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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2018

Program: BBA (Marketing)
Subject (Course): Product Management
Course Code: BBCM 171
No. of page/s: 4

Semester – V
Max. Marks: 100
Duration: 3 Hrs

Section A: Multiple choice questions. Attempt all the questions (10x2=20 Marks)
Section B: Short answer type questions. Attempt any 4 Questions (out of 5) [4x5 = 20 Marks]
Section C: Long answer type questions. Attempt any 3 Questions [out of 4] [10x3 = 30 Marks]
Section D: Analytical / Situational / Case based: Attempt all the questions [2x15 = 30 Marks]

S.no Q1	SECTION A	marks	CO
i	Which stage of the product lifecycle is marked by falling costs and rising revenues? a) Introduction stage b) Growth stage c) Maturity stage d) Saturation stage	2	CO1
ii	In the _____ stage, the firm faces a trade-off between high market share and high current profit a) Introduction b) Growth c) Maturity d) Decline	2	CO1
iii	The buying behaviour that consumers spend a lot of time searching for information and making decision is called: a)Limited decision making. b)Extensive decision making. c)Unlimited decision making. d)Routine decision making	2	CO1
iv	A _____ is a detailed version of the idea stated in meaningful consumer terms. a. product idea b. product concept c. product image d. test market	2	CO1
v	A _____ is the way consumers perceive an actual or potential	2	CO1

	product. a) product idea b) product concept c) product image d) test market		
vi	The following aspect of product is concerned with the ease and efficiency of the product performance a) Functional aspect b) Operational aspect c) Durability aspect d) Aesthetic aspect	2	CO1
vii	_____ is a period of market acceptance and increasing profits. a. Product development b. Maturity c. Growth d. Introduction	2	CO1
viii	You might use a product positioning map to a) Show the life span of the product b) To discover if your competitors are very active in the section of the market you might wish to operate in c) To develop a product family within a market d) To discover the market size for a product	2	CO1
ix	What is a sales forecast? a) an estimate of how much will be sold b) an estimate of how much will be spent c) an estimate of what needs to be purchased d) an estimate of human resource needs	2	CO1
x	The new product development process involves a number of stages. The best estimate of the new product's likely profitability is likely to be made at which of these stages? a) Idea generation b) Idea evaluation c) Market testing d) Brainstorming	2	CO1
Section B			
Q2	How is pricing affected by the other elements of the marketing mix?	5	CO1,C
Q3	What is test marketing? What are its objectives? Discuss various types of test marketing procedures.	5	CO2
Q4	State and explain the stage of the product life cycle of the	5	CO1,C02

	following items. (a) A new model of smart phone which is still under the development stage and not yet available for sale. (b) A model of smart phone which is under keen market competitions.																										
Q5	Why are sales territories required?	5	CO4																								
Q6	Product strategies are required to be changed due to changes in consumer needs, technology, government regulations and product life cycle". Elaborate	5	CO3																								
SECTION C (ANY 3)																											
Q7	Every product has perishable distinctiveness". Discuss this statement in context of product life cycle and explain its reference in marketing	10	CO3																								
Q8	As a product manager, you have received about five new product ideas in your processed Foods division. What are the processes that can be used to screen these ideas and select the best one? Which process would you like to use and why?	10	CO2																								
Q9	What is the matrix approach to product planning? By taking an illustrative example, explain the suggested marketing strategy for a multi product company on the basis of a product evaluation matrix	10	CO4																								
Q10	Discuss the various stages of a new product development process by taking the example of an electric car as a new product concept	10	CO2																								
Section D (practical question/case study)																											
Q11	Maze Green has been in business selling yachts and other pleasure craft for the last 14 years. Their sales record is reproduced below: <table border="1" data-bbox="293 1163 764 1854"> <thead> <tr> <th>Year</th> <th>Quarter</th> <th>Yacht sales</th> </tr> </thead> <tbody> <tr> <td rowspan="4">2008</td> <td>1</td> <td>6</td> </tr> <tr> <td>2</td> <td>10</td> </tr> <tr> <td>3</td> <td>12</td> </tr> <tr> <td>4</td> <td>8</td> </tr> <tr> <td rowspan="4">2009</td> <td>1</td> <td>8</td> </tr> <tr> <td>2</td> <td>15</td> </tr> <tr> <td>3</td> <td>15</td> </tr> <tr> <td>4</td> <td>10</td> </tr> <tr> <td rowspan="1">2010</td> <td>1</td> <td>9</td> </tr> </tbody> </table>	Year	Quarter	Yacht sales	2008	1	6	2	10	3	12	4	8	2009	1	8	2	15	3	15	4	10	2010	1	9	15	CO3,CO4
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2010	1	9																									

