia, Motorola, and Samsung have recently introduced, initially targeted at business users, which will work regardless of the location of the user.

3G mobile phone products and services continue to be rolled out in the US. Wireless services providers, such as AT&T Wireless and Verizon Wireless, have introduced 3G services in select US cities in 2004. The convergence of digital devices may accelerate as key features from mobile phones, higher resolution digital cameras, TV-quality video streaming, the Internet, music players, games, etc. become standard in the offerings of mobile phone marketers. What’s on the horizon? The development of 4G! A forum of top 15 mobile phone marketers recently gathered to plan for offering of high-speed wireless technology that will allow for mobile shopping and video streaming at reasonable prices.

Finally, a fast-growing segment for mobile phones is the automobile. Many automobile manufacturers, in partnership with mobile phone marketers like Nokia, have recently introduced products that integrate “hands-free, voice-activated” technology to reduce mobile phone-related automobile accidents.

Questions:

1. Why has segmentation been a successful marketing strategy for Nokia?
2. What customer characteristics were used by mobile phone marketers during the industry’s early stages of growth?
3. Which customer characteristics and segmentation variables did Nokia use before it sold out to Microsoft?
