

# 27

---

## Case Studies

---

Cases give the students an understanding of the practical situation and helps them to tackle them better.

- *The cases have been drawn from the various fields of consumer.*
- *It is expected that the students will be better equipped to solve the problems in the practical field once they have through these cases.*

### Case Studies

#### ■ 27.1 Case I: Factors Affecting Consumer Behaviour

Martin Incorp. was a company carrying on business in cosmetics and perfumes. It was not following the marketing concept and was catering to a target market which was using its products. In other words, it only concentrated on what it would make, and did not bother about changes in preferences of its target market.

It was later joined by Mr. Ash, a marketing graduate who advised the company regarding the changing consumer preferences, and the changes that were necessary to be incorporated in the product. He emphasised upon the income factors, and social factors only. He modernised the products to a great extent, and invested about 30 lakhs on new packing, etc. Even after six months of these changes brought about by him, the company did not seem to have a proportionate increase in sales.

The assistant manager and the product manager were not very happy with the changes, and thought that although an effort has been made in the right direction, some important factors concerning consumer behaviour had been neglected.

#### Questions

1. Do you agree with the assistant and product managers, and why?
2. What other factors, if any, could have been considered? Elaborate in detail.

#### ■ 27.2 Case II: Organisational Buying Behaviour

Miss Michael was working as a purchase manager in a small-scale company, where raw materials and other products were purchased solely at her discretion. The company was doing very well and the credit was given to Miss Michael for all the progress of the company.

Later she got a job in a medium scale company with a turn-over of about five crore. She was appointed incharge of purchases, and as the procedures of the purchase made by this company were different from those of the previous company, it took her quite sometime to get familiar with the procedures of purchase, etc. under her jurisdiction.

On one occasion, she has to urgently place an order of raw material worth about two lakhs, which was essential for the supply of a timely order. Considering the situation an emergent one, she placed the order without informing, or calling a meeting. Although the order was supplied in time, during the audit it came in for severe criticism, and Miss Michael was given a show-cause notice as to why she had taken the decision alone. Miss Michael was very perturbed about the situation and wanted to explain her position to the manager.

## Questions

1. Where did Miss Michael go wrong?
2. How can you help her to reply to the show-cause notice issued to her?

## ■ 27.3 Case III: Family Influences

A certain store was keeping a number of brands of washing machines. They had washing machines to cater to the needs of all the segments of the society. They were stocking IFB, Videocon, BPL, National, Godrej, and local made washing machines as well. They had both automatic, semi-automatic and manual machines. The automatic machines were bought by the higher income group. The middle income group were content with semi-automatic machines. Manual hand operated machines were for the lower class of clientele, and also those living in the rural areas, where electrification was not complete or the electricity went off for days together.

It was observed that when customers came to buy an automatic machine, they usually came with their spouses and they looked mainly at the colour, style of functioning, electric consumption, care for handling, price factors, etc. Many customers would not buy on their first visit. They would come back after an interval of time, and bought the machine after careful considerations of the attributes that they were looking for. Many would lower their choice, and come back to buy semiautomatic, instead of automatic machines.

The sale was observed to be highest during marriage seasons and at festival times. There was a great influence of the house-wives in buying these, as they were the ultimate users.

With a lot of information imparted by the media, and the children being exposed to it for several hours, in a day. They seemed to have a good knowledge of the attributes, and had a great say in the purchases and their opinions were also given weightage by the parents.

Since a chain store is more interested in the sales to materialise, rather than pushing any particular brand, the salesmen are directed to satisfy the customers or the family. This should be their first consideration.

## Questions

1. Do you feel that group interaction helps the buyer too, in his decision-making process? Elaborate.
2. What should be the role of the marketer in the above case regarding, advertisement, promotion, persuasion and closing the sales?

## ■ 27.4 Case IV: Health Conscious Consumer

Consumers are becoming health conscious and would like to consume foods which are balanced, and have all the required nutrients in proper quantities. These ingredients are cholesterol, salt, sugar, fibre, calories and additives. The consumers are not only concerned about such goods for themselves, but also their families.

