



**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA**

**PGDM / PGDM (M) / PGDM**

**Sixth Trimester (Batch 2019-21) Gr 3**

**End Term Examinations, May 2021**

**Main Question Paper**

Course Name	B2B Marketing (B2B Gr 3)	Course Code	MKT604
Max. Time	2 Hrs	Max. Marks	40

**INSTRUCTIONS:**

1. Be warned that the pressure of time and level of difficulty is in-built in the time duration of the examination and if you waste your time in looking and looking answer from outside sources either you will fail to find the answer or left with no time to give good answer.
2. Be advised not to indulge into looking at any other document except the case and your analysis.
3. Your answer has to be a good blend of theory and application to demonstrate your proficiency in the course. Mere theoretical answer will be considered as NOT ANSWERED.
4. All questions are compulsory.
5. All questions carry equal marks.
6. Be precise and clear in your answer.
7. Plagiarism limit is 15. Crossing the limit would earn you F in the exam.

**QUESTIONS**

1. Recommend the improvement in the buying behavior model given in the case. Describe the Buying Centre given in the case situation. State which member of the Buying Centre is important at different stages of buying?
2. Analyze Geta's proposed media-mix over the years. Explain how the composition of media-mix would have changed if digital media were available in 1997?
3. Explain segmentation process used in B2B markets? Arrive at the target segments for Geta and Justify it.
4. Analyze the pricing approach proposed by GETA. Is any alternative approach possible?

Mr. Mohan, Managing Director of Geta Corporation, was going over the proposed marketing strategy and the plan prepared by his marketing manager. He had to begin marketing activity for the company soon and was wondering whether he should accept these proposals.

The company was a member of the Tecta group of companies. The group has been in electrical and other plant erection and construction business for a long time. A lot of its business has been with large public and private sector-steel, other basic metals, and heavy engineering – units. Geta Corporation was promoted in 1997 in technical collaboration with Tedar of France, which is an internationally renowned company in the field of specialized wear-resistant rubber products. Tedar is also the largest manufacturer of these products.

## **The Products**

Geta Corporation was planning to manufacture and market the following products:

### **1. Lining for grinding mills**

These are special wear-resistant rubber linings designed for primary, secondary and tertiary grinding in rod, ball and autogenous mills. These mill linings consist of lifter bars and shell plates. The combination of the unique design of the lifter profile and the flexible attachment system leads to minimum wear and thus greater economy in terms of lining cost per tonne of material ground. Other advantages of the product are improved grinding at lower power consumption, reduced maintenance and downtime, easier installation and reduced noise level. The profiles are selected to meet any of the following criteria:

- Maximum capacity
- Maximum lifetime, or
- Optimum lifetime/capacity

### **2. Rubber screen decks**

Combining the benefits of their unique design features, with the natural advantages of rubber, Geta's rubber screen decks offered the following advantages:

- Higher efficiency and longer life
- Reduced downtime and maintenance
- Lower cost per ton of material screened
- Ease of installation
- Reduced noise level, leading to improved working conditions

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*Case written by Late (Prof). Labdhi Bhandari and Mr. Madan Mohanka, IIMA and updated by in 2005*

*Dr. S. R. Singhvi*

### **3. Heavy-duty wear components**

Wear resistant rubber is used for lining chutes, liners, hoppers, launders, skips and dumper trucks. Since each has a different set of operating conditions, the lining is designed suitably. Compared to conventional lining material, Geta rubber wear components also offered lower dust generation, less downtime and maintenance, easier installation and reduced noise.

Besides these products, Geta manufactured moulded replaceable pump linings, slurry pipe lining, pulley bars (lagging) and belt scrappers. The products were custom-built and required design/production-planning lead-time of 2 months from the time of receipt of order.

## The Market

The product was being manufactured for the first time in India. The market consisted of steel, copper, cement, porcelain, glass and coal industries, gold, copper and iron mines, refractories, fertilizer units and zinc smelter units. The company estimated a total population of 200 such units spread all over the country. All potential buyer organizations were very large in size and consisted of a large number of public sector undertakings, who were geographically dispersed.

