

School of Business

**Master of Business Administration MBA Dual Specialization
Semester End Examination - Jul 2024**

**Duration : 180 Minutes
Max Marks : 100**

Sem I - D1PK101T / MBDS5001 - Marketing Management

General Instructions

Answer to the specific question asked

Draw neat, labelled diagrams wherever necessary

Approved data hand books are allowed subject to verification by the Invigilator

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| 1) | Analyze the benefits and challenges of transitioning from a cost-based pricing strategy to a value-based pricing approach for a company in the smartphone market | K5(5) |
| 2) | Apply the principles of guerrilla marketing to design a low-budget, creative campaign that generates buzz and brand awareness for a small business. | K3(6) |
| 3) | A small manufacturing company, aiming to upgrade its office furniture, initiates the business buying process.
Can you provide a comprehensive description of the stages involved in the business buying process? (03 Marks)
Highlight the key factors and influences that come into play, starting from the initial recognition of the need for new office furniture to the final post-purchase evaluation and decision-making within the organizational context. (05 marks) | K4(8) |
| 4) | Your organization is launching a new smartphone in the price range of Rs 15,000 to Rs 20,000 in the highly competitive Indian market. It has been observed that consumer needs and preferences are changing rapidly over the last few years. Prepare a report to relate which marketing philosophy to be followed to succeed in the smartphone market. | K4(8) |
| 5) | When viewed from a competitor's perspective, marketing research plays a crucial role in enabling organizations to analyze changing consumer preferences and formulate effective product development strategies. As a marketing research expert, explain how to solve the problem of ABC Beverages (mentioned below) by applying a research process. ABC Beverages is a prominent soft drink manufacturer facing challenges as consumer preferences in the beverage industry are evolving rapidly. The company noticed a decline in the sales of traditional carbonated soft drinks and an increasing demand for healthier and more diverse beverage options. In response to this shift, ABC Beverages decided to conduct a thorough analysis of changing consumer preferences to adapt its product portfolio and marketing strategies accordingly. | K3(9) |

- 6) A global electronics company is planning to release a new range of smart home devices, like washing machines, food processors, cooking ranges etc in India . Can you explain the different ways in which the company could divide its target market based on segmentation? Additionally, please elaborate on how the careful selection of these segmentation criteria is important for developing effective marketing strategies to ensure the successful introduction and adoption of the new smart home devices. K3(9)
- 7) Tesla Motors wants to enter the Indian electric vehicle market. As a marketing expert, analyse the marketing environment and suggest whether Tesla Motors should enter the market. K5(10)
- 8) For Marketing Managers, how do the core marketing concepts of need, want, and demand differ from each other for fast food products like Burgers and French fries, and how are these distinctions essential in understanding consumer behavior of different age groups and shaping effective marketing strategies in this market? K4(12)
- 9) Lenovo India The Strategic Distribution and Positioning Challenges: A Case Study on Marketing Strategy What Is Lenovo up to in India? New Challenge Lenovo India wants to protect its leadership in PCs, and attack for gains in its new mobile and tablet businesses. Questions like: Can it succeed where Acer and Dell have failed and Why Lenovo is looking to protect, and attack? 'We want to win in India—that's the biggest initiative this year,' says Yang Yuanqing, 47, chairman and CEO of the \$30 billion Lenovo Group. For the global chief of the world's second-largest computer maker, this means selling one million smartphones and 300,000 tablets this year in India, where it has just started selling these two categories of gadgets. Amar Babu, the 48-year-old managing director of Lenovo India, has his task cut out. He toes his boss' global strategy for India. 'It will protect and attack,' he says. Protect its numerous uno position in PCs, and go all out to build the smartphone and tablet businesses from scratch. IDC, a technology research firm, expects sales of smartphone and tablet in India to grow at a compounded annualized 57% and 29.1%, respectively, over the next five years. By comparison, growth in PCs is expected to stay flat at 0.7%. 'The PC market is marred by challenges owing to continued market contraction and shift in demand to portable devices like smart phones and tablets,' says Kiran Kumar, research manager, client devices, IDC India. Still, a challenge goes, this transition for a computer company is not just about riding piggyback on segment growth. Two of Lenovo's illustrious peers, Dell and Acer, failed to cross over. And notable electronics majors like Sony Ericsson and LG hit a wall after recording initial gains, such as the overcrowding there are about 30 smartphone makers and price sensitivity characterizing these busi- nesses. For Lenovo, there are challenges unique to it as well. The Chinese company made its mark in India by selling PCs to large companies via bulk orders. For example, in 2012, a single order from the government of Tamil Nadu was for one million laptops, made it the market leader. But smartphones and tablets are sold mostly to individual consumers making it an entirely different proposition. 'PCs and laptops are a K5(15)

