

INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management

Paper – 18.d
Marketing Management

Date : 16.06.2009
Time : 2.00pm To 5.00 pm

Max Marks : 100
Duration : 3 hrs

Note:

1. From Part A, contains 4 main questions total 32 marks
 2. From part B answer any 3 questions out of 5 questions. Each question carries 16 marks
 3. Part –C case study read carefully and answer the questions, 20 marks
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Part - A

Total Marks: 32

Q.1 [A] TRUE OR FALSE

1. The customer expects good service from the dealer is a unstated need.
2. Tactical marketing plan lays out target market and value proposition that will be offered based on an analysis.
3. Objectives should be stated quantitatively & goals should be realistic.
4. In demographic environment, marketers must need to focus more on income distribution than population distribution.
5. Demand in business market is derived from demand in consumer market and fluctuates with the business cycle.
6. Advertising is the promotional tool in marketing.
7. A market nicher serves large segment, than market follower.
8. Price a critical element of marketing mix.

[B] WRITE FULL FORM OF FOLLOWING

1. SCM
2. ABC
3. Four P's
4. SBU
5. MIS
6. MOA
7. PLC
8. SWOT

[C] WRITE IN BRIEF, ANY FOUR (2 Marks Each)

1. Marketing Mix
2. Branding
3. Geographical Pricing
4. Mass Marketing
5. Market share
6. Step of Marketing Plan

[D] Match correctly.

1. Labelling	a) Formal statement of expected product performance.
2. Warranty	b) Influenced by cultural social and personal Function
3. Demographi Segmentation	c) All activities involved in selling goods or services directly to final consumers.
4. Consumer Behaviour	d) Part of qualified available market to pursue.
5. Advertising	e) Largest market share in the relevant product Market
6. Retailing	f) Non personal presentation & promotion of ideas, goods or service
7. Market leader	g) Age and life cycle stage
8. Target Market	h) Identifying the product name, the grade of product & other packaging information.

Part - B

Q.2

A) "MR is an aid in decision making not a substitute to it" Comment. **(08)**

B) What is PLC? Explain various marketing strategies employed at different stages of PLC **(08)**

Q.3 What is market segmentation? Explain consumer market segmentation in detail.

(16)

Q.4 A) Explain different environment forces affecting today's marketing environment. **(08)**

B) Explain different pricing methods with suitable example. **(08)**

Q.5 Explain role and importance of distribution channels? What is distribution strategy for marketing consumer durable products. **(16)**

Q.6 What is the difference between Marketing and Selling? Explain the importance of promotion by personal selling with suitable illustration. **(16)**

Part -C

Q7.

On April 25, 2005, Kingfisher Airlines (KFA), a wholly-owned subsidiary of the United Breweries Holding Limited, the investments holding company of the UB Group, took delivery of its first aircraft - an A320 from Airbus - at a special ceremony in Toulouse, France. It was the first time that an Indian private airline had bought a brand new aircraft for commencing its commercial operations. KFA, which started its operations in India on May 7, 2005, positioned itself as a budget carrier and not as a low cost carrier (LCC). Dr. Vijay Mallya, Chairman and Managing Director of the UB Group, said "Kingfisher Airlines will have a 'Fly the Good Times' approach and this will reflect in the experience we will offer to passengers. With costs lower than economy class travel on full service airlines and marginally more than the 'bus services' type low cost competition, Kingfisher Airlines offers a far better value proposition.

The aircraft and service will reflect the Kingfisher lifestyle imagery and credibility that has been built over the years." As of December 2005, KFA had a fleet of nine aircraft (seven A320s and two A319s) and operated on 56 routes. KF A also managed to corner a six percent market share within the first six months of its launch. As of January 2006, KF A had a 7.6% market share of the domestic air travel market. In December 2005, KFA won the 'Best New Airline of the Year 2005' award in the Asia Pacific and Middle East region from the Center for Asia Pacific Aviation (CAPA). On receiving this award, Dr. Mallya said, "Kingfisher Airlines has grown at a scorching pace and we intend to continue to delight and pamper our guests and offer them unparalleled levels of service, comfort, and convenience to ensure that they keep flying the good times!" Later, in January 2006, KF A was voted as the third most successful brand launch of 2005 in the Business Standard annual Brand Derby.

In February 2006, Skytrax gave KFA the 2006 award for 'Service Excellence for a New Airline'. At this awards function, Dr. Mallya said, "This award means a lot to us because it expresses the opinion of travelers across the board and because Skytrax surveys are so highly regarded within the travel industry. This survey is not just a vote about the product facilities offered, but combines customers' very clear perceptions about our service standards." However, the competition in the Indian skies was hotting up. New low cost carriers (LCCs) like SpiceJet and GoAir entered the market after KF A's launch and they started an all-out price war by slashing down on fares. For instance, in December 2005, GoAir started offering 10,000 free air tickets on four new routes (Hyderabad, Chennai, Jaipur, and Bangalore). Established players like Jet Airways (India) Ltd., (Jet Airways) too looked to consolidate their market positions.

In January 2006, Jet Airways announced that it would acquire Air Sahara (Sahara) for US\$ 500 million. This acquisition would make Jet Airways India's largest airline with an almost 45% market share. Jet Airways was also expected to gain control of Sahara's 22 parking bays spread across many domestic airports. In February 2006, the Jet-Sahara combine brought down their air fares to compete against KF A, and LCCs like Air Deccan and SpiceJet. There were also other

challenges which affected the airline industry as a whole, like high aviation turbine fuel (ATF) prices and congestion problems at high traffic airPorts like Mumbai and Delhi. In this increasingly competitive environment, KF A set its sights on becoming India's largest private carrier by 2010. Dr. Mallya said, "Having invested in the best-in-class fleet of aircraft, we are committed to achieving our ambition of making Kingfisher Airlines India's largest private airline both in capacity and market share by 2010." There were also media reports that KFA planned to launch a low cost airline called 'Kingfisher Express' to tap into the growing LCC segment.

KF A modeled its strategy on the strategies of JetBlue Airways, in providing value added air travel services at economical prices. KF A purchased brand new A320 aircraft powered; the cockpit was a paperless environment. The airline called its aircraft 'Kingfisher Funliners' to represent the fun-filled experience it wished to provide to its customers.

All the aircraft had in-flight entertainment systems and well designed interiors. There was only one class, i.e., the Kingfisher Class, rather than the economy class and business class bifurcation of other airlines. KF A also allowed multiple fare options and auctioning of tickets on all traffic routes. As part of its promotional strategy, the marketing team of KFA showcased the airlines as 'the new flying experience'. Advertisement hoardings at airports depicted the stylish interiors of the 'Funliners', which conveyed a youthful, funfilled, and world-class image. INOX multiplexes in Mumbai publicized KF A's special offers for a month. KF A was the official travel airline for the cast and crew of 'Mangal Pandey' and gave a red carpet welcome to all the guests who attended the premiere of the film.

KF A's customers could book their air tickets either online at the KF A website (www.flyingfisher.com), at any KFA office, or through an approved travel agent. KFA also offered a facility for home delivery of tickets on demand. In December 2005, KF A launched its SMS service called 'King Mobile' to keep its guests updated about flight schedules and flight status through instant mobile alerts.

Questions:

- A. Write a detailed comment on 'differentiation' of Kingfisher Airlines. (10)
- B. What are the challenges faced by KF A and how do you advise them to overcome them?
Also, what will be your advice/s or suggestion/s to KF A for almost ensured success in the shorter run as proclaimed by Dr. Mallya? (10)

*****END OF PAPER*****