According to a survey for 50 large buyer organizations the one-time demand estimate of wear rubber was placed at 2,700 MT (Rs.13 crore) and replacement demand at 800 MT (Rs.4 crore) per annum. The replacement demand was estimated as 1/3<sup>rd</sup> of the one-time potential demand. Exhibit 1 gives a list of the buyer organizations along with the one-time and replacement potential demand as well as the applications. The estimated demand of 50 buyer organizations was expected to account for 50% of the total potential demand.

An initial survey had predicted an annual demand pattern as follows:

<u>Year</u>	<u>Demand Potential (MT)</u>
1997	372
1998	671
1999	562
2000	541
2001	636

Geta divided the potential customers into 3 segments, A, B, and C, based on business potential and new product acceptance. The first segment A would consist of those members of the population, which combine the highest business potential along with the highest new product acceptance. Segment B would be those members with either high business potential but low acceptance or low business potential but high acceptance.

The third segment was the balance population with low potential and low acceptance. It was felt that segment-wise distribution of total population would be as follows:

<u>Segment/Category</u>	<u>Population</u>
A	40
B	60
C	100

## Buyer Behaviour

There were 4 different stages identified in the decision making process of the consumers. These were supposed to be AWARENESS-INTEREST-DECISION and finally ACTION. It was believed that the consumers would be moved through these stages by 9 sales visits. It was estimated that the decision-making process would take somewhere around 4 to 6 months. This would include time from the first visit made until the placing of an order. Not all the consumers contacted might place an order. Thus, the sales effort might succeed or fail. It was thought the success rate for 3 segments of customers would be:

<u>Segment</u>	<u>Success rate</u>
A	70%

B	40%
C	20%

Buyers are classified as successful when they are taken through the complete buying process. Amongst the successful buyers, too, some would take a longer time to place an order. The successful buyers were segregated according to time taken to place orders as follows:

<u>Successful Populations</u>	<u>Order Placing Time</u>
30%	4 months
30%	5 months
40%	6 months

The plan drawn expected a total of Rs.80 lakh of orders during the first year, out of which Rs.20 lakh were to be in the first 4 months. Based on customer behaviour, for the launch phase 975 sales visits were planned.

Category wise these were divided as follows:

<u>Category</u>	<u>No. of Visits</u>
A	267
B	306
C	402

Each sales visit was to take 2 days inclusive of travel time.

### **Pricing**

The objective was to seek the price that would in the long-run yield the greatest net return. Various factors had to be considered in the analysis.

- a) No competition existed at that time. The product was going to be manufactured for the first time in India and the market was a protected one.
- b) Competition based on technical parity or on an organized scale was not expected based on indigenous research. The knowhow had to be imported.
- c) The knowhow could come only from one source-Tedar. No other source enjoyed the international reputation as Tedar. Import of knowhow from another source was expected to pose less of a threat. Other manufacturers were new entrants, who lacked the reputation and the products were technically poorer.
- d) Possible future competition could be –
  - From companies presently manufacturing equipment/materials for the Mineral handling and processing industry
  - From companies presently engaged in the manufacture of rubber products, or
  - From companies which fell into neither of these categories.

One company, which belonged to the first category, was the selling agent for similar imported products. Therefore, there was some threat of competition from this quarter. Companies belonging to the second category posed a real danger. However, it was not known at that time,

whether any company was planning to diversify into wear-resistant rubber area. A company belonging to the last category was not expected to enter as a competitor, since the minimum time required to implement such a project was 33 months. For a manufacturer in the field of rubber products the time required was 2 to 2.5 years.

- (e) The cost of establishing a competing project was expected to be higher on account of inflation
- (f) A competitive pricing behaviour could be to undercut Geta prices as much as possible, or only to a marginal extent, say 10%, to ensure entry into the market, or on the basis of slightly lower price.
- (g) The existing competition for Geta was not from other brands of wear-resistant rubber, but from other products, which served the same general purpose as Geta's products. The products that served the same general purpose were the following:
  - \* Grinding mill linings
    - Cast Iron
    - White cast iron-manganese steel
  - \* Screen decks
    - Nickel hardened steel
    - Wire mesh decks
    - Punched steel decks
  - \* Wear components
    - Cast iron
    - Mild steel
    - Manganese steel
    - Wood

The cost of these products was of little relevance. The important thing was the relative economics, which varies for these 3 categories and also for varying conditions in a particular product group.

