



# MARKETING MANAGEMENT

Rajan Saxena

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Fifth Edition

# Marketing Management

**Fifth Edition**

## ABOUT THE AUTHOR



**Rajan Saxena** is Vice Chancellor NMIMS (Deemed-to-be-University u/s 3 of UGC Act) since 2009 and former Director of IIM, Indore; S.P. Jain Institute of Management and Research, Mumbai; ICFAI Business School, Gurgaon; and Dean of Narsee Monjee Institute of Management Studies, Mumbai. He has over 40 years of professional experience in management education, research, consulting and institution building. He is an alumnus of Shri Ram College of Commerce, Delhi. He did his PhD work at Delhi School of Economics in Marketing and was awarded the degree by Delhi University. He has taught at XLRI, Jamshedpur; S.P. Jain Institute of Management and Research, Mumbai; IIM, Calcutta; IIM, Indore; and NMIMS, Mumbai. He has also taught in University

of Calgary, Canada and has been a British Council visitor at the University of Sterling, U.K. where he was involved in the entrepreneurship program. He is a Visiting Professor at Pace University, New York, USA.

Dr. Saxena's teaching and research interests include Marketing Strategy, Services Marketing and Customer Relationship Management. He is also a Fellow of the Indian Society for Training and Development and Institute of Management Consultants of India. He is a life member of ISTD.

Dr. Saxena is widely respected in the country as an institution builder, marketing educator, strategist and consultant. He has consulted over 50 Indian and multinational companies. Some of his well-known clients are BSES (Now Reliance Energy), HDFC, MTNL Mumbai, Agrevo (formerly the agro chemical division of Hoechst and now taken over by Bayer), L&T, Parle Exports, Jindal Steel, Ispat, etc. He has published over 60 articles in Indian and Foreign journals.

Dr. Saxena has been conferred several awards by different organisations and media. Some of these are *Best Teacher of Management* by Bombay Management Association in 1990; *Best Marketing Teacher* in 1998; *Distinguish Alumnus* by Shri Ram College of Commerce in 2002; *Higher Education Forum, Dr. Suresh Ghai Memorial Award for the Outstanding Contribution to Management Leadership* in 2013; *Hall of Fame Award* by DNA; *Star Group of Industry's Inspirational Leadership Award* by Dainik Baskar in 2010; *ET NOW 'Visionary Leadership' Award in Education* in 2013 and *Leadership Award by Forum for Emotional Intelligence Learning (FEIL)*.

Dr. Saxena is a member of the advisory and corporate board of several institutions and companies, some of which are Centre for Management Education, AIMA (as Chair of the Board) Army Management Board, State Advisory Board of Education of Government of Madhya Pradesh, Indore Management Association, Atal Bihari Vajpayee—Indian Institute of Information Technology and Management (ABV—IIITM), Gwalior (Ministry of HRD, Government of India Institution). He was the member of All India Board of Management Studies of AICTE (2000–2003) and was on the Executive Board of Association of Indian Management Schools and Association of Management Development Institutions in South Asia. He was also an Independent Director on the Board of Lodha Developers Ltd., MTNL, Future Generali India Insurance Company Ltd. and Future Generali Life Insurance Company Ltd. He continues to serve Anuvi Chemicals as an Independent Director. He has been the Co-Chair of FICCI Higher Education Committee since 2011.

# Marketing Management

**Fifth Edition**

**Rajan Saxena**

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*NMIMS University*

*Mumbai*



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*Dedicated to my Mother*

*Mrs Bimla Devi Saxena*

*Who was also my mentor  
and from whom I learnt  
the values of hard work, dedication and commitment*



# PREFACE TO THE FIFTH EDITION

The Indian market is a market of aspirations and expectations. It is a market which is a dream for any marketer, for it provides an opportunity to develop products and services for different market segments. In fact, the marketer can choose to remain in one segment and still grow big. Be it the child, teenager, young adult, adult, or even the elders segment, each of these segments is a huge wanting to be served. The Indian market is today driven by these demographic characteristics and technology which has made value creation and delivery far more exciting and challenging. New products and business models have replaced the old ones. Innovations are today imperative for an emerging market like India. It is in this context that this edition of Marketing Management has been prepared. The focus of this edition is therefore on:

1. Changes in the Indian market and factors driving this change
2. The young Indian market and how this segment is influencing consumption
3. The poor markets which require innovative solutions
4. Digital Business Models
5. Ethics in marketing
6. Big data and analytics
7. Customer engagement strategies

The revision of the fourth edition began about two years ago in 2013, based on the feedback of students and faculty colleagues in NMIMS and other business schools. The course on *Innovations in Marketing* brought interesting perspectives and case studies from MBA students. Simultaneously, PhD scholars brought new concepts like Brand Archetypes and Brand Communications through films. As mentioned above, Indian market provides an opportunity to develop affordable innovations and solutions for customer's needs in emerging markets.

