Seat No.: _____   Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA (PART TIME) – SEMESTER 2 – WINTER EXAMINATION – 2018

Subject Code: 3529902   **Date: 24/12/2018**
Subject Name: Fundamentals of Marketing (FOM)
Time: 02:30 PM TO 05:30 PM   **Total Marks: 70**
Instructions:
1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q.1	**Define the following terms**:	**14**
	(a) Customer Perceived Value	
	(b) Megatrend	
	(c) Segmentation	
	(d) E-commerce	
	(e) Customer Satisfaction	
	(f) Core competencies	
	(g) Warranties and Guarantees	
Q.2	**(a)** What is Marketing? Explain the ten main types of entities that are marketed by marketers.	**07**
	(b) Define Company sales forecast. What are the different methods used by the companies for estimating future demand?	**07**
	OR	
	(b) Explain Marketing Intelligence System. What are the possible actions a company can take to improve the quantity and quality of its marketing intelligence?	**07**
Q.3	**(a)** Explain the Five stage model of the consumer buying process with a suitable example.	**07**
	(b) What are the various demographic variables used to segment the consumer market? Explain each variable with examples.	**07**
	OR	
Q.3	**(a)** Write in detail the price-setting procedure.	**07**
	(b) Write a short note on New Product Development process.	**07**

Q.4   **CASE STUDY:**
Like other discount retailers, Target sells a wide variety of products, including clothing, jewelry, sporting goods, household supplies, toys, electronics, and healthy and beauty products. However, since its founding in 1962, Target has focused on differentiating itself from the competition. This became evident in the mid – 1980s when Kmart dominated the mass retail industry and Walmart was growing rapidly. Kmart and Walmart's marketing messages communicated their low price promise, but their merchandise was perceived as cheap and low quality. Target sensed a gap in the market for "cheap chic" retail and set out to distinguish itself from the other big-box retailers.

Target positioned itself as a high-fashion brand with trendy styles and quality merchandise at affordable low prices. To fulfill this brand promise, Target's teams of merchandisers travel the world looking for the next hot items. Next, Target brings these trends to the shelves faster than its competitors.

Target uses a wide range of traditional advertising such as television ads, direct mailers, print ads, radio and circulars. Its messages feature hip young customers, a variety of strong name-brand products, and a lighthearted tone – all which have helped make Target's bull's eye logo well recognized. Target also aligns itself with a variety of events, sports, athletes, and museums through corporate sponsorships.

Target has a strong online presence and uses Target.com as a critical component in its retail and communications strategy. Target.com is able to gain insight into consumers' shopping preferences, which ultimately allow for more targeted direct marketing efforts. The site also features in-store items alongside Web-only items in hopes of driving traffic into the stores. On social Web sites such as Twitter and Facebook, Target builds loyalty and encourages young consumers to share their experiences, discounts and great finds with each other.

Target reinforces its positive brand image by contributing significantly to surrounding communities. The company donates 5% of its annual income, or more than $3 million a week, to programs that focus on education, the arts, social service, and volunteerism. Target donated more than 16 million pounds of food in 2008 to Feed America, the nation's food bank network.

As a result of its integrated marketing plan, Target has attracted many shoppers who would not otherwise shop at a discount retailer. Its customers are younger, more affluent, and more educated than its competitors attract. The median age of Target shoppers is 41 & the median household income is $63,000. Three-quarters of Target consumers are female and 45% have children at home. In addition, 97% of U.S. consumers recognize the Target bull's eye logo.

While Target's marketing communication mix has effectively communicated its "cheap chic" message over the years, this strategy hurt sales during the recession in 2008-2009. During that time, consumers significantly cut their spending and shopped mostly for necessities at low-cost Walmart instead of for discretionary items, which make up about three-fifths of sales at Target. Today, Target is the second largest discount retailer in the United States, with $65.4 billion in sales, and ranks number 28 on the Fortune 500 list.

(a)	How is Target different from other big-box retailers? Explain.	**07**
(b)	How was Target successful in building strong brand recognition among the customers by the use of various IMC tools?	**07**

OR

Q.4	**(a)**	Explain briefly the positioning strategy used by Target.	**07**
	(b)	How is Target successful in building a strong online presence? Why it has chosen to be present on social websites?	**07**

CASE STUDY:

Q.5	BMW is the ultimate driving machine. Manufactured by the German company Bayerische Moteren Werke AG, BMW stands for both performance and luxury. The company was founded in 1916 as an aircraft-engine manufacturer. It evolved into a motorcycle and automobile maker by the mid-20th century.

BMW's logo is one of the most distinctive and globally recognized symbols ever created. The signature BMW roundel looks like a spinning propeller blade set against a blue sky background - originally thought to be a tribute to the company's founding days as an air-craft manufacturer.

BMW's growth exploded in the 1980's and 1990's, when it successfully targeted the growing market of baby boomers and professional yuppies who put work first and wanted a car that spoke of their success. BMW gave them sporty sedans and exceptional performance and a brand that stood for prestige and achievement. The cars, which came in a 3, 5 or 7 Series, were basically the same design in three sizes. It was at this time that yuppies made Beemer and Bimmer the slang terms for BMW's cars and motorcycles, popular names still used today.

At the turn of the century, consumers' attitudes toward cars changed. Research showed that they cared less about the bragging rights of the BMW brand and instead desired a variety of design, size, price, and style choices. As a result, the company took several steps to grow its product line by targeting specific market segments. This resulted in unique, premium-priced cars such as SUVs, convertibles, and roadsters, as well as less expensive compact cars like the 1 Series. In addition, BMW redesigned its 3, 5 and 7 Series cars, making them unique in appearance yet maintaining their exceptional performance. BMW's full range of cars now includes the 1 Series, 3 Series, 5 Series, 6 Series, 7 Series, X Series Z4 Roadster, M Series, Hybrids, and BMWi.

BMW created the lower-priced 1 Series and X1 SUV to target the "modern mainstream," a group who are also family-focused and active but had previously avoided BMW's because of their premium cost. The redesign of the 7 Series, BMW's most luxurious car, targeted a group called "upper conservatives." These wealthy, traditional consumers don't usually like sportier cars, so BMW added electronic components such as multiple options to control the windows, seats, airflow, and lights, a push-button ignition, and night vision, all controlled by a point-and-click system called iDrive. These enhancements added comfort and luxury, attracting drivers away from competitors like Jaguar and Mercedes.

BMW successfully launched the X Series by targeting "upper liberals" who had achieved success in the 1990's and gone on to have children and take up extracurricular activities such as biking, golf, and skiing. These consumers needed a bigger car for their active lifestyles & growing families, so BMW created a high-performance luxury SUV. BMW refers to its SUVs as sport activity vehicles in order to appeal even more to these active consumers. BMW uses a wide range of advertising tactics to reach each of its target markets. However, the company's U.S. tagline, "The Ultimate Driving Machine," has remained consistent throughout the years.

(a)	How does BMW segment its consumers? Why does this work for BMW?	**07**
(b)	Explain the reasons of success of BMW.	**07**

<div align="center">**OR**</div>

Q.5	**(a)**	Should BMW ever change its tagline, "The Ultimate Driving Machine"? Why or why not?	**07**
	(b)	According to you, what other modifications can be done in the products of BMW? Suggest some new changes to be done by BMW.	**07**

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