

<b>Name:</b>	 <b>UPES</b> UNIVERSITY WITH A PURPOSE
<b>Enrolment No:</b>	

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, December 2019**

<b>Course:</b> B2B AUTO RETAILING	<b>Semester:</b> V
<b>Program:</b> BBA AUTOMARKETING	<b>Time:</b> 3 Hours
<b>Course code:</b> MKTG2019	<b>Max. Marks:</b> 100

**Instructions:** (i) All the questions in section A and section D are compulsory.  
 (ii) Attempt any 4 out of 5 questions in section B.  
 (iii) Attempt any 2 questions out of 3 in section C.

**SECTION A ( 20 Marks)**

<b>Q1.</b>	Choose the correct option:		
i.	B2B marketing is fundamentally different from consumer goods or services marketing because: a) distribution channels for business products are significantly longer. b) customer relationships for business products tend to be short-term and transactions-based. c) organizational buyers do not consume the products or services themselves. d) customer service plays a smaller role in the distribution of business products.	<b>2</b>	<b>CO1</b>
ii.	The development and maintenance of _____ between buying and selling organizations is pivotal to success. a) products b) relationships c) services d) system	<b>2</b>	<b>CO1</b>
iii.	When one company re-labels a product, and incorporates it within a different product, in order to sell it under its own brand name and offering its own warranty, support and licensing, what is this referred to as? a) Government. b) Original equipment manufacturers (OEMs). c) Retailers. d) Distributors.	<b>2</b>	<b>CO1</b>
iv.	When demand for a product is _____, an increase or decrease in the price of a product will not significantly affect demand for the product. a) responsive b) elastic c) inelastic d) derived	<b>2</b>	<b>CO1</b>

v.	Organizations that purchase goods and services that are then consumed as part of their production and manufacturing processes are referred to as: a) Institutions. b) Users. c) Original Equipment Manufacturers (OEMs). d) Distributors.	2	CO2
vi.	Examples of business market items that would usually be purchased as a straight re-buy are: a) high-quality raw materials. b) heavy-duty machinery. c) paper clips and pencils. d) computers.	2	CO1
vii.	In a business buying centre situation, the people who use the product once it has been acquired and who will also evaluate its performance are called: a) Users. b) Consumers. c) Influencers. d) Gatekeepers.	2	CO2
viii.	The function performed by the gatekeeper in the company decision-making unit is to: a) supply information to guide the evaluation of alternatives. b) select a supplier and implement the procedures for securing the goods and services. c) choose which goods and services will actually be bought. d) control the information that all members of the decision making unit will review.	2	CO1
ix.	The development of _____ techniques has enabled organizations to concentrate on their core processes and to outsource all other activities. a) logistics management b) supply chain management c) lean management d) supplier research	2	CO1
x.	The term _____ has become the established term to refer to those customers who are considered to be strategically important. a) stakeholder b) client c) key account d) partner	2	CO1

**SECTION B**

<b>Attempt any 4 of the following in this section ( 4* 5 Marks Each -20 Marks)</b>			
Q2	A customer knowledge of a good's price is always different form the customer's knowledge of service prices. Justify the statement with appropriate example.	5	CO2
Q3	"The purchase decision process in organizations is significantly influenced by the complexity and difficulty of a given purchase situation" Explain this statement.	5	CO3
Q4	Marketing Intelligence system is the key to success for any automobile company. Explain its relevance by giving suitable examples.	5	CO3
Q5	Why CRM has become an important area for the companies which is hard to neglect?	5	CO2
Q6	In an Organization Buying, three types of buying situations may arise. How they are different from each other?	5	CO4
<b>SECTION-C ( 2* 15 Marks Each- 30 Marks) (Attempt any 2)</b>			
Q7	Consider an MNC that wants to buy and provide cars to its sales and service personnel at entry level managerial position. Discuss in detail the procedure they should follow for purchasing the cars. Repeat this procedure for a household wanting to buy a car for its personal use. Compare and contrast the two purchases processes – Industrial and household.	15	CO4
Q8	Distribution Channels are one of the most vital components in the success of any organization. Explain the various functions of distribution channel members. Discuss how organizations use them to increase their market shares	15	CO4
Q9	Describe how electronic purchasing has changed the B-to-B marketing process and discuss the advantages and disadvantages of electronic purchasing.	15	CO5
<b>SECTION-D ( 30 Marks)</b>			
<b>Case Study</b>			
<p>Mahindra Automotive &amp; Farm Equipment Sectors (AFS) comprise businesses ranging from Automotive (including Cars, UVs, Small Commercial Vehicles, Trucks and Buses), Agri-business (including Dairy, Seeds and Applitrac equipments), Construction Equipment, Powertrains (Engines, Transmissions &amp; Gensets) to Tractors. This caselet pertains to the Automotive Business of Mahindra AFS.</p> <p><b>BUSINESS BACKGROUND</b></p> <p>The Automotive business is one of Mahindra Group's oldest businesses, which commenced with the launch of Mahindra Jeep in 1947. Six decades later today, Mahindra is still India's premier Utility Vehicle company, with iconic brands such as Bolero and Scorpio, and an offering that ranges from Cars, Electric Vehicles, Pick-ups and Commercial Vehicles that are rugged, reliable, environment-friendly and fuel efficient. Mahindra Group's automotive product range includes small commercial vehicles such as Gio, Bolero Maxi Truck and Maxximo, Verito &amp; Vibe range of Cars, e2o range of Electric Cars and Utility Vehicles including</p>			