50–60 city market. For smart phones, it's 400– 500 cities and villages,' says Arvind Subramaniam, partner and director, Boston Consulting Group, a management consulting firm. 'How you set that distribution up will be the key,' he says. Distribution Marketing Strategy of Lenovo

Lenovo distributes most of the PCs through its five national distributors, including Ingram Micro and Redington, who also distribute Apple, Samsung, and BlackBerry. But for tablets and smartphones it is also fanning out through regional distributors, who are typically state-specific and do business worth Rs 300–1,000 crore, against Rs 10,000 crore for an Ingram. So, for example in Gujarat where it started test marketing smartphones in October 2012 it has tied up with Aegis the local distributor is Supreme Computers in Tamil Nadu and Peripheral Solutions in the NCR. 'To reach out to small towns and the hinterland, we have tied up with 40 regional distributors,' says Babu. Lenovo started engaging with regional distributors about two years ago when it tied up with about 20 of them. Once it decided to sell smartphones and tablets, it struck more regional tie-ups which is its sales model in China as well. 'We want our regional distributors to be exclusive to us,' says Babu. 'We will, in turn, ensure they have exclusive rights to distribute Lenovo products in their catchment area.' 'Lenovo is a new entrant and is yet to make a mark,' says Simpy Singh, owner of KL Sons, a distributor in Haryana servicing Ambala, Karnal and Kurukshetra. Samsung throws carrots: you meet targets and get freebies, holidays, bonuses whereas Motorola, Sony Ericsson, and Videocon failed as their retailer engagement was not great. The Dell sales team was too overqualified and could not speak our language. According to Babu, Lenovo has about 6,000 retailers for tablets and smartphones. But this is not enough to cover the country, he adds. We have to ramp up to at least 25,000 and this should happen soon. It is also looking to increase its franchise outlets from 1,200 to 2,000 over the next year. In February, Lenovo also tied up with Reliance Communications to sell its smartphones. It's a dual SIM phone, which offers both GSM and CDMA on a single device, says Babu. However, unlike Western markets the Indian market is not carrier-driven and people buy phones independent of the carrier. 'India is a tough market to win in,' says Subramaniam of BCG.

Market Positioning Strategy of Lenovo

The Indian market is also underpenetrated in smartphones. Only about 10% of the 700 million users use smartphones. According to Arvind Vohra, director of Gionee revealed that around 1.5 billion \$ Chinese makers of mobile phones entered India last week where 10% penetration is the take-off point for smartphones. We have seen this in China and other markets, he says. 'India is set for hockey-stick growth in these devices now.' Babu's reading is similar. 'The smart phone market in China was 10% of the entire phone market about 18–24 months ago and today it's 75%. There's enough evidence India will also see such an explosion. We will be able to leverage that scale in China (where it is number two, behind Samsung) to offer a comprehensive product portfolio in India.' Statistics of Lenovo Market in India

In India, where 70% of phones are below Rs 2,000,

Lenovo is offering five smartphones, ranging from Rs 6,500 to Rs 28,000, against a 40-strong product suite in China. In tablets, it is from Rs 14,000–30,000; in other words, its entry-level price is about twice that of those of HCL and Micromax. ‘We don’t want to just be in the premium or mainstream segments, but in the entry-level segment as well,’ says Babu. ‘As volumes increase, we will look at lower price points.’ A Rajasthan-based regional distributor, who didn’t want to be named, feels Lenovo will have to lower prices to succeed. Lenovo India’s current strategy is to deliver good value for money. ‘We want to deliver the right mix of features, performance and price,’ says Babu. He gives the example of the Lenovo P700 smartphone, which re-tails at Rs 12,000 and is targeted at professionals. ‘The P700 battery gives a one-week standby,’ he says. ‘We differentiate on battery life, touch-screen, display, sound quality.’