		2	18		
		3	18		
		4	11		
	<p>Calculate the forecast sales for each quarter of 2011.</p> <p>Plan a 3 moving month average method and plot the trend</p>				
Q12	<p>Despite a full range of focus group testing the new ice cream failed to take-off and sales were disappointingly low. Lemon flavour had been tested amongst adults and the price point established. However, young people had not rushed to buy the product and with Autumn approaching the marketing manager was concerned that the original forecasts were wildly optimistic. He had spent his marketing budget on expensive adverts for both TV and the national press, but had not foreseen the introduction of a new fruity range by their major rival. Unless things improved the product line was doomed and so probably was his career with the largest makers of ice cream in the country.</p> <p>1) Identify four factors that might have led to the disappointing sales.</p> <p>2) Discuss how the marketing mix may be adapted if the firm decides to re-launch the product.</p>			15	CO3,CO4

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S. No Q 1		Marks	CO
i)	The components of a product or service offer include: a) core benefits, attributes or features, support and services, and customer loyalty programmes. b) core benefits, attributes or features, support and services, and potential benefits. c) customer benefits, attributes or features, warranty, and potential benefits. d) customer benefits, core services, customer helplines, and home delivery	2	CO1
ii)	In the _____ stage, the firm faces a trade-off between high market share and high current profit a) Introduction b) Growth c) Maturity d) Decline	2	CO1
iii)	Which of the following are valuable in a standards war? a) Competitive advantage b) Late mover advantage c) Early mover advantage d) technological advantage	2	CO1
iv)	The following is the source(s) for developing new or improved product a) Research and Development department of the enterprise b) Consumer suggestions and Complaints c) Other competitive products in the market d) All of the above	2	CO1
v)	Established firms relative to new firms are better at:	2	CO1

	<ul style="list-style-type: none"> a) all types of innovation. b) innovation which is competence-enhancing. c) innovation which is competence-destroying d) Innovation which is disruptive 		
vi)	<p>The following aspect of product is concerned with the ease and efficiency of the product performance</p> <ul style="list-style-type: none"> a) Functional aspect b) Operational aspect c) Durability aspect d) Aesthetic aspect 	2	CO1
vii	<p>Product _____ is the ultimate objective of variety reduction</p> <ul style="list-style-type: none"> a) Simplification b) Standardization c) Specialization d) All of the above 	2	CO1
viii	<p>You might use a product positioning map to</p> <ul style="list-style-type: none"> a) Show the life span of the product b) To discover if your competitors are very active in the section of the market you might wish to operate in c) To develop a product family within a market d) To discover the market size for a product 	2	CO1
ix	<p>What is a sales forecast?</p> <ul style="list-style-type: none"> a) an estimate of how much will be sold b) an estimate of how much will be spent c) an estimate of what needs to be purchased d) an estimate of human resource needs 	2	CO1
x	<p>The new product development process involves a number of stages. The best estimate of the new product's likely profitability is likely to be made at which of these stages?</p> <ul style="list-style-type: none"> a) Idea generation b) Idea evaluation c) Market testing d) Brainstorming 	2	CO1
Section B			
2	What are the major bottlenecks in new product development?	5	CO2
3	What the help of appropriate examples, explain the reasons for product failures.	5	CO1,CO2
4	What is Market potential? Explain with example.	5	CO2,CO3
5	Describe the importance of Channel management.	5	CO3,CO4
6	Define the term 'Product'. Also discuss the classification of product?	5	CO1
Section C (Any 3)			
7	What are the key considerations in designing a positioning strategy for a product? Describe the alternative bases of positioning that you can apply for a small car for the Indian market.	10	CO1

