

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

✂ FOURTH TRIMESTER (Batch 2020-22)

END TERM EXAMINATIONS, NOVEMBER 2020

SET - 1

Course Name	Fundamentals of Marketing	Course Code	MKT 101
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS: All Questions are compulsory.

Q1: Please read the attached case carefully and answer the following questions based on the case.

- Illustrate the concepts of Need, Wants and Demand that Build-A-Bear customers demonstrate, differentiating each of these three concepts. Explain what is being exchanged in Build-A-Bear transaction? (6+4=10 marks)
- Identify the value that Build-A-Bear creates for its customers and will it be successful in continuing to build customer relationships. Choose which of the five marketing management orientations/ philosophies best describes Build-A-Bear Workshop? (5+5=10 marks)

Q2: India's leading integrated health and wellness platform, "cure.fit", has announced the launch of its ready-to-eat products under its healthy food delivery vertical- "eat.fit". This range of products includes an offering of healthy easy-to-prepare food options that are 100% safe and free of chemicals, highly affordable and most importantly, delicious and authentic in taste. The ready-to-eat products, priced between Rs 100 and Rs 150, are available for ordering in Bangalore, Delhi and Hyderabad via the cure.fit app or on Swiggy and Zomato. While currently the two variants being launched are Rajma Masala and Dal Makhani, "eat.fit" plans to expand its range in the next six to nine months to include around 13 varieties. In fulfillment of its promise to always maintain

a high bar on health, these products are free of chemical preservatives, artificial colours or flavours, and transfat. The ambient nature of the products coupled with a long shelf life of 12 months make them easy to store and stock as well. Retort technology, which is used to manufacture them, ensures that the ingredients do not lose their freshness. These products have been manufactured in conjunction with Tasty Bites- one of the pioneers in the ready-to-eat category who have also been credited with launching it in 1987 in India. Speaking on the launch of this new offering, Ankit Nagori, co-founder, “cure.fit”, said: “Today convenience is highly prized as people are hard pressed for time. However, it is also important to never compromise on the food we consume. As a consumer-first health brand, “eat.fit” seeks to constantly develop new offerings that are not only healthy and convenient for our customers but are also packed with flavour. Our ready-to-eat products are specifically designed to deliver on this. With this range of food, we hope to gain greater acceptance and household penetration, especially at a time when home-cooking is at the forefront.

- a) Develop a list of consumer insights that brand like “eat.fit’ should focus on in order to define their value proposition. Identify the opportunities that the marketing environment offers for eat.fit’s growth. (6+6=12 Marks)
- b) Outline your arguments regarding whether ready-to-eat food items that are packed with artificial flavour would also be safe to consume by all age-groups? Also explain is it wrong for marketers to create wants where none exist in the marketplace in order to make profits? Substantiate with examples. (4+4=8 Marks)

marked by:

Build-A-Bear: Build-A-Memory

In the late 1990s, it was all about the dot.coms. While venture capital poured into the high-tech sector and the stock prices of dot.com start-ups rose rapidly, the performance of traditional companies paled in comparison. That era seemed like a bad time to start a chain of brick-and-mortar mall stores selling stuffed animals. Indeed, when Maxine Clark founded Build-A-Bear Workshop in 1996, many critics thought that she was making a poor business decision.

But with its first decade of doing business behind it, Build-A-Bear Workshop now has more cheerleaders than naysayers. In the last few years, it has won numerous awards, including being named one of the five hottest retailers by one retail consultancy. The company hit number 25 on *BusinessWeek's* Hot Growth list of fast-expanding small companies. And founder and CEO Maxine Clark won Fast Company's Customer-Centered Leader Award. How does a small start-up company achieve such accolades?

THE PRODUCT

On paper, it all looks simple. Maxine Clark opened the first company store in 1996. Since then, the company has opened more than 370 stores and has custom-made tens of millions of teddy bears and other stuffed animals. Annual revenues reached \$474 million for 2007 and are growing at a steady and predictable 15 percent annually. After going public in November of 2004, the company's stock price soared 56 percent in just two years. Annual sales per square foot are \$600, roughly double the average for U.S. mall stores. In fact, Build-A-Bear Workshops typically earns back almost all of its investment in a new store within the first year, a feat unheard of in retailing. On top of all this, the company's Internet sales are exploding.

But what all these numbers don't illustrate is *how* the company is achieving such success. That success comes not from the tangible object that children clutch as they leave a store. It comes from what Build-A-Bear is really selling: the experience of participating in the creation of personalized entertainment.