Successes and Failures Faced by Lenovo

Acer, the Taiwanese company that is globally ranked fourth in PC sales, went down this road in India, only to pull out within a year; it is open to a re-entry. ‘You need lot of upfront investment in smart phones,’ says S Rajendran, chief marketing officer, Acer India. India is not a carrier driven market and hence your costs are high. You need a big ad and marketing budget to build the market, and overheads can go out of control when selling in villages and small towns where the market might be smaller than you expected. ‘TC Sudhir of United Telecoms, which distributes in six states, says some global vendors had a high price premium. But devices would hang and users dumped them. If the product is bad, you can’t push it,’ says Sudhir, chief operating officer, mobile devices, United Telecoms. Besides, computer makers don’t have a good understanding of the buyer as their DNA is largely enterprise sales. That’s why some of them exited a growing market. According to Anil Sharma, managing director of UT Electronics, a Chandigarh-based distributor for northern regions, India is not a single market like Singapore or Dubai, but multiple markets. In Andhra Pradesh, users don’t want a Hindi keypad. In UP, they are fine with it, he says. Products for each state need to meet local user needs. Typically, 10–12% of the cost of device is the cost of selling. Companies need to keep this low. Vohra of Gionee points out that Samsung spend more than four times of Apple on advertising and marketing \$11 billion in 2012 to emerge as number one globally that year. Companies need to create that visibility to capture the market, but this cash burn can be counterproductive if other things—technology, pricing, and distribution are not right. Lenovo is nudging at the high end, going up against the likes of Apple and Samsung. It is also part of the conversation to buy BlackBerry, the troubled Canadian smartphone maker, with Yuanqing saying Lenovo could consider it. BlackBerry is no longer where it was five years ago. Apple and Samsung have stolen its thunder. It’s trying to do lot of things to revive its fortunes, but it’s too little, too late, says Sanjay Dhawan, leader, technology, PricewaterhouseCoopers. But for its brand and presence in emerging markets, it will be a good target. Interestingly, in India, Lenovo’s brand ambassador for laptops is actor Ranbir Kapoor, who also endorses BlackBerry. ‘He

has done really well for us in PCs,' says Babu. 'Since he is with BlackBerry, we will not have him for phones. Actually, it's early days to sign up a brand ambassador for smart phones and tablets we need a certain scale to justify that investment.' Outcome Lenovo's long-term development is inseparable from a unified and correct guiding ideology. Lenovo will be able to establish a sound management system in order to guide the company to be stable, healthy, and rapid development. From the strategic marketing theory and applied research, we can see that the marketing strategy of the Lenovo competition is not watching competitors, and only targeting to market shares, but the Lenovo must choose the correct target markets and market positioning, This position must be conducive to the long-term competitive edge in the market building, and the development of marketing strategies must support the market, help enterprises in voluminous and complex competition in the market environment find a way out for the development of enterprises. Obviously, the strategic marketing is the only way for facing the new changes in the market economy and Lenovo does those its marketing strategy and operations are market-orientated. Conclusions Lenovo is one of the world's largest makers of personal computers. Formed by Lenovo Group's acquisition of the former IBM Personal Computing Division, the company develops, manufactures and markets reliable, high-quality, secure, and easy-to-use technology products and services worldwide. Their mission is to provide businesses and consumers with smarter ways to be productive and competitive and to enhance their personal lives. Operating in more than 60 countries, Lenovo is dedicated to serving the needs of the customers, partners, investors, employees, and local communities with a business model that is based on: Innovation, Operational efficiency, Customer satisfaction, Sustainability. So, we really believe that Lenovo India got a beautiful future. Case Questions: 1. Do you think the strategy adopted by Lenovo will see them achieving set targets over dominant rivals like Samsung and others? (08 Marks) 2. When the selling costs dominate your overhead expenses and India being predominantly a rural and semirural market segments, with inroads already made by the market leaders, how would Lenovo strike a balance between costs and price sensitivities simultaneously? (07 Marks)

- 10) Lenovo India The Strategic Distribution and Positioning Challenges: A Case Study on Marketing Strategy: Q 01. In comparison of Chinese market how will Indian market deal with the sale of large number of smartphones? (09 Marks) Q 2. Will the marketers in India could penetrate the customers effectively? If yes then how? (09 Marks)

K6(18)