

Name:  
Enrolment No:



**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, December 2018**

**Course: Marketing Management**  
**Programme: MBA LSCM**  
**Course Code MKTG 7001**  
**Instructions: Answer all questions**

**Semester: I**  
**Time 3 hours**  
**Max. Marks: 100**

**SECTION A**  
**Answer all Questions (2x10=20)**

S. No.		Marks	CO
Q 1	<b>Qs 1) In marketing ..... is the focal point.</b> a) profit b) customer c) sales d) all of the above	2	CO1
Q 2	<b>Qs 2) A change in Individual behavior prompted by information and experience refers to one of the following concept.</b> a) learning b) role selection c) perception d) motivation	2	CO2
Q3	<b>When buying milk which kind of behavior is displayed by a person</b> a) extensive problem solving behavior b) routinized buying behavior c) variety seeking behavior d) none of the above	2	CO2
Q4	<b>The extending Ps of marketing mix is</b> a) people ,product ,place b) price,physical evidence ,promotion c) physical evidence,process,people d) product ,process,physical environment	2	CO1
Q5	<b>Main benefit of Branding on consumers is.....</b> a) they become efficient shoppers b) they have more product choices c) they get confused d) they like the new designs	2	CO2
Q6	<b>The Marketing Objective of product life cycle is to.....</b> a) harvest b) brand loyalty c) deletion d) differentiation	2	CO2

Q7	<b>New product development starts with.....</b> a) idea screening b) concept development & testing c) idea generation d) marketing strategy development	2	CO2
Q8	<b>Which one of the following concepts reflects the marketing concept?</b> a) the supplier is the king in the market b) marketing should be viewed as hunting not gardening c) this is what I make ,won't you please buy it d) this is what I want,won't you please make it	2	CO2
Q9	<b>Q9 The solution price competition is to develop a differentiated</b> a) product,price promotion b) offer,delivery ,image c) package & label d) international website	2	CO2
Q10	<b>Q 10 .....is the most basic cause of a persons wants and behavior.</b> a) Social Class b) Personality c) lifestyle d) culture	2	CO2

**SECTION B**

**Answer all questions (5x4=20)**

Q 1	<b>How will you fix the price of a new product?</b>	5	CO3
Q2	<b>What are the functions of a retailer?</b>	5	CO3
Q3	<b>What are the bases for segmentation?</b>	5	CO2
Q4	<b>Explain the various methods of pricing?</b>	5	CO3

**SECTION-C**

**Answer any Two questions (2x15=30)**

Q 1	<b>Discuss ‘ New product development can be a growth strategy’</b>	15	CO3
Q2	<b>Describe the relationship between Product Life Cycle &amp; Boston Matrix with examples.</b>	15	CO3
Q3	<b>What are major Brand Strategy decisions in the context of building brands?</b>	15	CO4

**SECTION D**

**Section – D (30 Marks 2x15 )**

**Starbucks in the US**

In 2008, Starbucks, with over 15,000 stores in 43 countries and serving 50 million customers a week, was the world's leading retailer, roaster and brand of specialty coffees. During the 1990s and thereafter, the company expanded rapidly – especially in the US. However, trouble started brewing at Starbucks in 2006 and come 2008, it threatened to spill over. With sales of \$9.4 billion and its growth targets and expansion into Asia being on track, it would seem that all was well. In fact, Starbucks was facing its first serious crisis in many years – its share price had fallen by more than 40 per cent for the first time since it listed.

The question is what are Schultz's [the CEO's] priorities and how should he go about addressing them?

Starbucks was originally positioned as a 'third' place between work and home where one could come, listen to music, relax and drink great coffee. The Baristas were expected to be friendly and to know customers' names and their favourite drink on their next visit. The need to be pleasant and friendly with customers was emphasized. The company had a strong employee culture. Schultz acknowledged that he built the brand with his people, not consumers. Schultz's objective became to make Starbucks a national company with a presence in every major city. The company accelerated its store openings at the end of the 1980s and in the 1990s, it could count thousands of stores. All through the years the company invested heavily in these stores, as they refrained from franchising. Finding the right location was therefore crucial. An error in judgement on a new store would cost the company at least \$500,000 and even more for a flagship store.

The company also started a mail order business. It dates from the mid-1970s and allowed mail order buyers to obtain Starbucks' products. These buyers appeared to be the most loyal customers. Areas where they found concentrations of mail order buyers appeared to be the best locations for (new) Starbucks' stores. Starbucks also formed a number of partnerships to serve a broader customer base. It sets up the North American Coffee Partnership with Pepsi to manufacture and distribute coffee drinks. The first product, Mazagran – a cold, carbonated coffee beverage – was a failure. However, the next product – bottled Frappuccino – was an instant hit and heralded Starbucks' entry into the supermarket and the ready-to-drink beverage business. Furthermore, the company initiated partnerships with bookstore chain Barnes and Noble and Chapters Inc., food and beverage company Kraft Foods, hotel chains Host Marriott International and Hyatt International and also got the United Airlines and Horizon Air accounts. In addition, it experimented with drive-through windows in locations where speed and convenience were important, with kiosks in supermarkets, lobbies and other public places. The company started to use FlavorLock bags to retain the freshness of the coffee. It made the expansion strategy feasible, according to Schultz. Starbucks came to be known for its dark roast specialty coffees and also leveraged the brand to build complementary products and service. They produced a successful line of music CDs, as a result of an extremely popular in-house music programme. They further acquired their own music label, Hear Music and launched Hear Music Coffeehouses. The downturn began in 2006. An article was published in Business Week: 'The coffee quality has been declining, especially as stores went from brewing coffee to pushing buttons on machines. The atmosphere of the stores has become all-too familiar.' Store sales declined in 2005 by 9 per cent and in 2006 by 7 per cent. The introduction of a warm breakfast to boost sales did not help. In the meantime, prices for food commodities reached an all-time high in the US. Consumers were no longer willing to spend so much on a cup of coffee at Starbucks. In February 2007, Consumer Reports, a trade magazine, rated McDonald's filter coffee as better not just in flavour but also in price.

Starbucks' share, which had been on a constant upswing ever since the company went public, also slumped. The share price plummeted by 42 per cent – making it one of the worst performers on the Nasdaq stock exchange in 2008.

**Questions:**

Q1	Treacy and Wiersema distinguish between three value disciplines, i.e. operational excellence, customer intimacy and product leadership. Which value discipline(s) has Starbucks applied in recent years? Give arguments.	<b>15</b>	<b>CO4</b>
Q2	Would you characterize Starbucks' strategy as a defensive or offensive strategy? Give arguments for your choice. What are your recommendations for Starbucks in the US if you want to build a sustainable company that is expanding in line with shareholders expectations?	<b>15</b>	<b>CO5</b>
		<b>30</b>	