

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

SIXTH TRIMESTER (Batch 2017-19)

END TERM EXAMINATIONS, MARCH-2019

Course Name	<u>Business to Business Marketing</u>	Course Code	MKT 601
Max. Time	2 hours	Max. Marks	40 MM

Answer the following questions.

1. BASF had launched two new polymer dispersion products in 2016 in the Indian market. The two products - Acronal® 7079 and AQAcCell® HIDE 6299 - are designed for paint and coatings to help keep building exteriors clean and durable and improve carbon footprints through reduction of titanium dioxide. Identify the target segments that BASF may cater to with these two Products and discuss the rationale for choosing the segments. **(8 marks)**

2. How would the distribution of 20 litre drinking water bottle be different if it was to be distributed to a household vis a vis Institutions like colleges, hospitals, hotels, restaurants and caterers? What distribution strategy should be adopted to cater to the mentioned institutions. **(8 marks)**

3. No body buys Tetra Pack, it is the product like juices that are bought by consumers in Tetra Packs. Companies manufacturing Tetra Packs give television commercials that are targeted to end users when actually their consumers are the juice selling companies like Pepsi for Tropicana, Dabur for Real Juice and the likes.

Is it most appropriate to view a typical industrial firm (like tetra pack manufacturer) as a supplier of inputs to the productive process, as a user of these inputs, or as a marketer of output products? Explain your response in the light of given scenario. **(6 marks)**

4. 'LG India looks to beef up B2B segment with more offerings. LG Electronics India has plans to add more offerings under its B2B portfolio. "We are gaining our market share in segments like hotel TV and digital signage market", LG Electronics India Managing Director Kim Ki Wan told PTI. In other areas also, like commercial air- conditioning, they are gaining market share. They have made a remarkable growth in commercial air conditioning area. They have launched new products like water purifier, air purifier and this year, they would launch ceiling fans which would have function like Artificial Intelligence (AI). LG

Electronics India introduced an innovative Landmark Signage - the first of its kind in India, made using 63 flexible curved OLED panels (Source: http://timesofindia.indiatimes.com/articleshow/66991025.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst) Formulate suitable promotional strategies for various products of LG with reference to the above excerpt. **(8 marks)**

5. The road ahead appears to promise a smoother ride for tyre companies, after having steered through rough terrain for some time. While the recent softness in passenger automobile sales is a bother, the high growth rates in the past two years are a harbinger of better times for tyre makers. Car owners will get to a point where they need to replace tyres, triggering a boom in the replacement market. This is good news as realizations on replacement market sales are higher than that on direct sales to vehicle original equipment manufacturers. Further, the recent scorching pace of growth in commercial vehicle sales implies a more favourable revenue mix for tyre manufacturers. Companies such as Apollo Tyres Ltd, Ceat Ltd and JK Tyre Industries Ltd will benefit as they have a significant contribution from truck tyres in their revenue. In fact, two-thirds of Apollo Tyres' revenue accrues from the replacement market. Jefferies India Pvt. Ltd estimates in a report that revenue growth for the tyre sector will accelerate to 8.9% during FY18-21 compared to 7.6% in FY16-18. Meanwhile, the recent trend of falling crude oil and rubber prices bodes well. Note that rubber and crude oil prices, which comprise nearly three-fourths of the cost of making a tyre, have retraced by 13% and 36%, respectively, over the last 45-60 days. This has fired up tyre stocks in the last few trading sessions. Since FY16, tyre stocks have lost ground despite growth in revenue as soaring rubber prices affected the operating performance and margins of the companies. Later, surging crude oil prices also added to the woes. Till date in this calendar year, shares of Apollo Tyres, JK Tyres and Ceat are lower by 11%, 33% and 36%, respectively. Jefferies says share prices of Indian tyre companies (Apollo Tyres and Ceat) have weakened this year, hemmed in by consistent earnings downgrades. "We see this turning now, as margins expand from current lows helped by lower prices, improved mix and scale benefits as volumes & revenue ramp up amid robust replacement demand". But it will take a few quarters for the dual gains of higher revenue and lower costs to tango and trickle to profits. Apollo Tyres says, "Due to increase in crude prices, overall raw material cost went up by 5% in the September quarter when compared to June. A similar impact is likely in the current quarter too. The effect of softer raw material prices is expected from the last quarter of FY19, if things continue in this direction. & of course, the magnitude of profitability gains accruing to a company will depend on its revenue mix and management strategy to combat volatility in commodity prices. Fortunately, rising sales expected in replacement markets and better capacity utilization levels will support pricing power of tyre producers, and will support their performance in this period of volatile input costs." (Source: <https://www.livemint.com/Money/gygcFQvFdh08XCCBbHHcPP/MRF-Apollo-Tyres-Ceat-JK-Goodyear-share-price-markets.html>) Discuss the various factors influencing the pricing decisions of tyre firms in the light of the above article. **(10 marks)**

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