

Sub Code. MSSE-506

**INSTITUTE OF MANAGEMENT STUDIES  
DEVI AHILYA VISHWAVIDYALAYA, INDORE**

April-May-2024

**M.B.A(Financial Administration) EXAMINATION**

**SEMESTER-IIInd**

**Subject: Marketing Management**

Time: 3 Hrs.

Max.Marks:60

Note: Attempt any three questions from section A. Each carry 15 marks.

Section B is compulsory. Carry 15 marks.

**Section A**

- Q1) Marketing is a scientific approach to identify, create and influence need, want and demand. How this objective is achieved?
- Q2) Advertising objective is to create recall value to customer. Explain this statement with stages of advertisement.
- Q3) Explain how Customer are not similar in their characteristics?
- Q4) What are normal functions involved in new product development. Why any product fails?
- Q5) "Sales promotion are not just freebies but they create boost to customer and intermediaries". Explain this statement

## Section B

Note : Read the Case and answer the questions at the end.

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**A Case of Price Revision and Marketing Strategy**  
**VIJAY LABORATORIES**

Vijay Laboratories have been in the pharmaceutical industry for 4 decades. The company has a sound manufacturing infrastructure and good techniques and has been supplying bulk requirements to the government departments like ESI, Defence etc. The marketing department is headed by representatives in the Southern states and Orissa. Like all companies entering the market, Vijay Laboratories had to be contented with heavy odds in the initial stages.

The company's Chairman toured Germany, Canada, U.K. and struck a deal with a German company to manufacture and market a life-saving drug used extensively in surgery. Though the company had the German backup, it faced uncertain market. These are :

1. A similar product based on indigenous technology was already being marketed in India by a giant company, at least 10 times larger and more reputed than Vijay Laboratories.
2. The giant company had not been concentrating on this product with the result that the demand stimulation was very lukewarm and the market was very small and expanding slowly.
3. Though the product was life-saving one, the Indian medical profession was not using it extensively as in Germany or US—because of its high price, the difficulty in assessing the need for the product and the fear about fatal reactions (though non-existent)

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However, Vijay Laboratories had a certain edge over its giant competitor. Apart from the fact that it had the backing of a German collaboration, the giant company's product had a quality problem and was in and out of the market frequently. Thus, by projecting a foreign name and quality, Vijay Laboratories was able to launch a product with success in the Southern states.

It so happened, the market for this life-saving product was several fold larger in Bombay than in any other city. Hence, the giant competitor diverted all its stock to Bombay, practically starving the other markets in the country of this drug.

### Herculean Task

When Vijay Laboratories entered the Bombay market, it was faced with herculean task of marketing the drug because its competitors already enjoyed terrific patronage and brand reputation. However, the fortune smiled on Vijay Laboratories, when the giant competitor's product was out of stock for two months.

Being the only alternative brand available, the chemists were able to substitute all the giant's products with Vijay Laboratories's brand. Thus, the latter became popular. This spell, however, was brief and when the giant's product reappeared, Vijay Laboratories' sales slumped. Even though Vijay Laboratories has a German collaboration, it was marketing its product at Rs. 60 per unit while the giant was charging Rs. 164.

Then, the unexpected, happened. The giant suddenly revised its price from Rs. 164 to Rs. 208. This took Vijay Laboratories' marketing team by surprise. The Vijay Laboratories people attributed the increase in the price of their competitor to the following reasons :

1. The giant wanted to make as much profits as possible by putting up a stiff price, since in Bombay costly price means better quality. Moreover, the giant had its major sales from Bombay.
2. The revision in the retail price of the giant's products would enable the chemists to enjoy a better profit margin and lead them to substitute Vijay Laboratories' prescriptions with the giant's product since the latter enjoyed a better brand image and gave more retail margin.

Now, Vijay Laboratories' marketing team was in a fix. It had to evolve a suitable counter strategy, and the options available to them were just two, namely:

1. Raise the price of Vijay Laboratories Labs' product and bring it at par with or somewhere near the giant's product. Vijay Laboratories' product already enjoyed an excellent profit margin and any increase in price, while making the product less affordable, will add to the kitty of the company. At the same time, though the Bombay market may not be deterred by the higher price, it will surely dissuade the doctors from other parts of the country from using the product.
2. Launch a campaign highlighting the advantages of the economy in using Vijay Laboratories' brand over that of giant company.

Moreover, in a market which is slowly expanding, raising the prices may once again retard growth.

## QUESTIONS

1. What are the key issues that emerge from the above case?
2. How far are Vijay Laboratories' presumptions about the reasons behind the price increase affected by its competitors valid?
3. What strategy should Vijay Laboratories' marketing team adopt in response to the price revision initiated by their competitor?