While some of the relevant chapters have been retained, significant changes have been made in many others to make them contemporary with new data, research inputs and concepts. For example, a new section on Virtual Focus Groups, Customer Engagement, Affordable Innovations also termed as '*Jugaad*' and Social Networks, and Consumer Behaviour have been added. Most of the opening vignettes termed as 'In Practice' are new. All the data in the book is reviewed and made up-to-date, i.e. of 2014 and 2015. The book has been structured into the following six sections:

1. *Section 1: The Marketing Environment*
2. *Section 2: Assembling the Marketing Toolbox*
3. *Section 3: Creating of Customer Value*
4. *Section 4: Communication and Deliverance of Customer Value*
5. *Section 5: Creating Sustainable Competitive Value and Growth*
6. *Section 6: Broadening Horizons*



Chapters in this edition have been realigned within each section accordingly. In this edition, a new case study on Saffola Oats has been included in addition to the earlier case studies on Tata Nano, Fabindia and Jaago Re. This book is also supported by online learning material which will have among many other features, a quiz on each chapter and additional exercises. These can be accessed from [www.mhhe.com/saxena5e](http://www.mhhe.com/saxena5e)

I am confident that this edition will once again help all the students and faculty interested in studying marketing and about markets in India.

I await your feedback which can be shared on the below mentioned id.

**RAJAN SAXENA**

### **Publisher's Note**

We value your views, comments and suggestions and hence look forward to your communication at [info.india@mheducation.com](mailto:info.india@mheducation.com). Please feel free to report piracy issues, if any.

## PREFACE TO THE FIRST EDITION

The Indian economy has finally been unchained. Archaic policies and institutions have been done away with in order to link the economy to the world economy. India has already lost the decade of the 80s to her South East Asian neighbours and had the planners not woken up to the realities of the post cold war era, there was every likelihood that the country would have got marginalised. The opening up of the economy means new competition in almost all sectors. This competition is posed by foreign companies and brands, large Indian firms and industrial houses diversifying into different sectors, and from other small and medium sized companies. The impact of increased competition has been felt by several companies who have lost their market leadership to newer and more efficient entrants. The distribution channels are choked up with multiple brands in different product categories. Today there is hardly any product, except core sector products like power, gas and petroleum, where the supplies do not exceed market demand. In such a situation its only a marketing oriented firm that can succeed. Customer focus is the key and Indian firms are realising that aggressive advertising and selling will no longer help if they are not customer focussed.

This is a book on marketing in the contemporary and future India. To many it may appear just another book and perhaps may even wonder at the need for yet another text. During my several years of teaching marketing at the MBA and doctoral level and also training corporate executives in the field of marketing, I always felt the need for a good text which will deal with contemporary marketing decisions in Indian firms. My students and executives participating in my programmes shared with me their similar concerns. Further, as I continue to delve in marketing problems of several of my client organizations and as I looked for solutions in the books originating in North America, I realised that most of them just would not help solve the problems of Indian companies. The reason not being that the concepts are inapplicable or inadequate, but because the organisational culture, environment and the Indian buyer's behaviour and market structures differ significantly from North American firms and markets. Hence, we need indigenisation or localisation of marketing management. This book does this and is based extensively on my research and consultancy experiences as also on published data and cases from Indian industry.

The book is divided into five parts.

*Part 1* focuses on markets, structures and forces therein, and what a marketer needs to do in order to understand them. This part contains 8 chapters.

Chapter 1 introduces the concept of marketing and differentiates it from selling, manufacturing and technology orientation. It also introduces the reader to other key concepts like marketing mix and explains how marketing orientation helps a firm succeed.

Chapter 2 is devoted to understanding the marketing environment of the firm and provides tools and techniques for it.