Keeping these factors in mind the price of Geta's product had to be fixed and it was to be different for grinding mills, screen decks and wear components if determined on a per kg basis. For each of these applications, the price was to vary over a range. The parameters required for such a computation were:

- Total cost of steel lining/deck
- Life of steel lining/deck
- Life of rubber lining/deck
- Total weight of rubber lining/deck

A sample calculation based on the estimates of some secondary ball mills is shown in Exhibit 2.

The range of comparative life between steel and rubber for each of the application areas was as follows:

- \* Grinding Mill - 1 to 3 times life of steel
- \* Screen Decks - 6 to 20 times life of steel
- \* Lever component - not known

- (h) The tangible rupee value benefits enjoyed by the consumer would depend on the pricing policy of Geta. The intangible benefits could not be converted in terms of rupee-value benefits.
- (i) The liner costs as a percentage of the total cost per ton of the processed one were considered as negligible. So the buyer was not expected to change from steel to rubber purely based on cost reduction. Cost benefit in percentage terms was marginal – 0.1%. However, it was easily possible to have cost reduction in the area of liners in terms of absolute value-it could be of the order of Rs.1 lakh to Rs. 5 lakh a year.

- (j) Initial cost with rubber would be higher than steel. For mill linings, the initial price ratio for rubber steel would be 1.5-2:1. However, for screen decks, it was expected to be in the range of 8-14:1.
- (k) Tedar had submitted quotations to several potential customers in India for material from France and in some cases material had already been imported. So potential customers were expected to compare the FOB prices of imported material to Geta's ex-works prices.
- (l) The product cost for Geta could not be determined exactly at that time due to insufficient information. For grinding mill linings, a rough estimate of Rs.33 per kg was made. Price was supposed to come down with increase in production because overheads were a major component of cost.
- (m) No danger of obsolescence was expected for the product for a considerable period to time.

The above considerations suggested the following prices:

*The lowest price-Pl:* was the cost plus a minimum desirable margin to ensure a reasonable rate of return on investment.

*The highest price-Ph:* was the price of rubber, which was to have the same effect as the price of the casting product on the cost structure of the customers and product.

*The competitive price-Pc:* was the price that could be safely charged, once competition started, and was based on the assumption that the competitor followed a policy of undercutting Geta's price only to such an extent that he made a reasonable profit.

*The benefit price-Pb:* was the price, which represented a tangible rupee-value benefit to the buyer, when compared to the economics of the existing product.

*The Tedar price-Pt:* was the rupee equivalent of Tedar's FOB prices. (For details see Exhibit 3).

The Tedar price Pt was assumed to be higher than the lowest price Pl. The analysis indicated the price is to be fixed at the benefit level. The advantage of this skimming price policy besides maximum possible return was that it could enable the firm to recapture through cash inflow from sales, all or major portion of cash outlays made on the project before competition began. The process of determining the benefit price was to determine the highest price Ph and then decide upon the quantum of benefit to be given to the buyer. (For details see Exhibit 4.)

The calculations of a benefit price for ball mill lining in Exhibit 3 were based on the following conditions:

Balls	-	2.5 to 3"
Mill	-	8.5 to 11"
Feed	-	1.5 m to 10 m
Speed	-	70% to 80% critical
Ore	-	Iron - Copper

The benefit price arrived at was Rs.53.33 per kg. The calculation was based on a 50% benefit to the buyer with rubber.

For computing the competitive price Pc it was necessary to consider 3 factors, namely, when the competitor was expected to commence production, what the competitor's cost of manufacture would be in relation to Geta's cost and what price premium Geta would be able to command by virtue of its technical superiority and earlier entry into the market. The competition was as below-

* Geta's cost (inclusive of overheads)	-	M
* Competitor's	-	M + 10%
* Competitor's minimum price	-	M + 10% + 20%

Geta could command a premium of 10%, if the competitive price would be –

$$\begin{aligned}
 P_c &= M + 10\% + 20\% + 10\% \\
 &= M + 40\%
 \end{aligned}$$

It was proposed to compute  $P_b$ , the benefit price for the installations for which data had been collected. Excise duty was not considered because it was understood that based on the Central Excise Tariff, Geta's products were eligible for exemption. The matter was under discussion with Excise authorities.

