



Institute of Management
JK LakshmiPat University
Jaipur

END TERM EXAMINATION, 2015



MBA Integrated Programme, Sem-IV
MM: 50 Marks

Course: Advertising & Sales Promotion
Time: 3 Hours
Subject code: BBA 044

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q.1 You have been appointed as a sales manager and assigned the task to sell 3-D televisions to a chain of hotels. Develop a personal selling process for the same.

(10 Marks)

Q.2 An advertising agency is not sure whether a core idea featuring "Value for money" or "Technical know-how" will be most effective. Assume that the advertising campaign for the new video camera is to be launched within the next 4-6 weeks, what approach would you suggest to select the core idea? Explain.

(10 Marks)

Q.3 Describe the major types of vertical marketing systems and provide an example of each.

(10 Marks)

Q.4 Name and describe major forms of direct marketing.

(10 Marks)

Q.5 Propose the best possible retail formats for the following product categories for a metro city in India

(a) Men's accessories (b) Electronic goods

(10 Marks)

Section B

Q. 6 Read the given case study and answer all the questions.

The cola companies that were urban centric are now shifting their focus on to rural markets. This is evident from their promotional campaigns such as coke's "Thanda matlab Coca Cola" and Pepsi's ad featuring Sachin Tendulkar playing with rural children. The shift in their strategy is due to the huge untapped market of rural India and the increasing aspirational levels of the rural customers.

Till 2005 Soft-drink consumption of rural customers were very low compared to the urban consumers but proliferation of media and the increased income levels of rural consumers have increased their aspirational levels. This made them try out a variety of new products. Moreover rural market share in the total sales of the company is increasing. For example rural sales constitute 30% of the total sales for Coca cola and 15% for Pepsi co.

But in order to tap the rural market, marketing mix needs to be different. In the urban markets the cola drinks could achieve high penetration as the companies could maintain high availability. The cola companies identified that the success (sales) of their products depends on availability and consumer acceptance. So the company decided to tap the rural market by adopting innovative pricing, distribution and promotional strategies. As availability of the product is the prime hurdle for the companies they have focused on strengthening the distribution network.

Commenting on this issue George Kovoov, Executive Vice-President, Traditional Trade, Pepsi Foods Ltd., said: "The major challenge which we face in the rural markets is availability." Pepsi has adopted hub and spoke model of distribution wherein the company directly replenishes the stock at the distributors and distributors in turn distribute them to the retailers in their designated area.

Coca Cola also adopted a similar model. The spokesperson for Coca Cola said "We use all possible means of transport that range from trucks, auto rickshaws, cycle rickshaws and hand carts to even camel carts in Rajasthan and mules in the hilly areas, to cart our products from the nearest hub."

Gaining customer acceptance for their product was another key task for the cola majors. So cola companies have to provide good value proposition for the customers to buy the product. Thus companies have focused on providing chilled product to the customer in smaller quantities making the product affordable and tempting to the customer.

Sensing the difficulty of retailers in remote villages in keeping the product chilled due to inconsistent power supply Coca Cola has provided rural retailers with non-electric chilling equipment. Pepsi has developed refrigerators to withstand the harsh conditions of the rural areas, such as high voltage fluctuations, poor ventilation, high temperatures and dusty environment.

The next aspect that the companies focused on was the packaging of the product. Since the consumption of soft drinks was very less, companies offered the products in smaller quantities to encourage customers to try the product. Thus 200 ml packs are launched.

As rural market is highly price sensitive, companies have taken care that the price should be affordable to customers. Talking about this aspect Mr. Kovoov said, "We try and make our products affordable in terms of unit price point. We also take into consideration the price of the 'alternate beverage' options that the consumer has in these areas."

Both the companies had fixed the price of the bottle at Rs.5 for similar reasons. The price was affordable and appealing to the customers.

Companies had to present a strong reason to the customers (particularly the rural customers) to make them buy the product. Speaking on this issue Kovoov said, "The issue in the rural markets is not spending power. In fact, most rural consumers have the spending power, but they have to be given a tangible reason to buy a soft drink when they have other options to quench their thirst, such as water or a homemade sherbet."

So companies devised special promotional strategies to target the rural customers. They created specific ads targeting the rural customers. Coke's "Thanda matlab Coca Cola" campaign has been a success with Amir Khan as a rural person. Pepsi also created campaigns such as the kite flying ad featuring Tendulkar and Amitabh Bachan who are easily recognized by the people all over the country. The aim of such promotions is to connect the rural customers with the product.

Apart from the mainstream promotion, companies have gone for field promotions. Both the companies participated in village melas and haats. They set up special kiosks and promoted the products on price platform. Companies displayed posters of the celebrities at these kiosks, and this appealed to the customers. Commenting on their promotional strategy Coca Cola's spokesman said, "Apart from this, all our outdoor and indoor communications are also integrated to capture the 'consumer connect' that is established through our TV ads."

Questions:

1. Comment on the effectiveness of the promotional strategies adopted by the cola companies to attract the rural customers. (10 Marks)
2. Analyze the distribution strategies adopted by the cola companies in reaching the rural customers? (10 Marks)