Chapter 3 is on marketing planning and addresses issues in marketing opportunity analysis and evolving a plan to seize opportunities.

Chapter 4 is on marketing research and information systems and helps the reader understand the research process, avoiding pitfalls in marketing research and how to design an effective marketing and intelligence system.

Chapter 5 deals with the changing profile of the Indian buyer and helps the reader understand the motivations of buyers as also the influences that work on their decision making.

Chapter 6 takes a look at the organisational buyer's decision making and Chapters 7 and 8 are market segmentation and demand forecasting.

*Part 2* deals with the marketing mix and has ten chapters.

Chapter 9 is on product decisions in the contemporary Indian market.

Chapter 10 is on new product decisions.

Chapter 11 is devoted to a growing concern in marketing, viz. brand equity, and through Indian illustrations key concepts in brand equity.

Chapter 12 is on pricing decisions and introduces the reader to pricing strategies and tactics useful in the Indian market.

Chapters 13, 14, 15 and 16 are devoted to promotion decisions and the different elements of mix.

Chapter 17 is on sales force management in the Indian context.

Chapter 18 is on distribution management and addresses key issues in effective distribution in Indian markets.

*Part 3* is on marketing strategy and organisational issues in design, implementation and economy.

Chapter 19 is focussed on marketing strategy and helps the reader understand linkages between strategy and core business strategy as also the strategy formulation process.

Chapter 20 is on marketing organisation. This chapter helps the reader understand the marketing organisation in Indian firms and also the issues that confront management in designing focussed organisation.

Chapter 21 is on marketing performance and control.

*Part 4* is on contemporary issues in marketing and chapters here deal with global marketing service, and rural marketing.

*Part 5* introduces the reader to case methodology and instrumentation in marketing. It will help the reader to link theory to business realities. The part contains eight cases drawn from consumers, industrial products and services, and instruments like marketing effectiveness measurement, marketing and other instruments in marketing planning and product management.

This book is a departure from others as it contextualises marketing problems by citing Indian plays and marketing instruments used by us in India. It has rich illustrations from Indian companies.

I am hopeful that management students across the country as also marketing executives will find this useful.

## ACKNOWLEDGEMENTS

I am indeed grateful to all faculty members and students who adopted the book and also gave feedback from time to time. These feedbacks have helped in the revision of this title and have truly made it a book of Marketing in and for India—a market that is today a priority for all global and national brands.

In addition to these feedbacks, my grateful thanks to my research scholars, Dr. Hufrih Majra and Ms. Saloni Gandhi who helped in preparing the case on Saffola Oats. Saloni also gave research inputs on Brand Archetypes.

A book like this cannot be completed without the active support from corporate. Linopinion helped provide ads for brands they had worked with to help elucidate concepts and communication approaches. For this, I am grateful to Mr. Ameer Ismail, Executive Director, Linopinion and Mr. Sani Rajan, Group Head, Linopinion. Lodha developers and Marico also helped with ads of their brands and products. My grateful thanks to Mr. Abhinandan Lodha, Joint Managing Director, Lodha Developers and Mr. Harsh Mariwala, Chairman Marico Industries.

My secretaries, Ms. Lizzy Gonsalves and Ms. Flora D'Souza, were of great help in compiling this edition. They compiled the revisions for fifth edition in word document, which I would dictate on days and times I was free. My daughter, Shruti Saxena Iyer, provided critical inputs and write-ups in sections on Virtual Focus Groups in Chapter 5, Customer Engagement in Chapters 13 and 27—Thank you Shruti.

I would also like to express my gratitude to the team at McGraw Hill—Mr. Kaushik Bellani, Managing Director; Ms. Vibha Mahajan, Mr. Hemant Jha, Ms. Laxmi Singh and Ms. Jagriti Kundu.

My wife Priti has not only supported me but actively encouraged me in contributing to marketing thought, through this book and articles.

**RAJAN SAXENA**

## MARKETING MANAGEMENT TODAY

### CHAPTER

# 1

#### LEARNING OBJECTIVES

After reading this chapter, you should be able to:

- LO1** Explain the changing Indian market and innovation challenges
- LO2** Describe the new marketing concepts and the significance of social networks in the Great Indian Market
- LO3** Distinguish between types of orientations prevalent in organisations
- LO4** Describe the evolution of the contemporary marketing process
- LO5** Explain the purpose of marketing
- LO6** Interpret the concept of marketing mix and its relevance in competitive advantage
- LO7** Explain new marketing horizons

#### In Practice

##### Tata Shows The Way

In the fast changing world of ours, consumers continuously want improved products and services at their doorsteps. It is here that innovation plays a significant role and helps the firm the desired competitive advantage. Innovation often leads to redefined business strategy.