### Promotion and Advertising

The objective of all the promotional activities was to ensure maximum possible market penetration with the maximum profit. The objectives of promotional activities were:

- Awareness building
- Comprehension/Interest building
- Conviction building
- Establish company and product recognition and reputation
- Enquiry generation
- Reach persons inaccessible to salesforce

The target audience included the actual user like mining, cement, aluminum, fertilizer, ceramics and steel industries, consultant in the above areas and original equipment manufacturers. (Since the product was both expensive and innovative, several people in the organizational set-up were expected to get involved in the purchasing decision). The largest contribution was expected from maintenance/operations engineers.

Personal selling was the most important component of promotion for Geta. The first round of personal visits was planned around October –immediately after the advertising campaign was launched. Personal selling was to start with the first visit by the Regional Manager. The most important purpose of the first visit was to gauge the buyer's attitude to the new product and assess the possibility of business.

The promotion budget was made for the first year of selling activity. That was October 1997 to September 1998 (see Exhibit 5). The budget was based on the assumption that total coverage in the first year would be 200 buyer organizations.

As regards advertising the media considered were –

- Product catalogue
- Direct mail
- Professional journal
- National/Regional dailies

The most important medium was to be the catalogue. The advertising message will be designed based on objectives laid down and the designing of the advertisements was to be entrusted to advertising agencies.

As regards publicity the plan was to make professional journals publish a technical article on wear-resistant rubber products. These articles were planned for the period October 1997 to June 1998. Sales promotion techniques were not to have a prominent role in the marketing of Geta's products.

## Organization/Manpower Planning

The organization envisaged for the marketing department of Geta is given in Exhibit 6.

The basis of the organization was part functional and part geographical and it made essentially two classifications—planning and operational. The Planning Coordination and Control Cell (P&C) shall perform the planning function. Initially the P&C was to have additional responsibility of preparation of quotations against designs furnished by the design department. The responsibilities of promotional activities was also with the P&C.

The Estimation/Quotation Section had the responsibility of making preliminary designs, estimating cost and preparation of quotations against customers' enquiries. However, it was felt that Geta's marketing department could do without an estimation/quotation section in the initial phase of 1 to 2 years.

The field sales force was to be organized into regional offices on a geographical basis. The geographical based organization was dictated by the size of the total territory and the need to maximise selling costs. The actual definitions of each region – 4 in all – was to be based on the following criteria:

- To ensure equal workload in each region
- To ensure equal sales potential
- To ensure minimum travel costs.

The ultimate criteria was the fastest and highest sales.

Though the organization is planned on the basis of Regional Offices with specific geographical responsibilities, for the first 3 years it was proposed to locate the full field force at the factory at Kalyani. Location of sales personnel there was considered necessary to ensure proper training of personnel and support from technical divisions could be best provided this way. The extra travel expenditure due to this was estimated to be Rs.10 lakh per year.

In computing the field force requirements, it was considered that Sales Engineers who were fresh graduates would perform very limited field selling independently during the first year. Each regional manager was allocated a Sales Engineer on the basis that:

- a) A Sales Engineer would be trained to meet future requirements, and
- b) The Regional Manager would need the support of at least one Sales Engineer.

The P&C was allocated one Sales Engineer, who was to function on a two-year rotation basis that is, the P&C Sales Engineer would be transferred to field selling after a two-year posting in P&C and a field Sales Engineer would be posted to P&C. The fresh graduate engineers recruited for field sales were to be initially categorized as Sales Engineer-B. Depending on the availability of persons, the regional officer in charge was to be a Regional Sales Manager or a Senior Sales Engineer.

The above projection dealt with the immediate requirements. Additional requirements were expected to be met from recruitments in the period between March and May 1998.

## Marketing Expenditure

The total marketing expenditure calculated for the first year of selling operations from October 1997 to September 1998 is given in Exhibit 7.



The sales, which was actually order—booking had been considered as Rs.80 lakh. The marketing expenditure as a percentage of sales was 11.92% for industrial products, the normal range was considered as 8% to 12%. 12% selling cost in the first year of sales for a product for which demand had to be generated was considered extremely reasonable. It was expected that by the third year selling cost would reduce to 9% since sales were expected to increase at a faster rate than selling costs.

The following points were to be highlighted in the first year of marketing—

- Expenditure on free samples
- Expenditure on projectors and slides
- Expenditure on newspaper advertising.

