



Eastern University, Sri Lanka

Faculty of Commerce & Management

Third Year First Semester Examination in BBA /Specialization in Marketing Management

2009/2010 (August 2011) (Proper)

MKT 3023 Marketing Communication

Answer all questions

Time: 03 Hours

Read the following case study and answer the questions given below.

### ASIAN PAINTS LTD

Mr. Choksey of Andhra Pradesh belonged to the laid-back business community of India. Yet his vision was to "See Indian homes painted in a variety of colours from a truly Indian company."

His mission statement read as "To provide Paints as per Market Demand ensuring desired level and quality of Customer (Dealer) Service, continued availability of Right Product Mix of Right Quality at Right time".

With near servile attitude of their dealers, MNCs took pride in serving metros and large cities through dealers who also supplied the products to semi urban markets; they were however concentrating on metros and found rural market non-existing. Business environment was hostile to Indian Paint Industry and more so to a new entrants.

Suppliers of raw materials were favoring MNCs because of their money power. MNCs kept the Metros satisfied with their service Goal of Asian paints, which were, "Setting up manufacturing facility for paints in a large variety".

Strategy was to build a paint company as a role model of outstanding performance.

The poor and rich divide continued. The lot of farmers in Punjab, Haryana and Andhra was improving. In East of India, Bihar youth took to guns to combat poverty by dacoity and mafia started to thrive in Orissa. Environment in 1970s was such that for the first time political changes were taking place. The people had rejected imposition of emergency and the government changed hands. Business climate however did not change much. Entry of new foreign companies was

severely restricted through government controls. Population was growing again at around 23 per 1000 as compulsory family planning had failed. Most citizens remained poor with pockets of excessive wealth. Migration workers from Bihar, Orissa to Bengal and Punjab continued. Bengal and Kerala industries suffered due to Marxist role in labour unrest.

Competitive Environment: Market for paints was at dead end. It was totally dominated by MNCs and Indian companies were looked down upon. MNCs had a cartel approach and had dealers with long-standing relationship in an Oligopoly Market. Entry barriers were not there as paints were low tech and low capital projects. Brand loyalty was remnant of Raj days. Alternate products were lime based low cost used by most in poverty-ridden India. In rich homes and offices wood panelling was being used increasingly. Market was largely controlled by MNCs.

Mr. Choksey found that to fight MNCs he had to look at the market segment so far neglected by them. He surveyed the market and found that near vacuum exists in semi-urban and rural market. They however had special needs. "Low cost paint in small containers." The segment needed a new distribution system as well.

Asian Paints value far the e customers were to build through innovative packaging (size), distribution, communication. In 1970s, they decided to computerize a network their 30 depots round the country to provide proper feedback of market needs resulting in quick response to meet the needs.

They planned new distribution structure, smaller packages and computerized communication network.

Mr. Choksey did not have any animus towards MNCs who had' shown hostility and created entry barriers for him.

Asian Paints differentiation strategy starts from Market Segment, distribution and packaging. With increasing volumes in chosen segments, Asian Paints achieved economies of scale for cost leadership. With dominant position, they diversified product range as also market and geographic segments.

1. They diversified into manufacture of raw materials for paints.
2. Product Diversification also included industrial paints. Now with large market share they have strong distribution network even in metros.

Asian Paints strategy of quick response translates as having 915% orders supply in 48 hours and is appositive competitive advantage. Their R&D has developed new products to cater to Industrial and scientific segments. Paint industry is in growth stage in India as building construction activity has a high priority.

In order to maintain -market leadership (with 27% market share, they enjoy double the market share than their nearest competitor), they have drawn up the following strategy: *Backward vertical integration by go*

Mr. Choksey's style of functioning was informal as he kept friendly relations with depot staff, sales team and he could be seen having tea in some rural dealers, shops. He started overseas operation to expand his horizons further.

With liberalized economy, international brands are likely to enter the market, as entry barriers are low in paint industry.

To keep their dominant position Asian Paints should use vigorous R&D for innovative products, increase the number of depots for covering the entire country, advertise separately for each market segment and arrange continuous market research to their competitive advantage.

#### Questions:

1. Illustrate the importance of Marketing Communication in the competitive environment?

(Marks 05)

2. What should be the Asian Paints' communications strategy to stay as market leader?

(Marks 05)

3. Can Asian Paints preparea yearly advertising plan? If yes, then for what benefits and if no, then why not?

(Marks 06)

4. Maintaining and improving brand equity for Asian Paints is the task of maintaining the quality of the product. Discuss.

(Marks)

5. If you were the brand manager of Asian Paints, how would you act for the situation said in question 4?

(Marks)

(Total 28 Marks)

**Q2. i)** There are number of reasons clients switch agencies. List the common reasons why agencies lose their clients.

(Marks)

**ii)** Number of factors led to the shift in sales promotion from media advertising. Analyse the reasons for the increase in sales promotion.

(Marks)

**iii)** "No organization has an unlimited budget; therefore, objectives must be set with the budget in mind". Describe the process of budgeting for Integrated Marketing Communication.

(Marks)

(Total 18 Marks)

**Q3. i)** One of the advantages of Direct Marketing is it lets the advertiser reach a large number of people and reduces or eliminates waste coverage. Discuss the disadvantages of Direct Marketing.

(Marks)

**ii)** "Sponsorship is a process by which a company, organisation or individual provides an individual organisation with funds, products or services for commercial advantage". Explain the role of Sponsorship within Marketing Relationship.

(Marks)

**iii)** "Advertising departments is part of marketing services and provides support to the brand managers". Discuss how a brand manager would be involved with an integrated marketing communication programme.

(Marks)

iv) "An effective communication program involves understanding the response process the receiver may go through in moving towards a specific behaviour". In this context, evaluate the hierarchy of effects model.

**(Marks 06)**

**(Total 18 Marks)**

Q4. i) The changing market place has had a significant impact on how personal selling activities are conducted and how successful firms will compete in the future. Now personal selling differs from other forms of communication. Comment on this.

**(Marks 04)**

ii) "The actual process of conducting Public Relations (PR) and integrating it into the promotional mix involves a series of both traditional and marketing - oriented tasks". Name the PR tools and explain four (04) of them with suitable examples.

**(Marks 06)**

iii) "The development of the media plan and strategies is more specifically keyed to determining the best way to deliver the message". Analyse the process with an appropriate example.

**(Marks 08)**

**(Total 18 Marks)**

Q5. i) As the digital revolution continues, marketers will be making greater use of the internet in their global as well as local International Marketing Communication programmes. Analyse this trend.

**(Marks 05)**

ii) Illustrate Video News Release (VNR) with an example and explain how it can help marketers to have much control over the time and place.

**(Marks 05)**

iii) Evaluate the arguments for and against advertising to children. Do you feel restrictions needed for advertising and other forms of promotional targeted to children.

**(Marks 08)**

**(Total 18 Marks)**