In the last decade, Tata Group has been at the forefront of innovations and products and services for the Indian market. Whether it was the micro-computer Tata Ace or Tata Nano, the group has shown that India responds to innovative products that are customised to the needs of the market.

One such example from the Tata Group is that of introduction of Swachh—where the story goes that in early 2000 scientists in Tata Consultancy Service (TCS), Material Research Laboratory in Pune discovered the purification property of rice husk ash which could be used for purifying water. This development did not find any takers, until 2004 when Tsunami hit

#### Learning Objectives

Chapters begin with learning objectives which outline what each chapter aims at achieving and what the student should know on its completion.

#### Opening Vignettes

All chapters open with a small 'In Practice' case. These are based on marketing practices followed in companies. The purpose of the vignette is to help the student/reader relate the concept to marketing practices as also to introduce the subject.

## THE CUSTOMER

### CHAPTER

# 2

#### LEARNING OBJECTIVES

After reading this chapter, you should be able to:

- LO1** Analyse the customer life cycle and stages therein
- LO2** Explain the factors in customer acquisition and how customer can be retained
- LO3** Describe the customer value and value maximisation strategies
- LO4** Demonstrate the relationship between customer value and loyalty
- LO5** Categorise the financial dimensions of customer acquisition and retention

#### In Practice

##### Men Makeup 90% of the Mobile Web Users<sup>1</sup>

India is today the 2<sup>nd</sup> largest mobile market. The number of subscribers is expected to reach as high as 868.47 million, thus accounting for almost 69.35% penetration in 2013. This rapid growth in mobile subscribers has surpassed the estimates of planners. Though Government of India had planned to reach a target of 800 million subscribers by 2015, the same was achieved in 2011. Several factors like price of handset, call pricing, apps, value added services, etc., have contributed to this phenomenal growth. Smartphones also contributed to this rapid growth. Within the mobile industry, smartphones have grown at a much faster pace than any other. From just about 2.3 million smartphones in 2009, it was reported that more than 19 million smartphones were sold in India in 2012. This increase in sales and penetration in Indian market was largely contributed by development of Android OS which accounts for about 50% of the total smartphone market in India. The development of the apps ecosystem and also the enablement of GPRS and internet including Google search on Android based smartphones like Samsung contributed to their growth. At the same time smartphone sales growth was driven by lowering of the price curve of most devices, be they from Samsung or Micromax or Karbonn. The second major player in the smartphone is iPhone, followed by Blackberry. Smartphone sales have also been driven by teens and the young market which has a strong

# WALK THROUGH

and Parag Mehta in the Saemee television business have created a history in the rural market. So is true for Hindustan Unilever which has continued to make its brand relevant on the strength of innovation in product design, packaging or communication.

## In Practice

### Innovative Communications Create New History for Lifebuoy

Lifebuoy has today become synonymous to hygiene. In order to ensure that the brand continues to grow, Hindustan Unilever launched the lifebuoy hand wash and extended it to the rural areas. In doing so, the brand used 'Breakthrough in Germ Protection' ACTIVE Natural Shield. According to the company this has 10 times germ protecting power than other germ protection soaps. This technology is on this technology.

- (a) Fast
  - (b) Su
  - (c) Lo
  - (d) Pre
- In order to communicate the hand created in India be the b aware of Lifebuoy stamps reminded branded company and bill. By us

#### Exhibit 14.3 Customer Price Sensitivity

In the evolution of pricing strategies and tactics, Ross believes that only a proactive approach can generate profits for the firm. The basis for this approach, is timely and correct information on customers, competition, price data for each product, and an honest assessment of a firm's capabilities and weaknesses. The information system has to be flexible, responsive, and must form part of all strategy decisions. The quality of people who collect this information is also vital.

