Tilak Maharastra University
Master of Business Administration (Distance)
(Semester - II) - Internal Evaluation
Marketing Management

Marks : 80 **Code : MD 202**

Note:

- ❖ The Paper Consist of two sections I& II
- ❖ Attempt any three questions from Section I
- ❖ Section II is Compulsory

Section I

1. a) Examine different channels of distribution presently operative in India explaining their merits and demerits. (15 marks)

or

b)What is market segmentation? Explain the necessity of market segmentation.

2. a) Services marketing is not the same as product marketing. Explain with suitable Justification. (15 marks)

or

b)In addition to consumer orientation, today's marketing manager needs also integrated marketing approach to other functional areas of the organization. Comment with suitable examples.

3. a) Explaining the difference between selling concept and marketing concept with suitable examples from the industry. Which concept is so far the most popular and why? (15 marks)

or

b) Explaining various stages in the product life cycle.

4. a)Write short notes on (any three) (15 marks)
   - (i) Product positioning.
   - (ii) Different type of market segmentation.
   - (iii) Characteristics of a good market report.
   - (iv) Pricing methods.

or

b) Explain in detail about the necessity of "Market Research".

Section II

5. Please go through the enclosed case and answer the following questions. (25marks)

There are no riders and no undercutting involved. It's all very transparent. We are targeting an entirely new passenger segment through this novel scheme."

- Uttam Kumar Bose, CEO, Air Sahara, Commenting on the 'Steal a Seat' campaign, August 2002.

'EVERYONE CAN FLY' THROUGH 'STEAL A SEAT'

The months of July and August 2002 witnessed unprecedented development in the commercial aviation industry in India. For the first time in the history of the industry, efforts were made to make air-travel affordable for a larger section of the population.

With air-travel fares being much higher than rail and road travel fares, the average Indian traveler rarely traveled by air. However, in these two months, the companies offering air-travel changed the market dynamics completely. The reason for the above was not very difficult to understand.

Though there were only three major players in the Indian aviation market, namely Jet Airways (JA), Air Sahara (Sahara) and the state-owned Indian Airlines (IA), competition was getting fiercer by the day. Thus, when JA launched its promotional campaign 'Everyone Can Fly' that offered special fares on select routes, industry observers commented that such a move was long overdue. Immediately, IA responded by launching its 'U Can Fly' scheme with similar conditions as that of 'Everyone Can Fly.'

Thousands of seats were to be offered by both JA and IA between August 1 and October 31 at rates, which were comparable with rail fares. The special fares could be availed of booking at least three weeks in advance. Though JA claimed that its campaign was a move to commemorate the first flight of 'Wright Brothers' in 1902, there were few takers for this.

In August 2002, Sahara surprised its competitors and customers alike, by announcing the 'Steal a Seat' campaign. Beginning August 26, 2002, customers could bid for 10% of Sahara's unsold seats for as low as Re 1. However, customers would have to plan their journey 25 days in advance.

They could bid for their destination online at a leading portal, www.indiatimes.com, or through phone, fax or e-mail. The 'Steal a Seat' scheme followed the already popular 'Sixer', 'Bid 'n' Win' marketing campaigns of the carrier.

As a result of these aggressive marketing strategies, fares continued to decline on a daily basis as compared to the 10% increase per annum in the past and sales increased. Airline companies seemed to be happy as it was much better to earn lesser revenues than fly planes with empty seats. However, some industry observers felt that companies took this decision out of desperation to increase the stagnating air-travel revenues.

It was also being felt that they were nothing but short-term gimmicks as the companies would not be able to financially sustain these for long. Moreover, it would be irrational to expect travelers (especially those from the business class) to plan their travel 21 days in advance.

BACKGROUND: THE INDIAN AVIATION INDUSTRY

The history of Indian aviation industry's dates back to the early 1930s, when one of the leading Indian business houses, the Tatas set up the Tata Airlines. There was limited activity in the field over the next two decades despite eight more private companies entering the fray.

In 1953, the Air Corporations Act 1953 came into force and all the assets of the then existing nine airline companies were transferred to two corporations - Indian Airlines Corp. (IA) and Air India International (Air India). While Air India offered international air services, IA offered domestic services. The Air Corporations Act 1953 prohibited any person or company to operate any scheduled air transport services from, to or across India. Therefore, two corporations enjoyed a monopoly status in the scheduled air transport services market. In 1962, Air India International was renamed Air India Ltd.

In 1986, private airlines were allowed to operate chartered and non-scheduled services under an 'Air Taxi' scheme. The scheme was introduced to boost tourism and augment domestic air services. The carriers were however, not allowed to publish time schedules or issue tickets to passengers. The government's aviation policy was progressively liberalized in the early-1990s.

(i) Analyse the case and state what it means to Indian airline industry at large.
(ii) Comment on the pricing strategy used by the airline companies. Do you think that these strategies will be successful? Why?

6. Explain the scope and significance of sales forecasting (10marks)