Thar, Bolero, Scorpio, Xylo, Quanto, XUV500 and Rexton, along with Mahindra range of trucks and buses. Mahindra Automotive's R&D is concentrated in Mahindra Research Valley Chennai, with manufacturing facilities across 9 plants world-wide. In 2011, Mahindra acquired Ssangyong Motor Company of South Korea with presence in over 90 countries worldwide. Mahindra's vehicles ply both paved and unpaved roads of Australia, Europe, Latin America, Malaysia, South Korea and South Africa today, contributing about half of Mahindra Group's revenues.

**LIVE CHALLENGE: WHO OWNS THE AUTOMOTIVE FUTURE?**

The Automotive Industry began in the 1890s, with hundreds of manufacturers disrupting the horse carriage industry. Before the Great Depression of 1929, there were 32 million automobiles in use, and the US Industry produced almost 90% of them. In 1980, Japan overtook the US as the largest producer of cars, which the US reclaimed in 1994, only to lose to China in 2009. In 2012, China produced twice as many automobiles as the United States. Mahindra ranks 25, in the global list of Original Equipment Manufacturers of Automobiles including Cars, LCV, HCV and Buses, by volume. In this long and chequered history of 100+ years, 2 things have both driven the automotive business, and remained constants:

1. The Automobile has always been an aspirational product.
2. The Automotive OEMs have always exercised great control on the price at which a vehicle is offered.

Such an industry met with an incredible threat from an unknown quarter! In late 2007, Steve Jobs launched the iPhone, soon to be copied by a slew of other "smartphones". Smartphones disrupted the phone market, overthrew global leaders Nokia and Blackberry out of business, and began to revolutionize the world with their teeny-tiny "apps". Soon enough, iPhone and Android Apps started doing everything for smartphone users, from checking into a plane or a hotel to helping them buy groceries to getting around in unknown places.

18 months after iPhone's launch, Garrett Camp and Travis Kalanick received USD. 200,000 as seed funding and started Ubercab offering smart-phone based hailing, tracking and paying of Taxis. In 6 short years, the company grew to a value of USD. 50 Billion, with operations in 300 cities across 58 countries worldwide. The rapid growth of app-based cab companies made car companies sit up and take notice, even in an evolved auto market like the US. India too was 'uberified' with rival apps such as Ola, TaxiForSure and eventually, Uber itself.

With the advent and rapid growth of these app-driven "aggregators", Automotive businesses are faced with the prospect of car-ownership not being as much of an aspiration in the future, as it is today. Are Younger Indians as big on owning things, as their parents were? News reports have started trickling in, of customers who sold their cars and have started relying solely on taxi hailing apps. The cost of acquiring the asset (the car), maintaining it, paying for costs like having a chauffeur, parking etc. are beginning to be weighed against the convenience of calling a taxi on demand. There are reports of customers opting out of a second car, substituting it with taxi usage through these apps. Cars are being commoditized, and the pricing control that OEMs currently exercise may not remain with them in the future. Aggregators use their volume-buying power to significantly influence the price at which an automobile is sold - the power of pricing an automobile has shifted from the OEMs to the aggregators in a short span of time. Differentiation among brands is disappearing, and it is

	<p>becoming increasingly difficult to hold on to a customer, build customer loyalty. It is like, a brand has to start all over again, every time a customer wants to buy a new vehicle. The two fundamental premises that have governed the Automotive Industry for a century now, have been challenged globally.</p> <p>Car ownership penetration level is low in India - about 18 for every 1000 people, compared to 800 per thousand in the US. Will this market potential be realised? The share of organized cab services is low too, at 7% of 2 million cabs, which itself is considered a low fleet size for a country of India's size. Will the former market potential translate into realizing of this potential, or both will grow, feeding off each other?</p> <p>In the US, OEMs such as Ford have recently started car-sharing initiative that helps people let out their Ford cars to a select set of customers, to lower the cost of maintaining the vehicle. The app-based cab companies are also to be viewed in the light of their current "cash burn rate" to acquire customers, if it is sustainable in the longer run, and if they could survive beyond discounting.</p>		
Q10	How will this game eventually play out? Are cars just a means of commuting, as app-based cab companies believe, or are they an extension of one's taste and personality, as the OEMs believe?	<b>15</b>	
Q11	What should be Mahindra's strategy to neutralize the adverse impact of Aggregators on its businesses, and prepare itself for the disruptive changes that could possibly take place? Evolve a Strategy for Mahindra Automotive in the new Digital Era.	<b>15</b>	