		Low Price Sensitivity	High
High Threat from Competition	<ul style="list-style-type: none"> <li>Competitive/higher price if market share and cost high</li> <li>Price higher than competition if market share low and cost high</li> <li>Match competition if cost low, irrespective of market share</li> </ul>	<ul style="list-style-type: none"> <li>Reduce price below competition if market share is low and cost high</li> <li>Maintain competitive price level if market share high</li> </ul>	
Low Threat from Competition	<ul style="list-style-type: none"> <li>Opportunity to raise price above competition if market share high</li> <li>Reduce price if market share low/high to get higher penetration</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to raise price as brand leader</li> <li>Reduce price to achieve supremacy</li> </ul>	

Pricing Tactics

Another tactical approach to fighting price wars, is to assess the customer's sensitivity to price and concern for quality. A firm needs to adopt a value added marketing approach to get an order from a customer who exhibits high concern for quality and price sensitivity. A value added approach would involve doing an economic value analysis for the customer on the lines discussed earlier. On the other hand, for a customer who is low on price sensitivity, but concerned about quality needs to be treated in a different manner. Here, it is important that a firm maintains its commitments and does not give an opportunity to the customer to try a competitor's product. In the case of a customer who is highly price sensitive and has little or no concern

## In Practice and Exhibits

Indian examples and cases have been interwoven within the text through these boxed items. They provide the student an insight into the practices and successes of Indian companies in the domestic as well as the international markets.

## Margin Notes

These small boxes in the margins contain the gist of the discussion in the paragraph. They may also have definitions of important concepts. These will be of great help to readers in reinforcing their learning.

## PROMOTION AND THE BRAND LIFE CYCLE

### LO3

Illustrate the sales promotion and the brand life cycle

Promotions have a different role, at each stage in the brand or product life cycle. The respective roles of advertising and sales promotion vary, across each stage. In the introduction stage, while the role of advertising is creation of awareness and positioning the brand, the role of sales promotion is to induce trial. Hence, the firm may use sampling and couponing to achieve this objective. As the brand enters the growth stage, advertising's role is to create competitive differentiation and also expand the market, wherever possible, to include new customer. Advertising has to have a reminder value. The goal of sales promotion here, will be to create and reward loyalty. It will use incentives like per capita consumption and encourage existing customers to try new ones. Hence, redemption points, bonuses, price cuts for new in-

In the introductory stage, advertising helps awareness creation and brand positioning, while sales promotion induces trial. In the growth stage, advertising helps competitive differentiation and market expansion, while sales promotions helps to create and reward loyalty.

of products and services are common tools used at this stage. The maturity stage brings with it, the slowing down of market growth rate and the emergence of preferences to specific brands. The role of advertising here, is to remind the customer and also inform him/her about availability. Consumer oriented promotions like coupons, discounts, premiums, and bonus packs may be used by firms to maintain customer loyalty, attract new users and also protect the turf against competition. Firms may also indulge in trade promotions, to get a larger share of retail shelf space.

In the maturity stage, advertising helps reminding customer about product availability, while promotion helps maintain customer loyalty and attract new customers.

### Coordination Between Sales Promotion and Advertising and All Other Elements of the Promotion Mix

In order to ensure that a brand achieves its objectives, sales promotion inputs should be coordinated with other elements of the promotion mix. These sales promotion tools should attempt to communicate the brand's core values and reinforce the sales message or campaign theme.

## SALES PROMOTION AND BRAND IMAGE

### LO4

Illustrate sales promotion and brand image

Sales promotion is now no more a tactical tool in the hands of a marketer. It is being used in a strategic manner to reward loyalty, expand customer base, and fight competitive wars in retail shelves. However, the

Limitation on the sales promotion front leads to promotion wars and lowering of margins.

the researcher must recognise the fact that marketing research has a cost and if it does not yield results, then the viability of such a project will always be suspect. Marketing research problem is information oriented, and in contrast to a management decision, a problem is narrowly and precisely defined.

## IN FOCUS

Often, responses to the following three key questions can help define marketing research problems:

- (a) purpose of the information being sought
- (b) whether the information already exists
- (c) whether the question posed by the decision maker can be researched

Once a problem is identified or recognised, the researcher must determine exactly what needs to be examined. For example, in order to understand the opportunity for e-commerce in the business entities, it is necessary to study the profile of Internet users and the usage of the Internet in India and other countries. Exploratory research can help answer such questions. Generally, this is a small pilot research undertaken to help define the exact nature of the problem and to get a better understanding of the background of the problem. This could be done through the Internet and small focus group discussions of Internet users. The Internet and Web are, today, significant enablers in pilot research and problem definition.