8	As a product manager, you have received about five new product ideas in your processed Foods division. What are the processes that can be used to screen these ideas and select the best one? Which process would you like to use and why?	10	CO3																																												
9	What is the matrix approach to product planning? By taking an illustrative example, explain the suggested marketing strategy for a multi product company on the basis of a product evaluation matrix.	10	C04																																												
10	<p>Calculate the sales forecasting for the next year from the given data. Sales of modern fashion shoes were carefully recorded over the 20 months of its life and are published below.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Sales(pairs)</th> <th>Year</th> <th>Sales(pairs)</th> </tr> </thead> <tbody> <tr><td>1</td><td>20</td><td>11</td><td>280</td></tr> <tr><td>2</td><td>80</td><td>12</td><td>250</td></tr> <tr><td>3</td><td>140</td><td>13</td><td>200</td></tr> <tr><td>4</td><td>200</td><td>14</td><td>180</td></tr> <tr><td>5</td><td>230</td><td>15</td><td>160</td></tr> <tr><td>6</td><td>250</td><td>16</td><td>150</td></tr> <tr><td>7</td><td>280</td><td>17</td><td>140</td></tr> <tr><td>8</td><td>310</td><td>18</td><td>130</td></tr> <tr><td>9</td><td>300</td><td>19</td><td>90</td></tr> <tr><td>10</td><td>300</td><td>20</td><td>60</td></tr> </tbody> </table> <p>* Prepare a 3 month moving average and plot the trend line.</p>	Year	Sales(pairs)	Year	Sales(pairs)	1	20	11	280	2	80	12	250	3	140	13	200	4	200	14	180	5	230	15	160	6	250	16	150	7	280	17	140	8	310	18	130	9	300	19	90	10	300	20	60	10	C03
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Section D (case study)																																															
11	<p style="text-align: center;">THE PREMIUM DILEMMA</p> <p>Vinod Tahil's mind was a riot. For the first time in many years, the marketing manager of white goods manufacturer Electra India was questioning the marketing theories he had always believed in. Was he right in wanting to abandon the super premium route to brand building, or was he, in fact, trapped in the classical middle-class mindset which made him averse to premium Product ?</p> <p>The previous Sunday, Tahil had had a long discussion on the issue with Gautam Sarin, his squash partner and marketing head of Plimsoll Watches. Tahil had walked into the squash court right after a stiff debate with his CEO, Arun Raja, over Electra's plans to launch a super premium, multi-facility refrigerator from its international stable, the Eva 755.</p> <p>In Eva 755 was a state-of-the-art multi-door fridge, with</p>																																														

