

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA - SEMESTER– I EXAMINATION – WINTER 2019****Subject Code: 3519206****Date: 3-01-2020****Subject Name: Fundamentals of Marketing****Time: 10:30 AM TO 1.30 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 Explain the following terms 14
- (a) Segmentation
 - (b) Personal Selling
 - (c) Sales Promotion
 - (d) Aspirational groups
 - (e) Product Mix
 - (f) Perceived Value Pricing
 - (g) Co-branding
- Q.2 (a) Elaborate different methods of estimating future demands. 07
- (b) Discuss the components of a modern marketing information system. 07
- OR
- (b) Discuss different company orientation towards marketplace. 07
- Q.3 (a) What is Product Differentiation? Explain in what ways marketers can differentiate their offerings with suitable example. 07
- (b) Discuss different ways of segmenting consumer markets with suitable examples. 07
- OR
- Q.3 (a) Describe the Concept of Customer Perceived Value. Explain how can marketers at CPV disadvantage manage to increase the value of their product or services. 07
- (b) Explain different Product-Mix pricing techniques with suitable examples. 07
- Q.4 (a) Discuss the process for setting price of a newly developed product. 07
- (b) Define Marketing Channels. Discuss functions performed by channel members 07
- OR
- Q.4 (a) Discuss different pricing methods with suitable examples. 07
- (b) What is Channel Conflict? Discuss different strategies for managing channel conflict. 07
- Q.5 CASE STUDY:
- IKEA, which initially sold pens, Christmas cards, and seeds, has evolved into, the largest furniture retailer in the world with approximately 300 stores in 38 countries, and a global cultural phenomenon.
- IKEA achieved this level of success by offering a unique value proposition

to consumers: leading-edge Scandinavian design at extremely low prices. The company's fashionable bargains include products with unusual Swedish names such as Klippan loveseats for \$279, BILLY bookcases for \$60, and LACK side tables for \$8. IKEA founder Kamprad, believed it was easier to remember product names rather than codes or numbers. The company is able to offer such low prices in part because most items come boxed and require the customer to completely assemble them at home. This strategy results in cheaper and easier transportation as well as more efficient use of store shelf space.

IKEA's vision is "to create a better everyday life for the many people." Its mission of providing value is predicated on founder Kamprad's statement that "People have very thin wallets. We should take care of their interests." IKEA adheres to this philosophy by reducing prices across its products by 2 percent to 3 percent annually. Its focus on value also benefits the bottom line: IKEA enjoys 10 percent margins, higher than its competitors such as Target (7.7 percent) and Pier 1 Imports (5 percent). IKEA sources its products from multiple companies all over the world rather than a handful of suppliers as many furniture retailers do. This ensures the lowest price possible, and savings that are passed on to the consumer. Today, IKEA works with approximately 1,300 suppliers from 53 countries. IKEA's stores are located a good distance from most city centers, which helps keep land costs down and taxes low. The average IKEA customer drives 50 miles roundtrip to visit an IKEA store. Many stores resemble a large box with few windows and doors and are painted bright yellow and blue—Sweden's national colors. They save energy with low-wattage lightbulbs and have unusually long hours of operation; some are 24-hour stores. When a consumer walks through an IKEA store, it is a very different experience than most furniture retailers. The floor plan is designed in a one-way format, so the consumer experiences the entire store first, then can grab a shopping cart, visit the warehouse, and pick up the desired items in a flat box.

Many IKEA products are sold uniformly throughout the world, but the company also caters to local tastes. In China, it stocked 250,000 plastic placemats with "Year of the Rooster" themes, which quickly sold out after the holiday. The company realized U.S. shoppers were buying vases as drinking glasses because they considered IKEA's regular glasses too small. It developed larger glasses for the U.S. market. IKEA managers visited European and U.S. consumers in their homes and learned that Europeans generally hang their clothes, whereas U.S. shoppers prefer to store them folded. Therefore, wardrobes for the U.S. market were designed with deeper drawers. Visits to Hispanic households in California led IKEA to add seating and dining space in its California stores, brighten the color palettes, and hang more picture frames on the walls.

- (a) Whys is it important to understand consumer behavior? Discuss how IKEA gets benefitted by understanding consumers. 07
- (b) Define Customer Value. How IKEA creates value for the customer? 07

OR

- Q.5 (a) What is Positioning? Discuss IKEA's positioning strategy. 07
- (b) Elaborate how IKEA customized its offering for different customer segments? 07