When children enter a Build-A-Bear store, they step into a cartoon land, a genuine fantasy world organized around a child-friendly assembly line comprised of clearly labeled work stations. The process begins at the "Choose Me" station where customers select an unstuffed animal from a bin. At the "Stuff Me" station, the animal literally comes to life as the child operates a foot pedal that blows in the amount of "fluff" that she or he (25 percent of Build-A-Bear customers are boys) chooses. Other stations include "Hear Me" (where customers decide whether or not to include a "voice box"), "Stitch Me" (where the child stitches the animal shut), "Fluff Me" (where the child can give the animal a blow-dry spa treatment), "Dress Me" (filled with accessories galore), and

"Name Me" (where a birth certificate is created with the child-selected name).

Unlike most retail stores, waiting in line behind other customers is not an unpleasant activity. In fact, because the process is much of the fun, waiting actually enhances the experience. By the time children leave the store, they have a product unlike any they've ever bought or received. They have a product that they have created. More than just a stuffed animal that they can have and hold, it's imbued with the memory created on their visit to the store. And because of the high price-to-delight ratio (bears start as low as \$10 and average \$25), parents love Build-A-Bear as much as the kids.

WHY THE CONCEPT WORKS

The outside observer might assume that Build-A-Bear is competing with other toy companies or with other makers of stuffed animals, such as the Vermont Teddy Bear Company. Touting its product as the only bear made in America and guaranteed for life, Vermont Teddy Bear hand-makes all of its bears at a central factory in Vermont. Customers choose their bears through a catalogue or Web site, receiving their bear in the mail without the experience of having taken part in the creation of the bear. Quality is the key selling point (reinforced by its price of \$50-\$100).

Although Vermont Teddy Bear has achieved great success since it sold its first bear in 1981, Maxine Clark does not consider it to be a serious Build-A-Bear competitor. "Our concept is based on customization," says Clark. "Most things today are high-tech and hard-touch. We are soft-touch. We don't think of ourselves as a toy store—we think of ourselves as an experience." It is widely recognized in many industries that the personalization feature builds fiercely loyal customers. As evidence, Clark points out that unlike the rest of the toy industry, Build-A-Bear sales do not peak during the holiday season, but are evenly distributed throughout the year.

Although not very common in the toy industry, Maxine Clark asserts that personalization is emerging because it lets customers be creative and express themselves. It provides far more value for the customer than they receive from mass-produced products. "It's empowerment—it lets the customer do something in their control," she adds. Build-A-Bear has capitalized on this concept by not just allowing for customization, but by making it a key driver of customer value. The extensive customer involvement in the personalization process is more of the "product" than the resulting item.

Although Build-A-Bear has performed impressively, some analysts question whether or not it is just another toy industry fad, comparing the brand to Beanie Babies and Cabbage Patch Kids. Although Maxine Clark has considered this, she is confident that the Build-A-Bear product and experience will evolve as quickly as

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FIRST TRIMESTER (Batch 2020-22)

END TERM EXAMINATIONS, NOVEMBER 2020

SET-2

Course Name	Fundamentals of Marketing	Course Code	MKT 101
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS: All Questions are compulsory.

Q1: *Please read the attached case carefully and answer the following questions based on the case.*

- a. Illustrate the concepts of Need, Wants and Demand that Chick-fill-A customers demonstrate, differentiating each of these three concepts. Substantiate with examples. Outline the market offering of Chick-fill-A.

(6 + 6) 12 marks

- b. Identify the value and satisfaction that Chick-fill-A provides to customers. Choose which of the five marketing management concepts/ philosophies best describes Chick-fill-A? Justify.

(5+5) 10 marks

- c. Select which of the factors in the marketing environment (both macro-environment and micro-environment) that have affected Chik-fill-A.

10 marks

Q2: Retailers commonly track customers' shopping patterns and target them with special offers. For example, CVS Pharmacy has an Extra-care card that, when swiped at checkout, applies discounts to purchases and provides rebates called Extra Bucks to be used as cash on future purchases. Behind the scenes, CVS is gathering data on customers' purchases and using aggregated data to target individuals with special offers. Customers who haven't recently shopped may receive a discount in the mail or an online offer to incentivize them to return. Frequent shoppers can scan their Extracare cards to get discounts and offers in the store.

Question: Outline your arguments whether it is right for marketers to track consumer purchases? Should consumers be concerned with what information is being used? Explain.