	<p>lots of features and plenty of storage space. It had two zero-degree compartments, an ice crusher, a dispenser for chilled water, a built-in deodorizer and an alarm that went off if the door was not shut properly. The price : a cool Rs 1 lakh. The previous year, the company had launched its three-and four-door refrigerators. It followed that up with a 7.5 kg fully automatic washing machine, Ergo, which also carried a premium price tag. This, in fact, was Electra's strategy. If preferred to enter with its premium range rather than follow with mass. market route, CEO Raja wanted to build brands first. Volumes would be a natural consequence, he said.</p> <p>But Tahil had his doubts whether Eva would cut much ice with the customer. In a market which was skewed in favour of the value-for-money double-door refrigerator, the multi-door refrigerator seemed very ambitious to him. It was unlikely to build much saliency for Electra, he felt. To begin with, the very idea of a large-sized refrigerator seemed irrelevant in the Indian context. In the West, convenience stores were fast being replaced by supermarket chains. As a parallel behaviour pattern, consumers there were using refrigerator not just for preserving foodstuffs, but also for long-term storage. In India, however, the neighbourhood grocer had gained in strength and supermarkets had not become the norm yet. For the same reason, the Western pattern of long-term storage could not be replicated here. "India is a tropical country and there are lots of vendors for fresh vegetables and fruit. So, who needs vast storage facilities in India ?" he asked.</p> <p>Raja was convinced that there was a clear consumer segment which sought premium and super premium products. "There are 3.8 million households in the A1 and A2 socio-economic classes. It's not the 150- million middle class but this super premium, super label conscious segment that I want to target. The self-employed and high-salaried people in this segment are virtually indifferent to high prices," said Raja.</p> <p>Tahil would not buy the argument. "The so-called high-income group that you refer to comprises largely nuclear families. That means that these families consume less food than joint families do. There may be 3.8 million such families, but they are dispersed all over the country. A rich farmer from Gurgaon, who has a high disposable agricultural income and heads a family of 14, is the one who actually needs this product. But you have no means of getting your product to him."</p> <p>An entry through a premium segment would entail lower</p>		
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<p>distribution costs, but only if a mass product already existed. "If you have a mass product, you could piggyback on its distribution network and get our premium product to the rich farmer in Gurgaon," said Tahil. "In its absence, reaching out to the dispersed consumer will be prohibitively costly. Also, it will be difficult to get the required volumes."</p> <p>Raja had other plans. He wanted to enter the super premium segment so that Eva could be Electra's image leader. "Why did Titan launch Tanishq ? Certainly not for volumes." he argued. "The premium range has a positive rub-off on the medium range. If a company launches a super premium product, its image becomes so overwhelming that the consumer does not question the price or the quality of its other product." he said.</p> <p>"That 'image leader' angle is a double-edged sword," countered Tahil. "If the super premium product fails to make a mark in three years' time, its image as well as the company's image will take a beating." Raja cited the example of BPL. "When it entered the refrigerator market, BPL was aware it was taking on the might of Videocon, a sturdy, reliable, home grown brand. To gain a quantum leap over Videcon's image perception, BPL first launched the three door refrigerator. Its launch stoked the interest of consumers, who gushed and gawked and went home and told their neighbours about it. So, the next time someone wanted to buy a basic 165-litre refrigerator, he first checked out a BPL fridge. Soon after that, BPL launched its home entertainment system, another super premium product. No one questioned the price or whether the product would be successful because they all knew that there were buyers for the quality that BPL had to offer. Thereafter, every offering from BPL was viewed with respect," he said.</p> <p>Brand building, Tahil felt, worked when it ran parallel to volume building. "The middle class is very aware and is continuously upgrading its information. It will want to know how many Indians are buying Electra and we need to answer that with some volumes," he said.</p> <p>In such a scenario, the launch of Eva appeared to be a wasteful exercise. "The premium you can charge on a product must have a meaningful price to quality/valuation," argued Tahil. "Price is no longer the deciding factor, it is value instead. As we go along you'll find consumers are less likely to compare prices than they did in the past," declared Raja.</p> <p>Tahil disagreed with Raja on the significance of price. "Price will always be a key factor in the purchase decision.</p>		
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	<p>The people you are targeting for Eva watch the market, evaluate products and are very aware. They may buy a pair of Reebok shoes for Rs. 2,000, but a refrigerator for Rs. 1 lakh ? That's going too far," he said.</p> <p>Raja left after coffee, but Tahil carried his disagreement to the squash court. "Raja is trapped in a mythical view of the Indian middle class," he said to Sarin."All around us lie the debris of companies which overestimated the middle class' willingness to pay for global brands. Yet he believes that Eva has potential," he said.</p> <p>Sarin felt Tahil was underestimating the market. "In the wake of liberalization, there was a lot of brouhaha -over the relevance of some of the products entering India. People asked, 'Who needs KFC ? Who needs Reebok ?'But we must realize that the consumers aspired for anything global. Now they are asking for particular features and design improvement, he said. "Who are these consumers?" asked Tahil. "The glorious middle class ?"</p> <p>"Tahil, in durables you have to benchmark differently. When you are selling potato chips or cornflakes, you are looking at one set of consumer behavior patterns. But in durables, which can replace manual tasks, the consumer is seeking higher value delivery. Within this, there is also a segment which is indifferent to high prices the self-employed and the high-flying executive. They have access to soft loans and hefty perk. Money is no object for them. They are eating out twice a week, buying shoes worth Rs. 2,000 and paying Rs. 1 lakh for health club memberships</p>		
12	<p>From the above case , critically evaluate the price band being suggested for Eva. Do you agree with Rajan's assessment of the targeted consumer or with Tahil's ? Justify you answer</p>	15	CO1,CO4
13	<p>From the above case, What in your view are the target customers for this kind of product? What is the brand positioning that you would suggest for Eva in view of the target market identified by you</p>	15	CO1,CO4