However, expenditure on free samples were to be avoided, if possible. The expenditure on projector/slides was a one-time expenditure. It was not considered necessary to incur the expenditure envisaged for newspaper advertising because the desirability of such a small newspaper campaign was still under consideration. No expenditure was considered on account of rent. Only traveling costs were expected to exceed the budget. But at the same time it was seen that it would be set off by reductions in the items areas discussed above. Thus, the total marketing expenditure was to remain within the budget. The real problem was expected to arise only when sales were not as per targets.

### **Marketing Strategy**

The plan laid down the marketing objectives as follows:

- a) *Short Term:* To book order for Rs.20 lakh by February 1998
- b) *Long Term :* To ensure a growth in sales of a minimum of 50% per annum over the next 3 years. Maximization of profits of course was the prime objective.

The strategy involved in framing the short-term objectives was based primarily on selective development of customers coupled with the widest possible coverage. Market development for Geta was planned for execution in 3 phases:

*October '97 to March '99:* Either during this period, all potential buyers would be contacted and developed to a stage where they placed an order or it became clear that no business would be possible at that stage. This was supposed to be a trial period for customers.

*April '99 to March '2000:* This period would be of buyers who have had successful trials, changing over in a large way to rubber. Many customers who tried one particular application/product in the previous phase would be persuaded to try other applications/products. This phase was supposed to convert buyers who were not convinced in the earlier phase. Sales efforts were to continue based on maximum coverage.

*April '2000 onwards:* Consolidation of the market would begin during this last phase. By this time over 70% of the potential buyers were expected to have tried the product and used it extensively. Therefore, efforts were to be concentrated on that segment where no success had been possible until that time.

**EXHIBIT-1**

**List of Customer Organisations and Demand Potential (Rs. in Lakhs)**

	<b>Customer</b>	<b>One-Time</b>	<b>Replacement</b>	<b>Application</b>
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
1	Khetri Copper	80	35	Fabrication, Mill Lining, Wear Components & Trunnion Lining
2	Bokaro Steel	80	20	Wear Components & Screen Decks
3	TISCO	40	10	Mill Lining & Pulley Bars
4	Rourkela Steel	40	10	
5	Bhilai Steel	30	8	Roller Lining & Wear Components
6	Durgapur Steel	30	8	Roller Lining & Wear Components
7	TISCO	30	8	Wear Components
8	Madras Port	16	5	Wear Components
9	Mor Mugao Port	16	5	Wear Components & Rubber Sheets
10	Vizag Port	20	10	Wear Components
11	Borsuma Iron Ore	289	100	Rubber sheets
12	Dalmia Cement	16	5	Wear Components
13	Jaipur Udyog	12	7	Wear Components
14	Chettinad Cements	10	3	Wear Components
15	India Cements	10	3	Wear Components
16	Tamil Nadu Cement	10	3	Wear Components
17	Kalyanpur Cement	10	3	Wear Components
18	Satna Cement	15	5	Wear Components
19	Rohtas Cement	20	7	Wear Components
20	Andhra Cement	10	3	Wear Components
21	ACC	40	13	Mill Lining
22	Mandhar Cement	10	3	Mill Lining
23	Pradip Port	10	4	Wear Components
24	CIL Laduguda	9	4	
25.	FCI Sindri	6	2	Screen Decks & Wear Components
26.	Chitradurga Copper	4	1	Screen Decks
27.	Mysore Minerals	4	1	
28.	Agni-Kundala Copper/ lead	3	1	Screen Decks
29.	Bharat Gold Mines	6	1	
30	Salgaoncar Iron Ore	4	1	
31.	Chowgule Iron Ore	14	4	

32.	Dempo Iron Ore	4	1	
33.	Sesa Gao Iron Ore	4	1	
34.	Hindia Port	4	1	
35.	Orissa Cement	2	0.5	Rubber Sheets
36.	Belphar Refractories	2	0.5	
37.	Patherdih Coal	3	1	
38.	Sowang Coal Washery	3	1	
39.	Jamadoba Coal Washrey	3	1	
40.	West Bokaro Washery	3	1	
41.	Durgapur Project	3	1	
42.	Pyrites & Phosphates	2	1	
43.	Mysore Procolains	8	1.0	
44.	Somani Pilkington	10	1	
45.	AVB	28	4.5	Rubber Sheets
46.	Debari Zinc Smelter	2	0.5	Screen Decks
<b>New Projects</b>				
47.	Kudremukh	210	60	Fabrication & Rubber Lining
48.	Malanjkhanda Copper	80	35	
49.	Moghataturu Iron	30	8	
50.	Raipur Dariba	35	15	
	<b>GRAND TOTAL</b>	<b>1330</b>	<b>428</b>	

