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Reg. No. : .....

**Code No. : 22464 E      Sub. Code : SMBA 51**

B.B.A. (CBCS) DEGREE EXAMINATION,

NOVEMBER 2019.

Fifth Semester

Business Administration – Main

**CASE ANALYSIS**

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

1. Read the following case and answer the questions given below:

**SEGMENT TO SELL**

India's diversity could provide plenty of opportunities should marketing strategies be designed and executed well. Unfortunately, several companies have failed to grasp the nuances of Indian consumer behavior and hence, their products bombed in the marketplace.

Segmentation is powerful tool through which markets can be handled and brands built. Two case studies illustrate how poor segmentation has led to miscalculation. Result: Companies entering India have either failed or taken a lot of time to succeed.

First, cars. Lack of proper segmentation of the automobile market resulted in most cars being launched in the mid-size segment. Soon, the mid-size segment was choked with cars like Dyewood's Cielo, Opel's Astra and Ford's Escort among others. The mid-size segment in a niche market, but there were few takers here. Today, most of these companies are unable to achieve even 25 to 30 per cent of their target and have landed up with heavy inventory. Now they are forced to offer deep discounts and resort to desperate sales.

Had proper segmentation been done, the focus would have been on small-size cars that are mostly affordable and comprise the largest and the fastest growing segment. This has been proved by the success of Maruti 800 and Zen. It looks a lot of time for people to realize the segmentation folly. So car manufacturers are now making a beeline for the small car segment, which again is threatened by excess capacity and may ultimately lead to price wars.

Page 2      **Code No. : 22464 E**



Had proper segmentation been adopted, there would have been another brand to challenge the Maruti 800 and Zen monopoly long ago that brand would have gained good sales and market share.

There are certain brands of cars which are doing well. Take the Zen, for example. Its better aesthetics, more leg space than the Maruti 800 and better technology inputs, make it popular. This car is ideal for a distinct segment.

The positioning of the Zen has been directed towards a segment defined by the parameter of usage. Segmentation for usage is a powerful weapon in the marketing armory. Customers desirous of upgrading themselves from a Maruti 800 or those who desire a mix of aesthetics and manoeuvrability for regular usage, find the Zen an extremely lucrative option. Result: at a time when the car industry is facing rough weather, the Zen seems to have done better, primarily because it is segmented by usage-kids can be dropped at schools, it is decent enough to be driven to office or can even be used to comfortably drive down to an informal party.

Page 3    Code No. : 22464 E

Many a times, companies can track usage patterns and segment the market by usage and gain.

Let us take another case study of a recently launched beverage which has also pegged usage as the criteria for segmenting its market and achieved considerable trials and healthy repeat purchases. Fosters beer has recently been launched in pint-sized bottled alongside the usual larger pack size. The shape and size of the bottle is targeted towards young, trendy, light users who consider drinking beer as a part of their lifestyle. San Miguel and Ice have also been launched in the same size.

In my opinion this particular pack size, which is handy, shapely and international in its look, gained huge ground among light-users. In terms of segmentation, the usage pattern goes alongside a sport like bowling or as a quick accompaniment drink or even as a trendy teenage drink where holding the Foresters bottle transports young customers to a different world of lifestyle and minority. There is, of course, multiple usage which takes place and the fact that it is a low cash-ring product. The size also helps.

Page 4    Code No. : 22464 E

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Since the segment defined by usage is the light, young, trendy user who apes the West, a certain chunk of the young women segment also fall in the consumption segment.

In both the cases as well as the newly-launched beers, focusing and selecting specific usage criteria for segmenting the market helps increase trials and market share.

Segmentation by usage could be on the basis of light and heavy consumption, regular or occasional consumption, home-out-of home consumption as well as the method and style of usage.

As the market becomes more competitive, whether in cars or in beer, a clear segmentation strategy would help launch, increase or even retain market shares and profitability. If a product is not segmented specifically and is aimed at everyone, then it is most probably aimed at no one. This could be the beginning of the end of any brand.

Questions:

- (a) What issues pertaining to segmentation has been discussed in the case?

- (b) What criteria have been used in segmentation of the market?
- (c) 'Market segments are essential to reach target markets.' Comment on this statement in context of above case.
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