(4+4) 8 marks

Chick-fil-A is dominating the U.S. fast-food market. Whereas McDonald's, Subway, Burger King, and Taco Bell trudge along at the top of the heap, Chick-fil-A has quietly risen from a Southeast regional favorite to become the largest chicken chain and the eighth-largest quick-service food purveyor in the country. The chain sells significantly more food per restaurant than any of its competitors—twice that of Taco Bell or Wendy's and more than three times what the KFC Colonel fries up. And it does this without even opening its doors on Sundays. With annual revenues of more than \$6 billion and annual average growth of 12.7 percent, the chicken champ from Atlanta shows no signs of slowing down.

How does Chick-fil-A do it? By focusing on customers. Since the first Chick-fil-A restaurant opened for business in the late 1960s, the chain's founders have held tenaciously to the philosophy that the most sustainable way to do business is to provide the best possible experience for customers.

Applying Some Pressure

Chick-fil-A founder S. Truett Cathy was no stranger to the restaurant business. Owning and operating restaurants in Georgia in the 1940s, '50s, and '60s, his experience led him to investigate a better (and faster) way to cook chicken. He discovered a pressure fryer that could cook a chicken breast in the same amount of time it took to cook a fast-food burger. Developing the chicken sandwich as a burger alternative, he registered the name "Chick-fil-A, Inc." and opened the first Chick-fil-A restaurant in 1967.

The company began expanding immediately, although at a substantially slower pace than the market leaders. Even today, Chick-fil-A adds only about 100 new stores each year. Although it now has more than 2,000 stores throughout the United States, that number is relatively small compared to KFC's 4,100, McDonald's 13,000, and Subway's 27,000. Chick-fil-A's controlled level of growth ties directly to its "customer first"

mantra. As a family-owned operation, the company has never deviated from its core value to "focus on getting better before getting bigger." The slow-growth strategy has facilitated that ability to "get better."

As another way to perfect its business, the company has also stuck to a limited menu. The original breaded chicken sandwich remains at the core of Chick-fil-A's menu today—"a boneless breast of chicken seasoned to perfection, hand-breaded, pressure cooked in 100% refined peanut oil and served on a toasted, buttered bun with dill pickle chips." In fact, the company's trademarked slogan—"We didn't invent the chicken, just the chicken sandwich"—has kept the company on track for decades. Although it has carefully and strategically added other items to the menu, it's the iconic chicken sandwich in all its varieties that primarily drives the brand's image and the company's revenues. This focus has helped the company give customers what they want year after year without being tempted to develop a new flavor of the month.

Getting It Right

Also central to Chick-fil-A's mission is to "have a positive influence on all who come in contact with Chick-fil-A." Although seemingly a tall order to fill, this sentiment permeates every aspect of its business. Not long ago, current Chick-fil-A CEO Dan Cathy was deeply affected by a note that his wife taped to their refrigerator. In a recent visit to a local Chick-fil-A store, she had not only received the wrong order, she had been overcharged. She circled the amount on her receipt, wrote "I'll be back when you get it right" next to it, and posted it on the fridge for her husband to see.

That note prompted Dan Cathy to double-down on customer service. He initiated a program by which all Chick-fil-A employees were retrained to go the "second mile" in providing service to everyone. That "second mile" meant not only meeting basic

standards of cleanliness and politeness but going above and beyond by delivering each order to the customer's table with unexpected touches such as a fresh-cut flower or ground pepper for salads.

The experience of a recent patron illustrates the level of service Chick-fil-A's customers have come to expect as well as the innovative spirit that makes such service possible:

My daughter and I stopped at Chick-fil-A on our way home. The parking lot was full, the drive-thru was packed...but the love we have for the chicken sandwiches and waffle potato fries! So we decided it was worth the wait. As we walked up the sidewalk, there were two staff members greeting every car in the drive-thru and taking orders on little tablets. A manager was making his rounds around the building outside smiling and waving at cars as they were leaving.

When we came inside, the place was packed! We were greeted immediately by the cashiers. Seth happened to take our order. He had a big smile, wonderful manners, spoke clearly and had great energy as a teenager! He gave us a number and said he'd be right out with our drinks. We were able to sit at a table as the other guests were leaving and before we could even get settled our drinks were on the table! While Seth started to walk away, our food was delivered by another very friendly person. Both myself and my 15-year-old daughter commented on how fast it all happened. We were so shocked that we started commenting on the large groups arriving behind us, and began watching in amazement, not only inside but outside!

Everyone behind the counter worked together, used manners, and smiled. The teamwork was amazing! Then Ron, a gray headed friendly man, made his way from table to table, checking on guests, giving refills, and trading coloring books for small ice cream cones with sprinkles for little kids. He checked on us twice and filled our drinks once.

