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**COMMONWEALTH EXECUTIVE  
MBA/MPA PROGRAMME**

**Term-End Examination**

**December, 2010**

**C-8 : MARKETING FOR MANAGERS**

*Time : 3 hours*

*Maximum Marks : 100*

*(Weightage 70%)*

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**Note :** *This paper consists of two Sections-A and B. Attempt any three questions from Section-A. Section-B is compulsory. All questions carry equal marks.*

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**SECTION-A**

1. You have been asked to develop a marketing plan to help develop safe driving habits among young adults. Describe how you will apply your understanding of social marketing processes to develop the marketing plan ?
2. How does marketing strategy vary across different stages of the product life cycle ? Explain giving suitable examples.

3. You are about to buy your first laptop computer. Describe the stages in the buyer decision process that you would follow to arrive at the final choice.
  
4.
  - (a) What are the different sources of generating new product ideas ?
  - (b) Assume that you have identified some ideas for a packaged snack, what is the type of information you should consider while evaluating the different ideas for this product ?
  
5. Write short notes on *any three* of the following.
  - (a) Consumer Protection Act and its relevance
  - (b) Physical Distribution Tasks
  - (c) Functions performed by the wholesalers
  - (d) Measuring Advertising effectiveness
  - (e) Determinants of pricing

## SECTION-B

6. Read the case study given below and answer the questions at the end of the case.

### AMWAY

In the late 1990s, the global direct selling giant, Amway, had to contend with increasing doubts regarding its survival in India. The company that had become synonymous with Network Marketing or multi level marketing the world over, was beset with problems in India.

Media reports were quick to point out Amway's failure to sell the basic concept of indirect selling to the Indians. Though the company managed to draw in a substantial number of distributors, the attrition rate was at an alarming high of 60 to 65%. Most of the products that the distributors bought, were consumed by the distributors themselves.

Estimates put the percentage of self consumption at almost 50 to 60% of the total volume. In the initial stages, when trials were the only criterion, this worked well. However, this self consumption did not translate into repeat purchases.

This was because the percentage of active distributors at any given point of time remain at the low level of 35 to 40 per cent. Many people who joined in the initial frenzy on the promises

of good earnings, returned product kits within the first month. Company sources claimed that the returns constituted just one per cent but rivals and ex employees put the figure at over 5%. Of the total distributors, only about 10% showed reasonably high levels of activity. To top it all, Amway products began to be perceived as being very expensive and meant only for the premium segment. This was identified as the single biggest reason for the high attrition rate. What was overlooked was the fact that almost all Amway products were concentrates. When used in the proper form, the cost for use of each product worked out to be at par with and in some cases even lower than, the nearest competitors' products. For instance, the product named LOC priced above Rs. 320 for a one litre pack for, when diluted appropriately, gave around 165 bottles, making the cost per usage very small. Either the distributors were themselves not aware of this fact or they were unable to communicate this to the customers. Since the distributors themselves were unsure about the price value equation of the products they were selling, they could not convince the consumers either.

Amway also had to contend with customers complaining of poor customer service on the part of the company. Analysts commented that as long as the volume of products that move through the

network was high, network market such as Amway was satisfied. Even though customer complaints of lack of service were high, the company deemed it more beneficial to go for a higher sales motivation programmes rather than undertake customer service initiatives.

In the beginning, the company also had to deal with the negative attitudes of many Indians about direct selling. Direct selling was typically seen as unwelcome, an intrusion into privacy and not a very respectable way to earn one's living. Through systematic training, Amway was able to change this perception to a certain extent.

**Questions :**

- (a) On the basis of the facts given in the case above, what in your view are the major marketing communication tasks that the company should undertake ?
  - (b) How would you advise Amway to address the problems identified in the case above ?
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