## Exhibit 2

### Computation of Highest Price –Ph

**DATA:            FOR SECONDARY BALL MILL – 14' x 35'**

	<u>Rubber</u>	<u>Steel (Ni-Hard)</u>
Weight	13 MT	70MT
Price/Kg		Rs.13.00
Life	40 months	24 months

**CALCULATION:**

For the liner cost per ton of ore processed, for rubber to be equal to steel, we have:

$$\frac{\text{Total cost of steel lining}}{\text{Life of steel lining}} = \frac{\text{Total cost of rubber lining}}{\text{Life of rubber lining}}$$

Therefore,

$$\text{Total cost of rubber lining} = \frac{\text{Life of rubber lining} \times \text{Total cost of steel lining}}{\text{Life of steel lining}}$$

Using the figures of the last examples, where

$$\begin{aligned} \text{Total cost of steel} &= \text{Rs.9,10,000} \\ \text{Life of steel lining} &= 24 \text{ months} \\ \text{Life of rubber lining} &= 40 \text{ months} \\ \text{Weight of rubber lining} &= 13 \text{ MT} \end{aligned}$$

Therefore,

$$\text{Total cost of rubber lining} = \frac{40 \times 9,10,000}{24}$$

24  
= Rs.15,16,666

The weight of the rubber lining being 13 MT, the price of the rubber lining is Rs.116.67 per kg. This means that for this particular application a price of Rs.116.67 per kg for rubber will have the same effect as the price of Rs.13 per kg of Ni-hard steel, on the cost structure of the customers and product.

<b>Exhibit 3</b>		
<b>Geta Corporation</b>		
<b>Tabular Analysis of the Prices Indicated</b>		
<b>Price</b>	<b>Analysis</b>	<b>Timings</b>
Highest - Ph	Plus	- Quick & large profits  Possible only when rubber intangible benefits recognized. Competition matures and gives up undercutting. May be after 6-7 years.
	Minus	- Low penetration - Attract competition will create ill-will if reduced in face of competition
Benefit - Pb	Plus	- Reasonably high profits - Good penetration  - Immediate - Will have to reduce before competition begins. This will permit penetration of segment not tapped till then
	Minus	- Attract penetration - Will not give benefit to every buyer
Competitive- Pc	Plus	- Will not permit competitor too large a differential between his prices and our prices - Will increase penetration  - At least 6-9 months before competition begins - Reason to be given to buyers that production costs reduced due to higher production
	Minus	- Will decrease profitability - May be unnecessary in case competitor mature  - Will create goodwill
Tedar - Pt	Plus	- High penetration - No problem when buyer compares our prices to Tedar's FOB price
	Minus	- Low profitability
Lowest - Pl	Plus	- Maximum penetration  - Not to be used unless excessive unhealthy competition begins
	Minus	-Low profitability

**Exhibit 4**

## Computation of the Benefit Price

Here, figures based on existing data are used as an example for illustrating the process and arriving at appropriate solutions.

### Data

Place -	Canada, Chile, Japan
Balls -	2 x 2" - 3"
Speed -	70% - 80% critical
Food -	1.5 m - 10 m
Ore -	Magnetite/Copper
Mill -	Die - 8 Y 2 ft. 11 ft.
Life -	Ratio - Rubber vs. Steel - 2.5 : 1

Cost of manufacture (incl. Overheads) of rubber in India	Rs. 33 per Kg
Cost of manufacture of steel in India	Rs. 8 per Kg
Weight of rubber lining	5,000 Kg
Weight of steel lining	20,000 Kg