Organisational intranets can help the researcher gain information relating to the problem from various departments. It can also help the researcher understand the context of the problem. The Internet provides an invaluable resource for searching several external sources of information. This can help direct the researcher's attention to several search engines and websites for the desired information, and is faster than the conventional library research.

This type of exploration can help the researcher define the main and sub-problems and also understand the context of the problem. Hence, good problem definition is the key to getting the most out of marketing research, and both the researcher and the decider have a stake in it.

## In Focus Box

In focus box items attract and hold the reader's attention to an important topic which is of special interest.

## Wider use of Debit and Credit Card

Direct marketing's success in India will be dependent on the wider use of debit and credit cards, as mode of payment by both the customer and the marketer. This involves a shift of transactions from cash to non-cash modes and hence a change in the customers' and sellers' mindset.

## Emergence of Specialised Database Firms

Another key factor in the success of direct marketing is the evolution of specialised database firms. It is an expensive proposition both in terms of money and time to create a customer database. This makes direct marketing feasible only for large firms. A very large component of the Indian economy consists of small and medium sized firms, who cannot afford to create this database. Hence, the emergence and evolution of firms specialised in database management, will contribute to the success of direct marketing in India.

To conclude, direct marketing has arrived in India, but is still an urban and metro phenomenon. It is gradually reaching out to non-urban areas too. It is important to remember, that competitive marketing strategies involve using a combination of general and direct marketing approaches.

## SUMMARY

Direct marketing is an interactive mode of marketing through which the marketer reaches out to his target market, at any location. Direct marketing helps companies to focus their marketing efforts and, hence, to that effect is more focused and targeted than conventional or general marketing. Teleshopping, home shopping channels, catalogue marketing, and online shopping are some of the tools that enable companies to cater to this core customer value. Therefore, database marketing is an interactive approach to marketing, using all available communication tools and media vehicles to reach to the target market.

Cross selling can also be effectively managed through database marketing. This is especially true for firms operating in several products/businesses and requiring the same database. The strengths of database marketing are its ability to be measured, tested, and customised. The future of direct marketing in India is dependent on factors like reaching out to non-metro/non-urban markets, enhancing credibility of an offer, wider use of debit and credit cards, and the emergence of specialised database firms.

## POWER POINTS

1. Direct marketing helps companies to focus their marketing efforts. Teleshopping, home shopping channels, catalogue marketing, and online shopping are some of the tools that enable companies to cater to this core customer value. Globalisation of markets and the Internet further facilitated the growth of direct marketing. To avoid intermediary conflicts and reach out to the customer, companies use the direct marketing route. **(LO1)**
2. Direct marketing is an interactive mode of marketing through which the marketer reaches out to his target market, at any location. There are three key elements to this, namely it is

consequence thereto financial results. It involves analysis of firms strengths and weakness on the bases of ROI. **(LO3)**

7. Another approach is the portfolio model which refers to BCG and GE models. The BCG model demands the firm to identify a strategic business unit on the basis of three criteria namely: **(LO4)**
  - (a) It should be a single business or collection of related businesses that can be planned independent of the rest of the firm
  - (b) It has its own set of competitors
  - (c) It is headed by a manager who is accountable for strategic planning and profit generation
8. The structure of the marketing plan varies from firm to firm. Generally this would have an executive summary, a situation analysis of the brands or product or sub, marketing and sales objectives, marketing strategy, implementation plan, projected profit and loss statement and the management control system. **(LO4)**
9. While evolving a marketing plan, marketing manager needs to consider participation from all the key stakeholders. She/he must decide on the scheduling of the marketing plan exercise, the review and the monitoring and mechanism of the marketing plan. **(LO5)**

