MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

SECOND YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF ECONOMICS

BACHELOR OF COMMERCE

BBA 201: PRINCIPLES OF MARKETING

DATE: 30/4/2019 **TIME: 2.00-4.00 PM**

INSTRUCTIONS: Attempt Question ONE and any other TWO question

QUESTION ONE (COMPULSORY) (30 MARKS)

Read the following case carefully and answer QUESTION ONE that follows.

HALDIRAM'S GROUP - SEEKING THE 'RIGHT' MARKETING MIX

Haldiram's offered a wide range of products to its customers. The product range included namkeens, sweets, sharbats, bakery items, dairy products, papad and ice-creams. However, namkeens remained the main focus area for the group contributing close to 60% of its total revenues. By specializing in the manufacturing of namkeens, the company seemed to have created a niche market.

Haldiram's sought to customize its products to suit the tastes and preferences of customers from different parts of India. It launched products, which catered to the tastes of people belonging to specific regions. For example, it launched 'Murukkus,' a South Indian snack, and 'Chennai Mixture' for south Indian customers.

Similarly, Haldiram's launched 'Bhelpuri,' keeping in mind customers residing in western India. The company offered certain products such as 'Nazarana,' 'Panchratan,' and 'Premium' only during the festival season in gift packs. These measures helped Haldiram's compete effectively in a market that was flooded with a variety of snack items in different shapes, sizes and flavors.

Haldiram's offered its products at competitive prices in order to penetrate the huge unorganized market of namkeens and sweets. The company's pricing strategy took into consideration the price conscious nature of consumers in India.

Haldiram's launched namkeens in small packets of 30 grams, priced as low as Rs.5. The company also launched namkeens in five different packs with prices varying according to their weights. The prices also varied on the basis of the type of namkeens and the raw materials used to manufacture it. The cost of metallized packing also had an impact on the price, especially in the case of snack foods. The company revised the prices of its products upwards only when there was a steep increase in the raw material costs or additional taxes were imposed.

Haldiram's developed a strong distribution network to ensure the widest possible reach for its products in India as well as overseas. From the manufacturing unit, the company's finished goods were passed on to carrying and forwarding (C&F) agents. C&F agents passed on the products to distributors, who shipped them to retail outlets. While the Delhi unit of Haldiram's had 25 C&F agents and 700 distributors in India, the Nagpur unit had 25 C&F agents and 375 distributors.

Haldiram's also had 35 sole distributors in the international market. The Delhi and Nagpur units together catered to 0.6 million retail outlets in India. C&F agents received a commission of around 5%, while distributors earned margins ranging from 8% to 10%. The retail outlets earned margins ranging from 14% to 30%. At the retail outlet level, margins varied according to the weight of packs sold.

Retailers earned more margins ranging from 25% to 30% by selling 30 gms pouches (priced at Rs.5) compared to the packs of higher weights. Apart from the exclusive showrooms owned by Haldiram's, the company offered its products through retail outlets such as supermarkets, sweet shops, provision stores, bakeries and ice cream parlors. The products were also available in public places such as railway stations and bus stations that accounted for a sizeable amount of its sales.

Haldiram's products enjoyed phenomenal goodwill and stockists competed with each other to stock its products. Moreover, sweet shops and bakeries stocked Haldiram's products despite the fact that the company's products were competing with their own products. Haldiram's also offered its products through the Internet. The company tied up with *indiatimes.com*, a website owned by the Times of India group to sell its products over the Internet. Haldiram's products could be ordered through a host of other websites in India and abroad.

Different varieties of posters were designed to appeal to the masses. The punch line for Haldiram's products was, 'Always in good taste.' Advertisements depicting the entire range of Haldiram's sweets and namkeens were published in the print media (magazines and newspapers). These advertisements had captions such as 'millions of tongues can't go wrong,' 'What are you waiting for, Diwali?' and 'Keeping your taste buds on their toes.'

For those customers who wanted to know more about Haldiram's products, special brochures were designed which described the products and gave information about the ingredients used to make it. Mailers were also sent to loyal customers and important corporate clients as a token of appreciation for their patronage. Packaging was an important aspect of Haldiram's product promotion.

Since namkeens were impulse purchase items, attractive packaging in different colors influenced purchases. Haldiram's used the latest technology (food items were packed in nitrogen filled pouches) to increase the shelf life of its products. While the normal shelf life of similar products was under a week, the shelf life of Haldiram's products was about six months. The company projected the shelf life of its products as its unique selling proposition.

Posters highlighting the shelf life of its products carried the caption 'six months on the shelf and six seconds in your mouth.' During festival season, Haldiram's products were sold in attractive looking special gift packs. The showrooms and retail outlets of Haldiram's gave importance to point of purchase (POP) displays. Haldiram's snacks were displayed on special racks, usually outside retail outlets. The showrooms had sign boards displaying mouth-watering delicacies with captions such as 'Chinese Delight,' Simply South,' 'The King of all Chats.'

To cater to NRI's and foreign tourists, who hesitated to consume snack foods sold by the roadside vendors since it was not prepared in a hygienic manner, the Haldiram's restaurant located in South Delhi used specially purified water to make snack foods including pani puri and chat papri. These promotional strategies helped Haldiram's to compete effectively with local restaurant chains such as Nathus, Bikanerwala and Agarwals and with western fast food chains such as McDonald's and Pizza Hut.

QUESTION ONE (COMPULSORY) (30 MARKS)

a) Describe the pricing strategy and the distribution strategy of Haldiram's Group. (10 marks)

b) Discuss any four advertising media types used by Haldiram's Group. (10 marks)

c) Describe the target market of Haldiram's Group (5 marks)

d) Describe the product strategy (5 marks)

QUESTION TWO (20 MARKS)

a) Product planners need to think about products and services on five levels. Discuss. (10 marks)

b) Citing examples, write short notes on specialty goods and unsought goods (5 marks)

c) Discuss the two pricing strategies used when pricing new products (5 marks)

QUESTION THREE (20 MARKS)

a) Briefly explain four positioning strategies that can be used by a marketing organization. (4 marks)

b) Discuss four criteria that a good research report should satisfy (8 marks)

c) Products usually go through some stages in their life cycle. Discuss these stages (8 marks)

QUESTION FOUR (20 MARKS)

a) Raymond, a marketing director of XYZ Company approaches you to scan the environment of the company and submit a written report on your findings. Discuss the contents of your report with regards to the controllable variables. (10 marks)

b) Discuss the marketing philosophies that govern operations of marketing activities. (10 marks)

QUESTION FIVE (20 MARKS)

a) You have been given Ksh. 55,000 and you are contemplating of buying a laptop. Discuss the process you would go through before you acquire a laptop of your choice. (10 marks)

b) Services possess characteristics that highly distinguish them from goods. Discuss them. (10 marks)