A survey was made by a company to find out the food attitudes of consumers. This was done to find out how products could be designed, advertised and positioned to attract health conscious consumers. The survey of food attitude was carried out as food-related items. These attitudes were food conscious, cooking attitudes, brand loyalty, instant foods, price sensitivity, value, etc. The analysis revealed that basically customers could be classified into three categories.

### Category I: Older Consumers

These were health conscious older people, who because of medical consideration, had little choice, and these people were concerned about sugar, salt, greasy foods, etc. They ate meals regularly, at regular timings, and took great precautions for their food. They used branded products, and played very safe in eating outside and not consuming food not prescribed for them.

### Category II: Buyers of Convenience Food

These are younger consumers keeping busy mostly outside the house, who skip lunch or breakfast. They rely on convenience food and fast foods. They have a hectic lifestyle. They are upwardly mobile, use ready to eat and frozen foods. They work mostly outside the house and are pressed for time. They have an irregular schedule for meals. They also dislike cooking and want to utilise time for leisure and other activities rather than for cooking. They are not very concerned about balanced diet, and would have greasy burgers or any other fast foods to suit their convenience. They can also be categorised under impulse buyers, rather than careful shoppers. If the product has appeal, it will be bought, and the price and brand name are not the main considerations.

### Category III: Cooking Own Food

They like to cook their own food and get involved in the kitchen. They love to make an assortment of dishes. This is also done to cut costs. They like to buy their own groceries and cooking stuff, and do not want to waste money on fancy packings. They do not try new products, *i.e.*, they are not innovators, but try to be a late majority, and buy a thing, when it has established itself in the market. They tend to have a big family, and have to economise, as well.

## Questions

1. What inferences can be drawn by marketers from the above study? How does it help them to formulate strategies for advertisement, positioning, etc?
2. Do you require any other information and why?

## ■ 27.5 Case V: A.T.O. Model of Consumer Behaviour

A consumer wants to choose a three-room flat by applying the A.T.O. model.

### First Flat

It is available in the heart of town in the main market. The underground parking facility is provided. The cost of the flat is 20 lakh. The builder is not very reliable. Most flats are under construction, and the model flats on display do not seem to have a very good finish. The ventilation is O.K. but the galleries, etc. seem congested. Ample security is also provided.

### Second Flat

These are already constructed, many people are living in them, and are appreciative of the facilities provided. The cost of the flat is 17 lakh, and it is situated about 4 km away from the main market. The construction, lift, power and water facilities are good, and there is good ventilation in the corridors as well, and these corridors are well lighted. Security and other factors are also good.

### Third Flat

These are situated about 6 kilometres away from the main market. Have a beautiful view of the river and the university. They are across the river, *i.e.*, one has to cross over from a bridge to come to this area. Although the traffic is free flowing, but on many occasions since it is near the university and political rally ground, many a time, there is a traffic jam, and some inconvenience is caused to the owners to reach their destination. These are costing about 16 lakh, and have other facilities which are good to satisfactory. They are near another comparatively smaller market which is at a distance of 3 km from there.

Quality of construction is O.K.

## Questions

1. Giving your preference on a one to five scale for the following and weightages as given. Show the process of choosing between the three flats.

Attributes	Weightages	Your preference on 1 to 5 scale			
		Flat One	Flat Two	Flat Three	
Cost	40%	to	3	2	2
Location	20%	3	4	4	2
Facilities	20%				
Quality of construction	20%				
	Total				

2. What are the functions of attitudes and it affects on purchases?

## ■ 27.6 Case VI: Vending Machines (Motivation)

Thomson was a limited company manufacturing vending machines. These machines could be used for automatic vending of cigarette packs, match boxes, tea, coffee, cold drinks, chocolates and many other products. The vending machines had to be programmed for vending various items. One machine could handle a variety of products as well. These were to be installed at shopping centres, cinema halls, public places, hotels, etc. The manufacturer started with installing these machines in various parts of the city for selling coffee and tea. The machines became popular, as they served the customers with both tea/coffee at a standard price, and the customer had the choice of having strong or light, with or without sugar, more or less milk depending on his choice. As they became popular, more and more machines were set up at strategic places like bus stations, railway platforms, etc. so that the customer had an access to the beverage, whenever he needed it. In the beginning, an attendant was also required to stand with the machines, as they were not fully automatic. Later, fully-automatic machines were developed, which could work without the help of an attendant. The attendant had to come only once, to replenish the stocks, and take out the cash from the machines. A difficulty that was faced, was that these machines did not accept torn notes, or some coins which got stuck in them. To overcome this difficulty, the company was contemplating to introduce a card system, which could be purchased with Rs. 100, or its multiples, and on using these cards, the amount would get debited automatically and the balance would be known by the consumer.

