

Subject Code: MB922

MBA II Semester [R07] Regular Examinations June 2010

MARKETING MANAGEMENT

Time: 3 Hours

Max Marks: 60

Answer any FIVE questions All questions carry EQUAL marks
Question No: 8 is Compulsory (Case Study)

1. Discuss about the core concepts of marketing from production to societal marketing
2. What are the various techniques to forecast marketing demand?
3. What are the variables used to segment consumer markets? Explain with appropriate examples.
4. What is the product classification based on the usage of the product? Explain in detail
5. What are the various pricing strategies? Explain in detail and state the conditions when they can be used?
6. Write about the various channel management decisions
7. What are the various types of retailing? Explain with Indian examples
- 8.

THE DILEMMA OF OMEGA TEXTILES

Aravind, Director, Omega Textiles was immersed in the reports submitted by ghost shoppers employed to monitor the readymade shirts counter for observing shoppers behavior and record everything of significance. The exercise was confined to retail showrooms dealing exclusively with men's apparel.

Omega textiles had a share of 18 percent in the fabrics market for shirting and suiting, recording a turnover of Rs. 225 crore in 2000 – 2001; 63 percent of it from shirting and remaining 37 percent from suitings. The single largest contribution to sales amounting to 20 percent was from institutional segment, comprising school and corporate uniforms. Omega had four brands, each in suiting and shirting, slotted into different price brands. The company also had a few sub-brands, introduced four years ago, under both its product lines. The general awareness of omega's different brands was very poor. With growing competition, Omega found it necessary to restructure its operations. The emphasis shifted to forming brand management teams with cross – functional inputs and the company commissioned market research (agency) studies to gauge consumer preferences. As the reports from the focus groups organized by the agency started coming in, Arvind had begun to examine the various options for expansion and diversification.

Marketing Research

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Earlier, Aravind had mooted the idea that branded readymade shirts market deserved a critical look. The market was valued at 900 crores and growing at a rate of 25 percent per annum for last three years – even a marginal share of 5% in readymade shirts mean turnover of 20 percent for the company. The idea appealed to the Managing director but the men's apparel market was very strongly brand driven worldwide. He suggested developing Omega as a brand and giving it a brand and personality. The agency working for Omega, started a serious study on the profile of the customers for Omega fabrics and found two distinctive segments

1. People between 25 and 35 years of age, earning about Rs.5,000 per month, with an average family size of five. Typically they were executives in small and medium scale companies. Most of them own two – wheelers, two in ones and TV sets. Their hobbies included reading magazines, mostly regional and watching films on TV. This class of consumers was concentrated in the cities and towns in south and west India, where Omega had a strong presence – contributing about 40 percent terms of durability, price and crease – resistant. A lifestyle analysis of the segment indicated that they were ambitious and inspiring by nature.

2. People between 33 to 45 years of age; earning between Rs 4, 000 to Rs.8,000 per month. The average family size of five. 60 percent worked for banks or public sector companies. Children's education and savings for a retired life were found to be the priority areas in their mindset. Shopping with the family was the only activity identified as a hobby.

Another interesting finding was that there was a strong base of respondents who bought Omega suiting but had only occasionally tried Omega shirting. Most of them switched shirting brands regularly. A majority of these respondents was found in cities and towns in South India. Omega was ranked high on price, durability and easy availability in terms of proximity to homes. These consumers are apprehensive of buying from retail shops that dealt with spectrum of unknown brands.

Omega textiles forte was the retail distribution chain that it has built over a long period of time with 530 exclusive retail outlets across 248 towns with south and west India accounting for 65% of them. Arvind recalled an early study that had revealed that the price segment between Rs.225 and Rs. 475 offered immense potential in terms of volumes.

Questions

1. Should Omega stick to the down market segment with which it is familiar, where the brand is already enjoying some equity or should it take a crack at the up – market segment, in which it had little experience and where it would have to face completion head on? Why?

2. What would be the communication strategies you would take up to position the Omega textiles in its new markets to enhance visibility, awareness and customer loyalty? Justify with the reasons from the case.

Subject Code: MA202

MBA II Semester [R07] Supplementary Examinations June 2010

FINANCIAL MANAGEMENT

Time: 3 Hours

Max Marks: 60

Answer any FIVE questions All questions carry EQUAL marks

1. What is Financial Management? What major decisions are required to be taken in finance?
2. From the following information calculate the N.P.V, P.I & I.R.R of two projects 'X' and 'Y' and suggest which one of the two projects should be accepted assuming the cost of capital is 10%

	<u>Project 'X'</u>	<u>Project 'Y'</u>
Initial Investment	20,000	30,000
Estimated life Value	5 Years	5 Years

The profit before Depreciation & After tax as follows

<u>Year</u>	<u>Project 'X'</u>	<u>Project 'Y'</u>
1	5000	20,000
2	10,000	10,000
3	10,000	5000
4	3000	3000
5	2000	2000

3. What is meant by Capital Structure? What are the major determinants of Capital Structure?
4. Write a short notes on
(a) Right Issue (b) Bond Dividend (c) Stock Dividend
5. Define Cash Management? Explain the techniques that can be used to accelerate the firm's collections
6. What is Working Capital? Explain the various kinds of Working Capital?
7. The Capital Structure of a Company is as follows

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<u>Source Of Finance</u>	<u>Amount(Rs)</u>
Equity Share Capital	5,00,000
Retained Earnings	1,00,000
Preference Share Capital	1,50,000
<u>Debt</u>	<u>2,50,000</u>
TOTAL	<u>10,00,000</u>

The following are the After-Tax Costs of Various Sources

<u>Source Of Finance</u>	<u>Cost</u>
Equity Capital	12%
Retained earnings	10%
Preference Capital	8%
Debt	5%

Calculate the Weighted Average Cost of Capital?

8. What is Financial Leverage? Explain the various kinds of Leverages

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MBA II Semester [R05] Supplementary Examinations June 2010

FINANCIAL MANAGEMENT

Time: 3 Hours

Max Marks: 60

Answer any FIVE questions All questions carry EQUAL marks

1. What do you understand by financial decision? Discuss the Major financial decisions
2. Critically Examine M-M Hypothesis on Capital Structure
3. A Company has a sales of Rs 5,00,000 Variable cost of Rs 2,00,000 Fixed cost of 50,000 and long-term loans of 3,50,000 at 10% rate of interest. Calculate composite leverage?
4. Write a short notes on
(a) Payback Period (b) Bond Dividend (c) EPS
5. Define Capital Budgeting? Explain the Various Techniques of Capital Budgeting which is used to make a investment decision
6. What is Pay-Out Ratio? Explain the Various Types of Dividend Policies?
7. Define Working Capital? Explain the Various determent factors of working capital?
8. What is Operating Leverage? How does it help in magnifying revenue of a concern?