

QUESTION BANK

MBA SEMESTER - 2, MARWARI COLLEGE  
PAPER NO → CCMBA202; MARKETING MANAGEMENT  
UNIT - 02.

GROUP - A

(1 MARKS)

- Q1) \_\_\_\_\_ is the process of dividing a market into smaller groups of buyers with distinct needs, characteristics, or behaviours who might require separate products or marketing mixes.
- Q2) setting the competitive positioning for product and creating a detailed marketing mix is called \_\_\_\_\_
- Q3) A company is practicing \_\_\_\_\_ if it focuses on sub segments with distinctive traits that may seek a special combination of benefits.
- Q4) If a marketer attempts segmentation of a market by dividing the market into different units based on nations, regions, states, cities or even neighbourhoods, then the marketer is practicing \_\_\_\_\_ segmentation.
- Q5) Demographic variables are easier to measure than most other types of variables with respect to segmentation - (TRUE/FALSE)
- Q6) PSYCHOGRAPHIC segmentation is used not only with the affluent, but also with the consumers with lower spending power - (TRUE/FALSE)

Q7) To be useful, a market segment must be cons-  
-picuous. (True/FALSE).

Q8) Considering competitive positions, the firm other  
than market leader who is fighting hard in its  
industry to increase market share is known  
as \_\_\_\_\_.

Q9) The movie Spiderman 3 was launched in India in  
five different languages, including Bhojpuri. It  
is an example of:

A) Local Marketing B) Niche marketing C) Mass marketing D) Multicultural.

Q10) Your marketing department is currently resear-  
-ching the size, density, location, age,  
and occupation of your target market. Which  
environment is being segmented?

### GROUP-B

Q1) Explain meaning of market segmentation.  
Explain demographic and Psychographic bases  
for market segmentation.

Q2) What is positioning? How can a marketer  
position his product or service offering?

Q3) What are the different criteria for a  
market segmentation?

Q4) Do customers see themselves as belonging to separate segments? If they do or not, will they value the special efforts made by the marketers to please them?

Q5) Does any company know exactly what its resources and competencies are? If it does not, is it possible for a company to know which segments it is best capable of serving?

Q6) What are the best resources to learn about market segmentation among wealthy consumers?

Q7) Discuss the strategies developed by →

A) MARKET LEADER

B) " FOLLOWER

C) " CHALLENGER

D) " NICHER.

Q8) Solve the following case →

## Yum! Restaurant

Yum! Restaurant is a major global player in the quick-service restaurant (QSR) market, and has 36,000 restaurants in over 110 countries. The Indian QSR market is growing at the rate of more than 20 per cent per annum, and Yum! Restaurants is running its KFC, Pizza Hut and Taco Bell chain of restaurants in India.

Pizza Hut is driving Yum!'s growth in India. Pizza Hut has successfully repositioned itself from a fast food joint to a casual dining restaurant with an enlarged menu. Its menu has 30 items and 75 food options that diners can choose from. Its casual dining experience is characterized by customers having a choice of what they want to eat, rather than by speed and value-for-money, which was the case when it had positioned itself as a fast food joint. At Pizza Hut outlets, customers spend around half an hour enjoying a multi-course meal, and they may spend up to ₹600 on a single meal. Since the customer is spending substantial amount of time at the outlet, and is also spending a relatively large sum of money, ambience and service at Pizza Hut have been refurbished. Employees have been retrained in ways of casual dining. It has also invested to make the décor more imaginative. It had to work hard to shed the image of a fast food outlet—it had to change everything from lighting to cutlery and crockery.

KFC first entered India in 1995, but it was forced to retreat due to protests from Swadeshi groups. It came back in 2004, and has opened a large number of outlets across the country. It is growing at a fast pace, and is present in all formats - mall, airport, drive-through. More than a million customers visit these outlets every month, and a customer spends around ₹100 every time he has a meal at KFC. KFC advertises profusely, and it reserves 5 per cent of its revenue for advertising and other forms of promotion.

KFC's positioning is slightly ambiguous. Yum! is trying to position it between food sold on stalls in the streets and fine-dining restaurants. It is trying to cater to the middle segment of the proverbial 'pyramid'. KFC is trying to straddle between street food and fine-dining restaurants, because it discovered that when the economy is not doing well, diners visit restaurants less frequently, but they visit fast-service restaurants where they can have meals at reasonable rates. But when the economy is doing well, they stop eating from the stalls in the streets, and visit fast-service restaurants to have their meals.

Most fast-service restaurants focus on providing large variety of snacks on their menu, and KFC does the same. But, it is also experimenting—it has introduced chilled beverages called Krushers in 3 variants of crunchy, smoothies and sparklers. Customers have liked Krushers, and it contributes almost 10 per cent to its revenue. Like McDonald's, which is one of its main competitors, KFC wants to serve customers the whole day. It already caters to lunch as well as dinner and



is strengthening its snacking portfolio. The third chain under its portfolio is Taco Bell, which was launched in India in March, 2010. Taco Bell offers Mexican fast food such as burritos, tacos, quesadillas and topped nachos. Taco Bell offers food that is a contrast in texture and flavours, which strikes a chord with the youth who seek

something new. Food at Taco Bell tastes different, and its menu prompts customers to think beyond traditional snacks like burgers. Taco Bell specializes in Mexican fast food, and hence it appeals to only a limited number of customers. Hence, Taco Bell will operate only in large cities. Its products are reasonably priced, and they match those at KFC. Yum! has tweaked the taste and prices of the cuisine of Taco Bell based on consumer feedback. Its menu includes the chain's trademark crunchwrap and grilled stuffed burrito. Now, footfalls exceed 2000 customers a day.

But Yum! is worried—customers do not spend lavishly at fast-service food outlets, and therefore the average bill size is low. Yum! is trying to increase average bill size by offering more items on its menu. It has added more vegetarian snacks on KFC's menu, and is trying to move Pizza Hut's menu beyond pizza and pastas—in the hope that customers will order more items if they have longer menus to choose from. Yum! is increasing the number of outlets in the cities in which it is present and is focused on increasing footfalls. Opening more stores in the cities in which it is present, will allow it to leverage the supply chains that it has set up in these cities—supply chain of food is expensive to set up. It has plans to add more than 1000 new outlets by the year 2015—for successful fast food chains' revenues are proportional to number of outlets.

Yum! will need capital to expand—it takes around ₹2.5 crore to open a KFC store, and around ₹1.7 crore to open a Pizza Hut store. It is more expensive to open a KFC outlet because its equipments are more expensive, and space for sitting has to be provided. All Yum!'s outlets are earning profits. It is important to remember that in fast food business, outlet profit is relatively easier to achieve, but chain's profits are delayed due to heavy investments in supply chain.

Yum! is doing well, but it has seen turbulent times. KFC had to retreat because some Swadeshi groups protested against it establishing base in India. Pizza Hut was perceived to be too expensive, and hence customers did not patronize it in the initial years. With Taco Bell, the company is judging consumer reactions to the Mexican platter. The organized quick-service-restaurant market is still nascent in India, and more players will expand the market in malls and high streets. However, specialized chains may not be competing directly with McDonald's, because of a difference in the scale of operations, and also because McDonald's pricing is very different from that of Yum!'s restaurants.

## QUESTIONS

1. Do the three chains of Yum! Restaurant serve three different segments? Can these three different segments be clearly defined?
2. Should Yum! Restaurant go the McDonald's way—designing products to suit the Indian palate and pricing low to serve Indian pockets? Or should it retain the distinctive taste of its products?