



Eastern University, Sri Lanka

Faculty of Commerce and Management

Final Year Second Semester Examination in BBA

Specialization in Marketing Management 2009/2010(August, 2011)-Proper / Repeat

MKT 4223 – Advanced Marketing Management

Answer all Questions

Time: Three Hours

Q1. Read the case study and answer the questions given below

THE NEIGHBORHOOD MARKET

Background

The *Neighbourhood Market* is a small, family owned and run supermarket in a small area in the suburbs of Colombo. The market has been in the same location for 36 years. The market dates back to when food shopping was just beginning to spread to large strip malls, and small neighborhood markets still had significant market share in many communities. At that, time convenience stores such as Cargills Food City were novelties. The store has frozen foods, fresh vegetables, canned goods, some Halaal foods, breads, a small but varied meat, pork and chicken case, a dairy case with both prepared delicious meats (e.g., pizza hut, etc.), cheeses and some fresh items (cole-slaw – a kind of vegetables, roasted peppers, etc). Meats and produce can be custom cut, and the market prepares sandwiches and delicious trays. The major position, however, is not for specialty meats such as main beef or free-range chicken, but regular choice type fare. The delicious food items, while reasonably assorted, would best be described as *Italian* and *Chinese*. While it has been certified as *Kosher* (food processor), it does not have the appearance of more traditional *Kosher* delicious foods with separate slicers and cold box for kosher meats, as well as traditional items such as curry. The physical facility is probably no larger than 4000 square feet. (For those of you not familiar with retail, this is about the footprint size of a convenience store.) The store has four main areas, with meat and delicious food counters at the back. Prices are, reasonably, competitive with other local chain supermarkets; however, on some items they may be about a 5-10% premium. The prices for most items are, significantly, less than convenience stores charge for the same items. The store appears old because it has long history in this sector. Hand written signs are common. One check out line is always manned, and a second register is manned by family (“from the back”) when the store gets crowded. There are no scanners, but ATMs are accepted. While the *Family Market* has some shopping carts, unreliable evidence indicates that most shoppers

can carry their purchases or use smaller, hand-held baskets to carry their purchases to the register.

The service and style is about as informal and personal as could be imagined. Much of the interactions between customers and staff are on a first name basis, and orders for meats and cold cuts are often phoned or faxed in. Personal conversations are common at the back delicious food counter, and friends will often wander behind the counter and into the back where the meats are cut and the meat locker (a walk-in, refrigerated room for meats) reside. During rainy season, the store stays open late for people who need groceries and are rainy bound. The area has six restaurants (some take out, others pubs) and one uses ground beef from the market and states this on the menu. The area has a one-way street, with parking on both sides. Parking is always an issue, and the local police are very strict on (LKR 1,000 ticket even for the shortest stay.) However, the area has a train station and the immediate population density is quite high, so there is much foot traffic. Also, with some practice, people can learn various parking strategies. Unless going to the market becomes a social event, the "in and out" time is usually quite quick. The demographics are, economically, very diverse, with the immediate area having a blue color through upper middle class mix. At one time, the area was, predominately, Buddhist, however, that is shifting. The larger surrounding area is, moderately, to very wealthy with a large Muslim population.

The Family Market does not advertise in print media or electronic media. They, usually, sponsor youth athletic teams, participate in community events, and have signs in the windows.

The Immediate Situation

A small, independent grocery store situated about a half-mile from the area has lost its lease and is closing. The appearance is, highly, frustrated. According to local vendors (e.g., Pepsi, Coke, bread, & specialty suppliers) this store moves huge volume and other than on holidays is, usually, packed most of the day. The store is very price sensitive and, usually, is below competitors on most offerings, and, significantly, below competitors on sale offerings. The store is almost inconsistent in its selection of product—the meats are limited and of average quality (they do not cut meat on basis—it's packed and shipped to the store), the pork selection is, highly, 4 feet, but the poultry counter is, probably, 20 feet, with 5 feet of *Kosher* chicken, at, approximately, twice the price of alternative brands. A fresh fish counter is, probably, 20 feet, with a large selection and prices about 25% below specialty fish markets in

the areas. The delicious food counter, usually, has 3-4 workers, and has a separate *Kosher* counter. The volume is such that customers take numbers, and a wait of 10 to 20 minutes is not uncommon. Fresh breads (regular and specialty) have large shelves and display space. The market has a large selection of *Kosher* foods and on certain Muslim holydays the store will run 40 feet of *Kosher* selections. However, while the store, obviously, caters to a large market with ethnic preferences, it would be wrong to assume that this is the only segment. Several apartment buildings are in the immediate area that has a large percentage of retired people who often visit the store.

The store will be replaced by an up-scale very large, locally, owned chain grocery store in the strip mall. The new store will be greater than twice the size of older store and will occupy two stories with a large food preparation area in the basement. The new store will have to do 2.5 times the volume of the previous store to be profitable. Information from the trade indicates that its owners view this store as a "flagship store" and the opening will be, strongly, promoted in the trade area. However, while the market is closing in late September, the replacement market will not be opening until the beginning of November. In the immediate area (e.g., 2 mile radius of the Family Market) customers can choose from two chain markets and a specialty market (a "Fresh Fields" type store).

Questions:

- a) What are the business advantages generated to the Family Market due to the changes taken place in the two stores mentioned in the case study?

(08 Marks)

- b) What types of different current market segments that you can come up with for the Family Market?

(06 Marks)

- c) Are there any potential changes that you predict if the market closes?

(08 Marks)

- d) What overall promotional strategies that you recommend to the family businesses?

(06 Marks)

(Total 28 Marks)

Q2.

- a) 'The media planner needs to know the capacity of the major advertising media types to deliver and reach the messages more effectively'. Explain those capacities with suitable example.

(04 arks)

- b) 'In the present scenario, Cable TV advertisements are becoming a common advertising media used by small and medium enterprises'. Outline the advantages and disadvantages of Cable TV advertising in Sri Lanka.

(05 arks)

- c) Identify and explain three possible problems that a pharmaceutical manufacturer may face when he / she decides to advertise in a foreign market?

(08 Marks)

(Total 18 Marks)

Q3.

- a) 'If you are a Marketing Manager for a Small Regional Toy Manufacturing organization to make a Strategic Marketing Application to your value creation and delivery sequence practices, you must use three processes'. Name those three processes applicable in the industry.

(04 Marks)

- b) "Characteristics of services greatly affect the design of Marketing Programs" Do you see any issues with this framework in relation to the service market?

(05 Marks)

- c) In the central role of strategic planning, only a handful of companies stand out as master marketers – Procter & Gamble, Southwest Airlines, Nike, Disney, Nordstorm, Wal-Mart, and McDonald's to name a few. Why do you think they stand out? Explain.

(08 Marks)

(Total 18 Marks)

Q4.

- a) 'Most of the Cell phone companies use a two-part pricing in Sri Lanka. Is it a better pricing strategy for this sector? Explain this in consumers perspective.

(06 Marks)

- b) What pricing strategy do you recommend to generate the greater long-term sales and customer loyalty? Illustrate.

(06 Marks)

- c) Discuss the difficulties an international company would face if it set a same worldwide price for a commodity-type product.

(06 Marks)

(Total 18 Marks)

Q5.

- a) Illustrate the importance of "Marketing Communication" in the competitive environment.

(04 Marks)

- b) Assume that you own a small printing firm and have the opportunity to bid on a government contract. Give three advantages and disadvantages of working under contract with the government.

(06 Marks)

- c) Is it a certain that a company will lose out on new opportunities if it does not keep-up with new technology? Explain your position

(08 Marks)

(Total 18 Marks)