

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 1 – EXAMINATION – SUMMER 2019

Subject Code: 3519206

Date:21/05/2019

Subject Name: Fundamentals of Marketing

Time:02:30 PM To 05:30 PM

Total Marks: 70

Instructions:

- 1. Attempt all questions.**
- 2. Make suitable assumptions wherever necessary.**
- 3. Figures to the right indicate full marks.**

Q. No.		Marks
Q.1	Explain following terms: (a) Competitive Advantage (b) Integrated Marketing Communication (c) Targeting and Positioning (d) Conformance Quality (e) Experience Curve (f) Holistic Marketing (g) Differentiate warranties and guarantees	14
Q.2	(a) Explain concept of maximizing Customer Lifetime Value.	07
	(b) Explain marketing research process and also give your insights on how to overcome barriers to the use of marketing research.	07
	OR	
	(b) Discuss the different methods of estimating current demands with the help of examples.	07
Q.3	(a) Explain stages in buying process in brief in context of consumer markets.	07
	(b) Discuss distinctive characteristics of services and also discuss categories of service mix.	07
	OR	
Q.3	(a) A relation between consumer psychology and pricing cannot be ignored. Discuss procedure of setting price in this context.	07
	(b) Write a brief note on initiating and responding to price changes.	07
Q.4	(a) Explain the roles of marketing channels.	07
	(b) You being marketing head of Textile Company is given a task of segmentation; which basis of segmentation you will choose and why?	07
	OR	
Q.4	(a) What do you understand by Vertical marketing system (VMS)? Discuss its various types with real life example(s).	07
	(b) Define channel conflicts. Explain the sources of channel conflicts in brief.	07

Q.5 Case Study

McDonald's is the world's leading hamburger fast-food chain, with over 32,000/- restaurants in 118 countries. More than 75 percent of McDonald's restaurants are owned and operated by franchisees, which decreases the risk associated with expansion and ensures long-term tenants for the company. McDonald's serves 58 million people each day and promises a simple, easy and enjoyable food experience for its customers.

The history of the McDonald's Corporation dates back to 1955 when Ray Kroc, a multimixer salesman, franchised a hamburger restaurant from the McDonald brothers, named it McDonald's, and offered simple foods such as the famous 15 cent hamburger. Kroc helped design the building, which featured red and white sides and a single golden arch to attract local attention. Ten years later, 700 McDonald's restaurants existed around the country, and the brand was on its way to becoming a household name.

During the 1960s and 1970s, Kroc led McDonald's growth domestically and internationally while pushing the importance of quality, service, cleanliness and value. The menu expanded to include the Big Mac, Quarter Pounder, Happy Meal, Filet-O-Fish, and breakfast items like the Egg McMuffin. Kroc also understood early on that his core audience consisted of children and families. Therefore, he focused McDonald's advertising efforts at these groups and introduced Ronald McDonald in 1965 during a 60-second commercial. Soon, characters such as Grimace, the Hamburgler, and Mayor McCheese made their debut in McDonald's advertising campaigns and helped lure children into its restaurants for simple, good-tasting food, and a fun experience.

It was also during this time that McDonald's created the Ronald McDonald House, which opened in 1974 to help children with leukemia. Since then, it has expanded into a global charity effort called Ronald McDonald House Charities that strives to improve children's lives, health and well-being through three major programs: Ronald McDonald House, Ronald McDonald Family Room, and Ronald McDonald Care Mobile.

McDonald's aggressively expanded overseas throughout the 1980s by adding locations throughout Europe, Asia, the Philippines, and Malaysia. This rapid expansion, however, led to many struggles during the 1990s and early 2000s. The company lost focus and direction, expanding by as many as 2,000 new restaurants a year. New employees weren't trained fast or well enough, all of which led to poor customer service and dirtier restaurants. New competitors popped up and the company acquired nonburger companies, Chipotle and Boston Market (which were eventually sold in 2006 and 2007). Consumer tastes changed, and new products like pizza, the Arch Deluxe, and deli sandwiches failed to connect with consumers, as did tweaks to the current menu including multiple changes to the Big Mac special sauce. Jim Skinner, McDonald's chief executive explained, "We got distracted from the most important thing: hot, high-quality food at a great value at the speed and convenience of McDonald's."

In 2003, McDonald's implemented a strategic effort called the "Plan to Win." The framework, which still exists today, helped McDonald's restaurants refocus on offering a better, higher-quality consumer experience rather than a quick and cheap fast-food option. The Plan to Win "playbook" provided strategic insight on how to improve on the company's 5 Ps – people, products, promotions, price, and place – yet allowed local restaurants to adapt to different environments and cultures. For example, McDonald's introduced a Bacon Roll breakfast sandwich in the United Kingdom; a premium M burger in France; an egg; tomato and pepper McPuff in China; and a McAloo Tikki burger in India. Prices also varied slightly across the United States to better reflect different tastes in different regions.

Some food changes that helped turn the company around included offering more chicken options as beef consumption started to decline, selling milk in a bottle instead of a carton, and removing "Super Size" options after the documentary *Super Size Me* targeted McDonald's and its link to

obesity. McDonald's responded to health trends and began offering premium salads as well as apple slices instead of French fries in Happy Meals as well as all-white-meat McNuggets. While many of the healthier options targeted moms and held a premium price, McDonald's introduced the \$1 menu at the same time, which targeted the lower-income bracket and teenagers. Other responses included improving drive-thru service since 60 percent of McDonald's U.S. business came from drive-thrus, introducing more snack options, and refurbishing restaurants with leather seats, warmer paint colors and flat-screen TVs. Initial results were staggering; from 2003 to 2006, the stock price increased 170 percent. Sales continued to increase through the late 2000s and topped \$23.5 billion in 2008, making McDonald's one of only two companies in the Dow Jones Industrial Average whose share price rose in 2008.

Mc. Donald's continued to flourish in 2009, led by its premium Angus burgers and its McCafe coffee line, which directly targeted competitors like Starbucks with less expensive specialty coffee drinks. McDonald's also launched a worldwide repackaging effort as a result of intense consumer research. The new packaging aimed to accomplish several tasks, including teaching consumers about McDonald's health consciousness and building awareness of its use of locally grown produce. It included bold text and full-color photographs of real ingredients like potatoes on French fry packaging and vegetables, cheese and cooking utensils on hamburger packaging. Mary Dillon, McDonald's global chief marketing officer, explained that the goal is to "create unique personalities for our menu items by telling a story about each one."

Through the years, McDonald's has created a number of successful marketing campaigns and slogans such as "You Deserve a Break Today," "It's a Good Time for the Great Taste of McDonald's," and "Food, Folks, and Fun." Its current campaign, "I'm Lovin' It," seems on track to join the others by helping the company reach record sales and growth despite difficult economic times.

Answer the following questions:

Q.5 (a) Discuss the adequacy of existing product offering of the McDonald's in today's competitive environment. **07**

Q.5 (b) Discuss the Segmenting, Targeting & Positioning strategy of McDonald's. **07**

Or

Q.5 (a) If McDonalds's want to enter into other product categories, which different other products you would suggest? Why? **07**

Q.5 (b) Identify the weaknesses of McDonald's and suggest measures for its improvement. **07**