The survey showed the results, but a lot of effort would be required to motivate the consumers to buy these cards. The company also contemplated providing the consumers with other products as well. These could be cigarettes, soaps, oils, cold drinks, chocolates, biscuits, etc.

### Questions

1. Do you think that the company will succeed in selling other products along with the tea/coffee they are already selling?
2. How can the company motivate the consumers to buy other products, as well as, to use the cards instead of cash?

## ■ 27.7 Case VII: Buyer's Behaviour

In the U.S. cereals are taken at breakfast time. Cereal manufacturing is an industry of great magnitude. Cereals are manufactured in various shapes, flavours and colours and the advertisement is directed at children. The leading manufacturers are Kellogg's, General Mills, General Foods, Quaker Oats, and Champion. Kellogg's share was constantly being eaten away by other manufacturers who were introducing new cereals. Kellogg's therefore thought of introducing a new cereal, which they had not done for a long time. The cereals were not only consumed by children, but a substantial portion formed the adult market as well.

Kellogg's developed a new plan to come out with a cereal which would be tasty, nutritious, free of sugar and made of grain. The cereal consisting of the above attributes was named

“Nutrigrain”. These were available in four types. Nutrigrain Corn, Wheat, Barley and Rye. These were introduced together, and no test marketing was done to avoid competition.

These Products were advertised heavily and targeted at adults. To promote the product further, discount coupons were freely distributed, which gave a cut of about 30 per cent in the retail price of the product. Coupons were also inserted in the Nutrigrain boxes’ so that customer would return to take advantage of these coupons, and make repeat purchases. A lot of information and advantages of consuming Nutrigrain was boldly printed on the packages for the information of the consumers. Proper display in the shelves of stores was also taken care of.

Their efforts brought results, and the stores were loaded with orders and most adults started eating these cereals, because of promotion, curiosity, etc. After one year, the sales declined because there were very few repeat purchases. This started the extensive thinking as to where they had gone wrong. Consequently, they withdraw two of their brands—Barley and Rye. These were replaced by raisin and wheat varieties.

They also found out later, that there was a shortage of time for the adults, which prevented them from having cereals. If they could get out of bed 10 minutes early and devote these ten minutes to breakfast, they would probably enjoy the cereals. They also found out that though people were clamouring for sugarless cereals, yet they loved to satisfy their palates with sugar coated cereals.

## Questions

1. Should Kellogg’s have done test marketing and gradual product introduction?
2. How can you comment on the habits of the consumers and their preferences?
3. Suggest methods of increasing the market share of the adult market?

## ■ 27.8 Case VIII: Promoting Beauty Products (Marketing Strategy)

India is in the limelight with the success of several Indian beauties as winning the Miss Universe and Miss World contests, one after the other, in a short span of a few years:

1. Sushmita Sen (Miss Universe)
2. Aishwarya Rai (Miss World)
3. Yukta Mookhey (Miss World)
4. Lara Dutta (Miss Universe)
5. Diya Mirza (Miss Asia Pacific)
6. Priyanka Chopra (Miss World)

This has put India in the centre stage, and many producers of beauty products and marketers, are trying to find out the reason for success of beauty pageants, and also how to promote their beauty products in the market. These products naturally are targeted at the beauty conscious, aspiring, upwardly mobile, outgoing ladies and girls, who want to make a mark in life, and believe that their face is their fortune.

