



University of Kelaniya – Sri Lanka

External Examinations Branch

Faculty of Commerce and Management

Bachelor of Commerce (Special) Degree Second Examination – (External) 2009 October 2010

BCOME 2015 – Marketing Management

No. of questions: Seven (07)

Time: 03 hours

Answer five questions including question number one.

(01) Read the following case and answer the questions given below.

Pizza Wars

Since 1996, there was a proliferation of 'high-priced branded' pizzas in the market, with the entry of international pizza chains. Domino's and Pizza Hut, the two big US fast food chains entered India in 1996. Each claimed it had the original recipe as the Italians first wrote it and was trying desperately to create brand loyalty. Domino's and Pizza Hut - tried to grab as large a slice of the pizza pie as possible.

While Pizza Hut relied on its Unique Selling Proposition (USP) of "dining experience", Domino's USP was a 30-minute delivery frame. To penetrate the market, both the players redefined their recipes to suit the Indian tastes. Domino's went a step ahead by differentiating regions and applying the taste-factor accordingly. Domino's also made ordering simpler through a single toll-free number through out the country.

Domino's and Pizza Hut expanded their market ever since they entered India. Domino's had grown from one outlet in 1996, to 101 outlets in April 2001. Pizza Hut too, which began with just a single outlet in 1996 had 19 outlets in 2001.

When Domino's entered the Indian market, the concept of home delivery was still in its growing stages. It existed only in some major cities and was restricted to delivery by the friendly neighborhood fast food outlets. Eating out at 'branded' restaurants was more prevalent. To penetrate the Indian market, Domino's introduced an integrated home delivery system from a network of company outlets within 30 minutes of the order being placed. Pizza Hut, on the other hand, laid more emphasis on its "restaurant dining experience." It positioned itself as a family restaurant and also concentrated on wooing kids. Its delivery service was not time-bound.

Since its entry into India, Domino's introduced nine new toppings for Pizzas to cater to the local tastes. Different flavors were introduced in different parts of India. Goutham Advani (Advani), Chief of Marketing said, "The Indian palate is very definitive - people are

extremely particular and choosy, not too willing to experiment. Food tastes vary from region to region. Very soon, Pizza Hut followed Domino's and offered customized Spicy Paneer and Chicken Tikka toppings. Apart from this, it also opened a 100% vegetarian restaurant at Ahmedabad, a one-of-its-kind worldwide. Another city-specific adaptation of its menu by Pizza Hut was the restaurant in Hyderabad, (Andhra Pradesh) which offered Halal meat and chicken only with no beef and pork products in the menu.

Domino's sold a 12" Pizza for Indian Rs 265. Commented Pankaj Batra (Batra), Manager (Marketing), Tricon International said, "Indians are value-, not price-sensitive. We need to offer comeback value to our customer." The high price was attributed to the high quality of ingredients used. However, with competition increasing from Pizza Hut, Domino's introduced price cuts, discounts and freebies to attract the customers. Globally, fast food chains only succeed when they bring their prices down to the same level as the street food.

However, both Domino's and Pizza Hut were concentrating more on data base marketing and below-the-line activities and special offers. Domino's was spending 50% of its total marketing budget on special offers and discounts along with delivered direct mailers and pizza training classes.

In March 2000, Domino's slashed prices of Pizza by 40%. The price of a regular Pizza with three toppings was cut from Indian Rs.225 to Rs.130. In October 2000, Domino's ran a scheme, where it gave away two pizzas for the price of one, within five days of placing an order. During the same time, Pizza Hut launched a 'one rupee pan deal' scheme.

Domino's and Pizza Hut initially restricted their ad strategy to banners, hoardings and specific promotions. In August 2000, Domino's launched the 'Hungry Kya? (Are You Hungry)' sequence of advertisements on television.

By March 2000, Domino's opened 37 outlets all over India. Between April 2000 and February 2001, Domino's set up 64 more outlets in India. Delhi had the maximum number of outlets - 17, followed by Mumbai with 13.

In a move to expand further, Pizza Hut planned to open an additional five restaurants in Mumbai and 30 restaurants across major cities in India, by 2001 end. They announced that the company would invest IndianRs.30 million on each of the restaurants.

In March 2001, Pizza Hut opened its first three-storeyed 125-seater dine-in restaurant at Juhu in Mumbai. Said a company official, "We are expanding the number of restaurants across the major cities to cater to today's youth which has taken to pizzas as a cuisine."

Questions:

a) What are the main factors considered by these two firms when they were planning to enter the Indian market? Explain their chosen strategies.

(10 Marks)

b) Which strategic initiatives helped to capture the Indian market by these two players?

(10 Marks)

c) Based on your market understanding, what do you think of Pizza Hut and Domino's presence in Sri Lanka.

(08 Marks)

(Total 28 Marks)

(02) a) Describe the concept of value chain analysis by using a suitable example.

(09 marks)

b) Identify the value propositions and describe how customers response to each value domain. Support your answer with examples.

(09 marks)

(Total 18 marks)

(03) a) Describe the major bases of market segmentation by using empirical evidences.

(09 marks)

b) Positioning is placing a product in the minds of the customers. Marketers position the brand, not the product. Describe how business organizations use positioning strategies in order to obtain the competitive advantages.

(09 marks)

(Total 18 marks)

(04) a) Define the concept of brand and explain the major levels of brand using suitable examples.

(09 marks)

b) Select a product which is in its maturity stage in the product life cycle and describe the strategies which should be taken by the organization.

(09 marks)

(Total 18 marks)

(05) a) "In Sri Lanka most companies are adopting direct marketing strategies to promote their products and services". Comment the above statement by using relevant examples.
(09 marks)

b) What are the best combination of communication tools that could be used to promote consumer products and industrial products.

(09 marks)
(Total 18 marks)

(06) a) Describe the key factors affecting consumer buying behavior.

(09 marks)

b) Describe the buyer decision process by using a suitable example.

(09 marks)
(Total 18 marks)

(07) a) Explain the main steps in strategic planning.

(09 marks)

b) Describe Michael Porter's Generic Strategies by using suitable examples.

(09 marks)
(Total 18 marks)