Recently, the company instituted the "parent's valet service," inviting parents juggling small children to go through the drive-through, place their order, park, and make their way inside the store. By the time the family gets inside, its meal is waiting on placemats at a table with high chairs in place. But beyond the tactics that are taught as a matter of standard policy, Chick-fil-A also trains employees to look for special ways to serve—such as retrieving dental appliances from dumpsters or delivering smartphones and wallets that customers have left behind.

Give Them Something to Do

Beyond high levels of in-store service, Chick-fil-A has focused on other brand-building elements that enhance the customer experience. The brand got a big boost when the Chick-fil-A cows made their promotional debut as three-dimensional characters on billboards with the now famous slogan, "EAT MORE CHIKIN." The beloved bovines and their self-preservation message have been a constant across all Chick-fil-A promotional materials for the past 20 years. They've also been the linchpin for another Chick-fil-A customer experience-enhancing strategy—engage customers by giving them something to do.

Displaying any of the cow-themed mugs, T-shirts, stuffed animals, refrigerator magnets, laptop cases, and dozens of other items the company sells on its website certainly qualifies as "something to do." But Chick-fil-A marketers go far beyond promotional items to engage customers. For starters, there's "Cow Appreciation Day"—a day set aside every July when customers who go to any Chick-fil-A store dressed as a cow get a free

meal. Last year, the 10th anniversary of this annual event, about a million cow-clad customers cashed in on the offer.

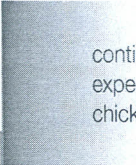
Another tradition for brand loyalists is to camp out prior to the opening of a new restaurant. Chick-fil-A encourages this ardent activity with its "First 100" promotion—an officially sanctioned event in which the company presents the first 100 people in line for each new restaurant opening vouchers for a full year's worth of Chick-fil-A meals. Dan Cathy himself has been known to camp out with customers, signing T-shirts, posing for pictures, and personally handing coupons to the winners. And whereas some customer-centric giveaways are regular events, others pop up randomly. Take the most recent "family challenge," which awards a free ice cream cone to any dine-in customers who relinquish their smartphones to a "cell phone coop" for the duration of their meals.

To keep customers engaged when they aren't in the stores, Chick-fil-A has become an expert in social and digital media. Its newest app, Chick-fil-A One, jumped to the number-one spot on iTunes only hours after being announced. Nine days later, more than a million customers had downloaded the app, giving them the ability to place and customize their orders, pay in advance, and skip the lines at the register. And in a recent survey by social media tracker Engagement Labs, Chick-fil-A was ranked number one and crowned the favorite American brand on all major social media platforms, including Facebook, Twitter, and Instagram.

Every year, as the accolades roll in, it is apparent that Chick-fil-A's customer-centric culture is more than just talk. Among the many competitors, Chick-fil-A was rated number one in customer service in the most recent Consumer Reports survey of fast-food chains. In the latest annual Customer Service Hall of Fame survey, Chick-fil-A ranked second out of 151 of the best-known companies across 15 industries, trailing only Amazon. A whopping 47 percent of customers rated the company's service as "excellent," and Chick-fil-A was the only fast-food chain to make the list for the second year in a row.

After decades of phenomenal growth and success, Chick-fil-A is celebrating by firing the Richards Group, its long-standing agency of record. Additionally, the beloved cows that are so widely recognized as symbols of the brand will ease into the background of promotional materials. "The cows are an integral part of the brand. They're our mascot, if you will," says Jon Bridges, chief marketing officer for Chick-fil-A. "But they aren't the brand. The brand is bigger than that." For now, Bridges only says that the cows won't disappear. But a new "Cow-plus" is in the works, and the brand's promotional messages will expand beyond the bovines to tell engaging stories about the food, people, and service that make the brand so special. It's a risky move. With Chick-fil-A growing faster than any other major fast-food chain, it begs the question as to whether such a drastic change in the brand's symbolism will sustain its current growth for years to come, or send some customers out to pasture.

Prior to this recent announcement, one estimate has Chick-fil-A on track to add between \$6 billion and \$9 billion in revenues within the next decade. In that same period, giant McDonald's may add as much as \$10 billion in U.S. sales but as little as only \$1 billion. Clearly, all this growth is not an accident. As one food industry analyst states, "It's about trying to maintain high levels of service, high quality, not deviating dramatically, and giving customers an idea of what to expect." As long as Chick-fil-A



continues to make customers the number-one priority, we can expect to find more and more access to those scrumptious chicken sandwiches.