India Times has through interviews come out with some information:

1. India’s beauty product market is growing at the rate of 30 per cent.

2. The MNCs are also trying to penetrate the market deeper. Revlon for one, is feeling the pules of the Indian market, and is making suitable changes in their products.
3. The beauty products are being targeted in the developing countries, where women what to look their best and want to keep abreast of the international trends.
4. While targeting the products at the consumer, the price strategy is also considered along with the moods, the occasion, the shades, classic shades for longer use, colour stay for longer use, colour stay for lipsticks.
5. The Indian climate is hot, and in manufacturing the product, care is to be taken for it not to melt. Cleansing, moisturising and applying sun screen to avoid blemishes and discolouration when outdoors, are required.
6. Further, the Indian women are educated to use the right colours. This is done by beauty advisors and continuous learning programmes imparted through various media.
7. There is a lot of response of beauty products from the cities of Delhi, Bangalore, Mumbai, Kolkata, Ahmedabad, Chandigarh, etc.
8. MNCs like Revlon, Lakme, L'Oreal are competing with each other to win customers. Continuous research is also going on, and the Indian market in beauty products is growing at a much faster pace.
9. Another product that is making inroads into the beauty product market, is herbal products. Many beauticians of east and west are recommending herbal beauty products, as they are natural and harmless. They are mild, and suit soft skin well.
10. Many consumers are switching over to herbal products, which is increasing the share of the herbal beauty market as well.

## Questions

1. As a marketer do you see this as an opportunity, and how can you cash on it?
2. What strategy is to be adopted to enlarge the market and make consumers of lower and middle class more conscious about beauty products?

## ■ 27.9 Case IX: Organisation Buying

M.K.B. Products was an industrial company, undertaking the manufacture of chewing tobacco products. For the packing of these products, tin containers were required in huge quantities. The company was buying these containers from Shaz Metals, who were supplying the empty containers to M.K.B. Product @ Rs. 1.60 per tin container. This arrangement carried on for more than ten years.

M.K.B. Product was later joined by a young M.B.A., who advised the owner of M.K.B. Product, to go in for backward integration (To make the tin containers themselves, instead of buying them from Shaz Metal Works).

The matter was put under deliberation, and it was decided to join for partial backward integration, *i.e.*, to start the manufacture of their own tin containers, as well as, keep buying from the supplier (Shaz Metal) in a lesser quantity, till such time that the company M.K.B. Product could become self-sufficient.

In the pursuit of backward integration, another semi-automatic tin-container manufacturing plant was set up by the company, and it started its production and initially faced a lot of teething troubles. They however, overcame them and started functioning smoothly.

A number of suppliers were interested in supplying tin sheets (out of which tin containers are made) for M.K.B. Product. After buying randomly from a number of suppliers, the company came to terms with one Mr. Wali, who undertook all the raw material supplies of tin sheets to the company at reasonable rates. He would make deliveries as and when necessary, and developed a good relationship with the owners of M.K.B. Product. The supplies were reliable, they were reasonably priced, were regular and timely.

This arrangement lasted for a decade. Later Mr. Wali, the tin supplier told the company that they would be charging an additional two per cent on the prices quoted by them, due to the rise in prices, and the delivery time would have to be rescheduled, and the company would have to pick up, or order for the entire material consumed by the quarterly, instead of monthly arrangements.

This set the owners and managers of M.K.B. Product thinking whether to agree to Mr. Wali's terms, or look for another supplier. After a little research, they came across a supplier in scrap tin industries, who were happy to supply to M.K.B. Product at the rates and terms of conditions at which Mr. Wali was originally supplying. They agreed to monthly deliveries, and relaxed their terms of payments, as well.

When the deal was about to be finalised with the scrap tin industries, Mr. Wali sent a telegram to M.K.B. Product, that the increase in rates was cancelled, and they were willing to renew their contract, or continue with the supplies at the earlier rate for the next 12 months.

This again set the company thinking because they had good relations with Mr. Wali for a considerable period of time, and also the fact that in industrial buying, market price plays a secondary role, but the quality, uniformity of products, timely and regular suppliers are the dominant factors.

## Questions

1. What should the company do in this situation and why?
2. Should the company try scrap industries who are an unlisted supplier, and what precautions should the company take for the future?