



PG – 005

II Semester M.B.A. (Day) Degree Examination, July 2011
(2007-08 Scheme)
Management
Paper – 2.5 : MARKETING MANAGEMENT

Time : 3 Hours

Max. Marks : 75

Instruction : Given in appropriate Sections.

SECTION – A

1. Answer **any six** of the following. **Each** question carries **2** marks.

- a) What do you mean by societal marketing concept ?
- b) Define customer value.
- c) Distinguish between micro marketing and macro marketing.
- d) What do you understand by psychographs ?
- e) What is an OTC product ? Give examples.
- f) Define marketing audit.
- g) Explain the meaning of consumer dissonance.
- h) Distinguish between horizontal and vertical marketing systems.
- i) Define Reference group.

(6×2=12)

SECTION – B

Answer **any three** of the following. **Each** question carries **eight** marks.

2. Discuss the role of marketing research in modern marketing.
3. Define culture. What are its components ?
4. Distinguish between market penetration and market development.
5. What do you mean by brand equity ? Explain the factors influencing brand equity.
6. Define marketing control. Explain the important tools of marketing control.

(3×8=24)

P.T.O.



SECTION - C

Answer **any two** of the following. **Each** question carries **12** marks.

7. Discuss the role of studying consumer behavior in modern marketing.
8. What is counter trade ? What are the different forms of counter trade ? What is its role in present day marketing ?
9. Define IMC. Explain the need and relevance of integrated marketing communication.

(2×12=24)

SECTION - D

10. Answer the case study. **15** marks.

Case Problem
Pricing Strategy

Company

United Energy Corporation is one of the leaders in the photovoltaic industry. It manufactures solar electric panels which convert solar energy directly into electricity. Since there are no moving parts, this source of electricity generation is extremely reliable. The solar electric panels are currently competitive in remote applications where electricity from utility grid is not available. It is also competitive with diesel generators in such locations.

The major business of United Energy is divided into two market segments. First segment is direct end users who buy through dealers and distributors, and the original equipment manufacturers who incorporate solar electric panels into their systems. The second segment is a tender market which has to serve the domestic and foreign government organizations. The tenders tend to be large quantity orders and are extremely competitive. Assuming that the bidders meet the basic specifications, the award is usually made to the lowest bidder. The direct end user market is also price sensitive but the decisions are not made on price alone. Prior experience with sales managers and customer service play some role in the decision - making.

The major product line of United Energy is a UE-100 panel which generates 40 watts of power. This product line is based on a second generation technology developed by United Energy's R & D division. There are two major competitors; both produce panels of 40 watt capacity but with the first generation technology. As far as end users are concerned all three panels satisfy their electricity requirements. Appearance which is better looking in United Energy's second generation technology is given some consideration but users are still price sensitive.



Pricing

The President of United Energy was very proud of the new technology. The appearance of the panel was much better than the competitors. He insisted that the customers would be more than willing to pay a premium price for the new technology look. The new technology was still being fine-tuned in manufacturing and hence, the cost was almost equal to the first generation technology. The president believed that there was a significant cost reduction potential over the next three years. The current unit prices for solar electric panels are given in the following table :

Suggested List Price Rs.		Dealer Price Rs.	Tender Price Rs.
ASI Inc.	310	280	260
PES Inc.	350	315	265
United Energy	400	360	No policy

The marketing manager at United Energy believed that they were losing the tender business because their bids were generally higher than their competitors. In the overall market, tender business was 70% of the total industry shipments. United Energy's share was believed to be about 25 per cent. The marketing manager thought that by lowering prices for major tenders he could gain more market share.

In the direct marketing to end users, he thought he could get about 10% premium from 25 per cent of the customers. But for the remaining customers the premium had to be less than 5 per cent. Instead of published list prices, he wanted to go to an informal pricing policy. In this case, the sales managers would be given a range and they could decide what price would it take to win the business. He established the range for direct end user business to be between Rs. 335-380. The sales manager could not go below 335 without prior approval from the corporate vice-president. On tenders he established a floor of Rs. 280. With both price changes, he thought the United Energy's market share could be increased by about 10 percentage points. To keep the sales managers from selling at the bottom of the price range, he tied sales incentive to the selling price. Higher the selling price more the commission the sales manager would receive. The marketing manager was convinced that this pricing scheme was the only response to the competitor and his management. It offered pricing flexibility to the sales managers as well as an incentive to obtain higher pricing where possible.



Questions :

- 1) Does the new technology of United Energy justify 15 to 30 per cent premium over competitors' products ?
 - 2) Do you believe the pricing policy devised by the marketing manager an adequate response to maintain or increase United Energy's market share ?
 - 3) What other pricing strategies could be used by United Energy's Marketing Manager ?
 - 4) To what extent price competition can be replaced by non-price means of competition in order to avoid price war ?
-