



Register Number:

DATE: 26-11-2020

**ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27**  
**B.Com - III SEMESTER**  
**END SEMESTER EXAMINATION: NOVEMBER 2020**  
**BC3318 : PRINCIPLES OF MARKETING**

Time- 2 1/2 hr

Max Marks- 70

This paper contains three printed pages and four parts

**Section A**

I. Answer **any five** of the following. **5X2=10**

- 1) What is relationship marketing? Give an example for the same.
- 2) Give the meaning of loss leader pricing strategy.
- 3) State any two characteristics of a product that is in the growth stage of the product life cycle.
- 4) Why should companies focus on customer satisfaction? State any two reasons for the same.
- 5) List any four macro environment factors that affect the marketing environment.
- 6) State any four factors that influences consumer behaviour.

**Section B**

II. Answer **any three** of the following **3X5=15**

- 7) Car-sured Ltd is an insurance company that specialises in vehical insurance. The company has decided to undertake an aggressive telemarketing strategy in order to create demand for its scheme. Identify the marketing concept being followed by Car-sured Ltd and briefly explain the same. Compare this marketing concept with any of the other marketing concepts.
- 8) With the help of suitable examples, explain the following concepts:
  - i) Digital marketing
  - ii) Content marketing
- 9) Briefly explain the various targeting strategies.
- 10) Diagrammatically represent the various levels of consumer marketing channels.

**Section C**

III. Answer **any two** of the following **2X15=30**

11) Answer the following:

- a) With the help of a diagram, explain the various stages of consumer decision making? (10 marks)
- b) Explain any five factors that influence customer satisfaction. (5 marks)

12) *The House of Chic*, is a premium luxury clothing brand situated in Bengaluru. The brand has decided to launch a new range of designer N95 masks.

- a) Suggest a possible STP strategy for the brand. *The House of Chic* would also like you to handle their promotion strategy. (5 marks)
- b) Suggest five promotional strategies for these new designer masks and explain your reasons for choosing the same. (10 marks)

13) "A business that makes nothing but money is a poor business". In the light of this quote from Henry Ford, discuss the various ethical concerns/issues pertaining to marketing in the 21<sup>st</sup> century.

## Section D

### IV. Answer the following (Compulsory Question)

15x1=15

14) After a trip to Italy in the early 1980s, Howard Schultz was inspired to transform Starbucks—then just a handful of coffee shops in Seattle—into a chain of European-style coffeehouses. He wanted to provide customers with what he called a "third place"—a place away from home and work. As CEO of Starbucks, Schultz developed what became known as the *Starbucks Experience*, built around great coffee, personal service, and an inviting ambiance.

It wasn't long before Starbucks became a household word—a powerhouse premium brand in a category that previously consisted of only cheaper commodity products. In 20 years time, Schultz grew the company to almost 17,000 stores in dozens of countries. As Starbucks grew, company sales and profits rose like steam from a mug of hot java. Growth routinely averaged 20 percent or more each year.

By the end of 2008, the 20 percent annual growth had dropped to 10 percent, with existing-store sales *decreasing* by 3 percent. Total company profits dropped by a scalding 53 percent for the year. And for a second year in a row, Starbucks' stock value dropped by 50 percent to around \$10 a share.

The weakened economy due to the recession certainly played a role. An issue often mentioned was that Starbucks had developed an identity crisis with respect to its target customer. In its early years, the Starbucks customer profile was clearly defined. The typical customer was wealthier, better educated, and more professional than the average American. The customer was far more likely to be female than male, predominately Caucasian, and between the ages of

24 and 44. It was this customer who fell in love with the *Starbucks Experience*. She was very loyal, often visiting a store every day or even more than once a day. She loved the fact that the barista greeted her by name when she came in and chatted with her while making her custom coffee drink, not caring if it took awhile. She lounged on the comfy furniture, enjoying the perfect mix of music that always seemed to fit her mood. She met friends or just hung out by herself reading a good book.

The more Starbucks grew, the more the *Starbucks Experience* began to change. With more stores, the place wasn't quite so special. As each location filled with more customers, baristas had more names to put with faces. As the menu expanded with more options, the number of combinations for coffee drinks grew into the hundreds, leaving baristas less time to chat with customers. As the atmosphere in each store turned to "hustle and bustle," it became a less attractive place to hang out.

With all these changes, Starbucks progressively appealed less to the traditional customer and more to a new customer. This customer shift was inevitable; there simply were not enough traditional customers around to fuel the kind of growth that Schultz sought. The new breed of customer was less affluent, less educated, and less professional.

As the customer profile evolved, the *Starbucks Experience* grew to mean something different. To the new breed of customer, it meant good coffee on the run. It was a place to meet and then move on. The more accessible Starbucks was, the better. Speed of service was more important than a barista who wanted to talk current events. This new customer came in much less frequently than the traditional customer, as seldom as once a month. As a sign of just how much this shift in customer was affecting its business, by 2007, 80 percent of all Starbucks coffee purchased was consumed outside the store.

Starbucks still charged a premium price but it was no longer a special place. As the recession tightened its grip and more people cut back on discretionary purchases, the problem grew worse. Compounding the problem was an increase in competition. For years, if you wanted a latte, Starbucks was about the only option but now not only were Dunkin' Donuts and McDonald's selling premium coffee drinks to the masses, but just about every mini-mart in the country boasted about the quality of its coffee. All of these competitors had prices considerably lower than those of Starbucks, which made the most well-known coffee bar much less justifiable to the "grab and go" crowd.

#### **Questions**

- a) Describe how Starbucks initially segmented and targeted the coffee market. Identify the segmentation variables used.
- b) What was the *Starbucks Experience*? How did it change ?
- c) Identify the various factors that resulted in poor sales at Starbucks by the end of 2008.

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(5+5+5)

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