

Eastern University, Sri Lanka

Faculty of Commerce & Management

Second Year First Semester Examination in BBA/BCOM
2016/2017 (July/August 2018) (Proper/Repeat)

MKT 2013 Marketing Management

Answer All 05 Questions

Time: 03 Hours

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

Carrolls Meats

Thomas Carroll founded Carroll Meats in 1979 and he quickly built up a reputation as a supplier of high quality sliced meats. In the late 1990s, Carroll decided to enter the chilled ready meals segment. He felt that there was a gap in the market as there was no other Irish producer of a branded ready-meal product. As a supplier of cooked meats, he knew the retail trade well and knew that the ingredients could be sourced locally. He approached the major supermarket buyers in Ireland with a view to producing a branded product. Their response was encouraging and they were willing to stock the brand if the profit margin was right.

The market for chilled ready meals in Ireland

In the late 1990s, the chilled ready meals (vegetable, meat or fish-based meals) market was relatively under-developed in Ireland. The sector tends to be dominated by private-label sales by multiple retailers, such as Tesco's and Marks and Spencer. In contrast to the frozen ready meal sector where branding is the norm, there is virtually no branding of chilled ready meals. Large manufacturers have been deterred from entering the market on account of several other factors: Problems of short shelf life, potential for growth of food-borne bacteria (particularly salmonella and listeria) if temperature abuse occurs, high wastage levels, handling of these products during transportation and in the retail shops is complicated, the high level of own-brand penetration, which reflects the close co-ordination required between retailer and supplier to ensure product quality and safety and barriers to international trade due to the need for efficient hygiene and temperature control.

The factors that contributed to the growth of ready meals in the EU were numerous and varied: an increase in the number of single person households, increasing household penetration of microwave ovens, a move towards lighter meals together with greater health/weight consciousness, consumer interest in ethnic foods, a move away from family meal occasions, increase in female participation rates in the labour force, which is linked to increasing demand for convenience products, the increasing sophistication of the 'chill-chain' and changes in technology and packaging (foil containers have been replaced by PET containers that can go straight into the fridge, freezer, microwave or conventional oven).

Chilled ready meals tend to be perceived as highly-priced luxury goods, hence their consumer base is relatively affluent. The product appeals to the buyer who does not always have the willingness, or ability, to prepare meals.

The market is mainly comprised of professional people with busy lifestyles, well traveled, who eat alone - even if they live as families. Consumers also purchase ready meals when faced with times pressures or to get out of the rut of daily meal preparation. It is expected that the consumer profile will change as the products become more widely diffused through the population.

Marketing strategy

The product range consisted of Italian, Chinese and Indian dishes, such as lasagne, curry and stir-fry, which were sold with an accompaniment such as rice. Carroll decided to base the products on mainstream international dishes in order to appeal to the perceived conservative nature of the Irish customer. The whole product range was available pre-packed and sold as a microwave product. The product lines, chilled ready meals and processed meats, were sold under the company brand.

Carroll decided against the adoption of a premium pricing strategy and felt that the product offered good value for money. The product range is limited and the packaging rather basic which helped restrict costs. The quality of the product was considered to be vitally important. With respect to distribution, the product was sold in multiples, city-center convenience stores and garage forecourts.

The Future

The product is in the early stages of its life cycle and there is relatively little competition in the chilled ready meals market in Ireland. In general, other ready-meals manufacturers produce frozen products for the international marketplace. The Irish market is not yet national in the sense that few national brands exist and the retail chains have yet to distribute private-label products nationally. The competitive situation has allowed the company to enter the market with little or no advertising. However, this is not considered to be a major disadvantage since the brand names of competitors in the chilled foods segment are not well known, and own-label brands do not use national TV advertising.

Carroll monitors market trends and believes that he has a general feel for the type of issues that are of concern to consumers in relation to their food consumption. The owner is in regular contact with salespeople, he reads the trade press and talks to owners of similar companies at trade fairs. In this sector of the food market, consumers generally tire of eating the same products on a regular basis, and Carroll is aware that a broad product range and/or high rate of product turnover will be required in the future to maintain consumer interest. Carroll is worried that the recent BSE crisis will affect sales of traditional meat-based dishes, such as lasagne.

According to Carroll, chilled foods are sometimes bought on impulse. Therefore, factors such as the attractiveness of the product, the impression of freshness, the range of products, all help stimulate impulse purchasing. The convenient nature of the product meant that independent outlets such as city center convenience stores (e.g., SPAR) and garage forecourts are important in generating impulse purchases. Some of these smaller retailers are not in a position to sell own-label products since private-label manufacturers are not interested in supplying small retailers. Small independent retailers are restricted by space to the number of lines they can carry. They do not have sufficient turnover or highly sophisticated distribution systems to overcome problems related to short shelf-life and temperature control which together can result in high wastage levels.

Packaging plays an important role in keeping food products fresh. In the EU, the trend towards 'green' products have seen the growing use of recyclable board trays rather than plastic. At present, Carroll is more interested in developing the home market rather than on exporting. The owner-manager acknowledges that his lack of marketing expertise may hamper the future growth of the company. He would like to undertake a formal marketing planning process in order to explore areas for improvement.

Questions

- a. Perform a SWOT analysis for the chilled ready meals sector. (09 Marks)
- b. What information would you require in order to develop a marketing plan for the company? Describe the potential structure and contents of a marketing plan. (08 Marks)
- c. What recommendations would you make as part of the marketing plan? (06 Marks)
- d. What are the major challenges which Carroll Meats may face in the future? (05 Marks)

(Total 28 Marks)

- Q2. a. "Marketing is the science and art of exploring, creating and delivering value to satisfy the needs of a target market at a profit. Explain the term "Marketing" and list out its functions. (05 Marks)
- b. "Business cycle refers to economy-wide fluctuations in production, trade, and general economic activity". Explain the stages of a business cycle. (06 Marks)
- c. "A market segment consists of a group of customers who share a similar set of needs and wants." Discuss the bases for segmentation of consumer market. (07 Marks)

(Total 18 Marks)

- Q3. a. Describe the term "Marketing Research" and illustrate why Marketing Research is important to a firm specially in a competitive market situation. (06 Marks)
- b. Briefly describe the steps in Marketing Research Process with suitable examples. (05 Marks)

c. "Customer Relationship Management (CRM) is an approach to manage a company's interaction with current and potential customers". Explain the importance of Customer Relationship Management to a service organization.

(07 Marks)

(Total 18 Marks)

Q4. a. Describe how consumer behaviour is affected by two main categories of influence: environmental & individual factors.

(05 Marks)

b. Identify the three distinctive features of business market and explain how they differ from consumer market.

(06 Marks)

c. "Organizational buying is the decision-making process by which formal organizations establish the need for purchased products and services and identify, evaluate, and choose among alternative brands and suppliers". Briefly describe the different business purchasing situations with suitable examples.

(07 Marks)

(Total 18 Marks)

Q5. a. Describe the term "Marketing Communication Mix" as part of the marketing mix with examples.

(05 Marks)

b. "Personal selling is also known as face-to-face selling in which one person who is the salesman tries to convince the customer in buying a product". Explain the advantages and disadvantages of personal selling in a service firm.

(06 Marks)

c. Critically comment on the application of Product Life Cycle in a firm which faces a tight competition from local and foreign suppliers.

(07 Marks)

(Total 18 Marks)