## QUESTIONS FOR DISCUSSION

1. Samsung recently introduced a range of their home appliances in the Indian market. It launched its range of refrigerators, washing machines, microwave ovens, televisions and also cellular phone handsets. These are positioned at the urban professionals in the middle and higher income groups. Its major competitors are LG, BPL, Philips, Sony, Panasonic, Electrolux and Whirlpool. The company has the objective to achieve a market penetration ratio of 25% in 2005-06 and eventually be a market leader in each of the products. Analyse the market opportunity for Samsung and evolve a marketing plan for achieving this goal. **(LO1)**
2. One of the erstwhile leaders in consumer electronics has hired your services as a marketing consultant to advice on possible diversification. The company has been considering several products for diversification; some of these are manufacturing and marketing dish antennas, creating a new entertainment company, or entering into feature film production. Evaluate these new product opportunities and give your recommendations to the company with proper justification. **(LO2)**
3. The mobile payment gateway is one of the disruptive business ideas, much the same way as Credit Card and Net Banking were. In order to expand its market and provide convenience to the customers, a Taxi App firm, like Taxi for Sure or Uber is considering entering this product market. Analyse this product and the market and advice if the company should acquire or develop its own mobile payment system? **(LO3)**
4. The Internet gaming industry was worth over ₹100 crores in 2005-06. There were 36 million mobile subscribers in India and by the end of 2005 it was expected to be 100 million. According to some estimates, the mobile market of India was expected to grow at a compound average rate of 40% until 2007. One of the major player in this market is India Games which is keen to develop a marketing strategy which will make it a leader across the competition in this market. Develop a competitive marketing plan for India Games which will help the firm achieve its goal. **(LO4 and 5)**

## Pedagogy

Rich in pedagogy, each chapter begins with **learning objectives**, employs **figures** and **tables** for a better understanding of the concept, and ends with a **summary** and **power points** section that enables students to quickly recap the important points covered within the chapter.

## Questions for Discussion

Application-based questions are provided at the end of each chapter and are intended to assess the student's understanding of concepts discussed in each chapter.

# WALKTHROUGH

## NANO—A DREAM CAR FOR THE POOR\*

CASE

1

### INTRODUCTION

The year 2007 saw record number of road accidents in Delhi involving Blue Line buses. One such accident involved a two-wheeler scooter in which both the driver and the pillion rider died on the road even before they could be taken to the hospital. This led to protests and violent demonstrations against Blue Line buses. The Supreme Court of India stepped in to ask the Delhi Government on the action it took against the erring bus drivers and owners. Two wheeler accidents are quite common in India. A study at Apollo Hospitals in India showed that 1,20,000 head injury deaths occurred annually in the country from two-wheeler accidents alone and that such head injuries were the sixth leading cause of death in India (one death every 4 minutes). However, these statistics never reveal the agony and misery faced by the family when the breadwinner is critically injured or dies. This study also showed that two wheeler riders were five times more likely to be killed in an accident than car or bus passengers.

Earlier in 2003, Mr Ratan N. Tata (or RNT as he is affectionately called) Chairman Tata Group, described one of the regular sights on Mumbai roads. A family of four—husband, wife and two children—precariously balanced on a two-wheeler, driving on Mumbai's roads especially during the monsoons. He often wondered about their safety and what he and his Tata Motors could do to give them a safe vehicle. The two-wheelers are a relatively unsafe mode of transporting a family. This two-wheeler image got Mr Tata thinking on safer forms of personal transport. Further, he always had an unconscious urge to do something for the large majority of Indians. Development of a personal, affordable, safe transport was the obvious option because of Tata Motors presence in automobile industry.

Also as urbanisation gathered pace, personal transport was to become a major issue because mass transport was either not available or was of poor quality in all cities including metros. In an interview to Financial Times at the Geneva Motor Show in 2003 Mr Tata talked of his dream of producing a low cost car. When asked how much it would cost, the indicative price given was about ₹1 Lakh (₹1,00,000 or USD 2,500 assuming exchange rate as being USD1 = ₹40). The next day Financial Times carried a headline to the effect that Tatas were to produce a ₹1,00,000 car.

Initially Mr Tata thought of rebubbling the new item but he laughed at the idea and wondered whether it would be any

\*Developed by Dr Rajan Saxena, Sr Advisor to Chancellor and Director, SVKM's NMIMS University, Mumbai, India. The author acknowledges with gratitude the assistance of Dr. R. S. Deshpande, Sr Associate, SVKM's NMIMS University, Mumbai, India and Ms Vrinda Deshpande, Sr Associate, SVKM's NMIMS University, Mumbai, India. This case is to be used as the basis for class discussion rather than an administrative/business situation. This case is based on published information that of Tata Motors. This is the first in the two-part series case on

Cases

Four cases have been provided at the end of the book intended at providing an insight into the decision making process in Indian market situations. Each could be related to several concepts discussed in various chapters of the text.

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