Ph has been defined as price of rubber at which buyer has no benefit

Therefore,

$$\frac{\text{Steel Price} \times \text{Steel Weight}}{\text{Steel Life}} = \frac{\text{Ph} \times \text{Rubber Weight}}{\text{Rubber Life}}$$

i.e.  $\frac{8 \times 20,000}{1} = \frac{\text{Ph} \times 5,000}{2.5}$

Therefore Ph = Rs.80.00 per Kg

We now decide that at least 50% benefit in terms of economy must accrue to the buyer by using rubber.

$$\text{Therefore } P_b = \frac{\text{Rs.80 per Kg}}{1.5}$$

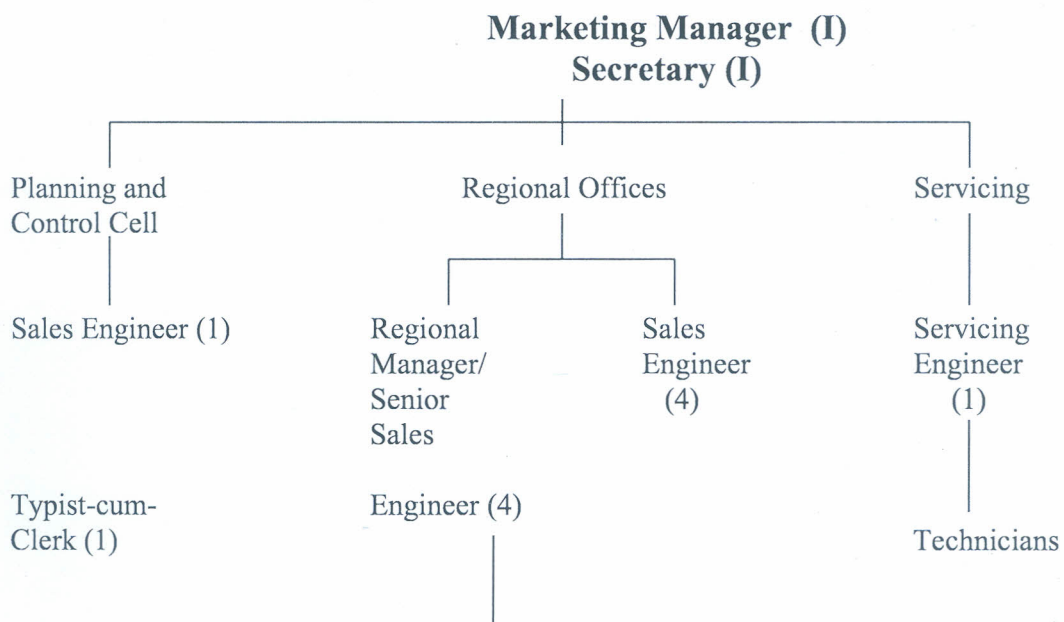
$$= \text{Rs.53.33 per Kg}$$

This, therefore, is the price at which mill linings should be sufficiently attractive to customers, for applications specified, in India. The margin is Rs.(53.33 - 33.00) = Rs.20.33 which is 61.61% on cost.

<b>Exhibit 5</b>		
<b>Geta Corporation</b>		
<b>The Promotion Budget</b>		
(Rs.'000)		
Head	Item	Amount
Personal Selling	Projectors/Slides	35.00
Advertising	Product Literature	50.00
	Direct Mail	8.00
	Journals	24.00
	National/Regional Dailies	69.00

	Total Advertising	151.00
Sales Promotion	Seminars/Symposiums	10.00
	Gifts	15.00
	Free Samples	40.00
	Miscellaneous	40.00
	Total Sales Promotion	105.00
GRAND TOTAL	Promotion Expenditure	291.00

**Exhibit 6  
Proposed Organization Chart**



**Functions**1- Integrated  
Planning

2- Coordination &amp; Control

3- Marketing Research

4- Estimation and Quotations

Note: Figures in brackets represent number of persons in that position

**Functions**1- Field  
Selling**Functions**

1- Installation

2- Servicing

**Exhibit 7****Geta Corporation  
Marketing Expenditure**

S.No.	Item	Expenditure (Rs. Lakh)	Percentage of	
			Total Expenditure	Sales
1.	Manpower	2.91	30.50	3.64
2.	Promotion	2.91	30.50	3.64
3.	Travel	2.76	28.94	3.44
4.	Administrative	0.96	10.06	1.20
	<b>TOTAL</b>	<b>9.54</b>	<b>100.00</b>	<b>11.92</b>