

**UNIVERSITY OF COLOMBO, SRI LANKA**  
**FACULTY OF MANAGEMENT AND FINANCE**

**Postgraduate & Mid-career development Unit**

Master of Business Administration/ Master of Business Administration in  
Marketing (Semester III Second –half Examination) Examination- July 2017

**MBAMK 610 Strategic Marketing**

**Three (03) Hours**

Answer **Four (04)** Questions including Question **One (01)**

The paper contains Six (06) Questions printed on Five (05) Pages

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1. Read the following scenario brief and answer the questions given below.

**Crown Food Company Ltd: Capitalizing on Emerging Opportunity**

Crown Food Company Ltd has been operating in Sri Lanka since 1980 and holds a substantial market share in the biscuit market by offering a variety of brands to all the segments. Recently it had undertaken a market research to identify the new business opportunities in other diversified sectors. The key finding was the possibility to enter into the chocolate market since it found huge opportunities in different market segments and some of the segments had been hardly catered by the existing competitors. Deeper analysis of this chocolate market further emphasized that the behavior patterns and demographic concern to chocolate consumption should be largely considered in marketing strategies. Most of the time Sri Lankan chocolate market was found to be tasty and symbolic value to love or celebrations, but the customer reality is not compatible with those product appeals in the present context. Therefore, the new varieties of chocolates need to have a rational positioning to be established as strong offerings to market. However, the health concern of mass and the public awareness campaigns by the Health Ministry and mass media had

made a considerable impact to discourage chocolate consumption even among youth and teenage segments of the local market. These findings have made an interesting revelation in guiding the strategic thinking of the top management team of Crown towards new product development. Nevertheless, the development of such new products not only possesses a huge challenge in the form of new technology and machinery on one side as well as competitive positioning and branding implications on the other.

The ladies segment of Sri Lanka holds a perception that excessive consumption of chocolate may increase the fat content and result in a chubby look to their body, and this had made a huge negative impact on the chocolate consumption rate. On the other hand, the evidence that has yielded from the market research seem to indicate a considerable propensity of youth male segment towards consumption of soft drinks, fast food as well as confectioneries such as chocolates who seem to be indifferent towards the potential harmful effects of such consumption habits.

Therefore, male and female segments of youth should be considered with exact brand appeals to capitalize their opportunities. Crown Ltd is focusing all its attempts to enter the chocolate market with the concern of targeting young ladies, young gents, old aged segment and children segment with differentiated offerings supported by strong branding exercises.

Top management of the company believes that a systematic marketing process should be applied to successfully capitalize the opportunities created in the chocolate market in the domestic context and they request you to support them for developing strategic direction to the new product range.

- (i) Outline potential opportunities and threats for new chocolate brand based on the new trends in the macro environment. (10 marks)
- (ii) Analyze competitiveness of the chocolate industry in Sri Lanka by using Porter's Five Forces model, with the purpose of developing strategies for confectionery market of Crown. (10 marks)
- (iii) Discuss the possible application of strategic planning gap model to develop growth strategies for the company for the coming few years with reasonable justifications. (20 marks)

**(Total 40 Marks)**

2. Tel Net PLC is a leading telecommunication service provider in Sri Lankan market. At the initial stage, the company was established for providing mobile communication services based on their own network. However, with the development of technology, the company has expanded their market scope into many areas. At present, the company has structured under 4 SBU such as Mobile voice packages, Mobile data packages, M cash and Satellite TV. The voice packages and M cash business units maintain the market leadership positions with the highest volume of sales. However, voice packages have low market growth rate and m cash has high market growth. Even though data business is highly growing, the relative market share of data packages of Tel Net is relatively low. Further Satellite TV division maintains a low relative market share within the low market growth condition.

(i) Assuming you are the corporate consultant for Tel Net PLC, plot the 4 SBUs in BCG matrix by giving sufficient justifications. (08 marks)

(ii) Recommend strategies for each SBU based on their positions in the BCG matrix and discuss the reasons for recommending those strategies. (07 marks)

(iii) Outline the drawbacks of BCG matrix for developing strategies for Tel Net PLC. (05 Marks)

**(Total Marks 20)**

3. Planet Fashion Ltd is a premium fashion brand available in Sri Lanka. It targets middle and high ended segments via its exclusive fashion outlets located in urban areas. It has few suppliers to produce the garments and materials as how it is specified by the Planet Fashion Ltd. Further, the company itself is involved in garment manufacturing process too. However, the company is stagnating over the last couple of years due to lack of competitive advantage in the market. Now the company is considering to direct their fashion outlets into a new direction.

(i) Discuss the possible applications of Porter's 03 generic marketing strategies for Planet Fashion Ltd for developing competitive advantages in the given industry.

(12 marks)

- (ii) Explain the possibilities for adopting to Blue Ocean Strategy with the purpose of capitalizing on emerging opportunities in the market.

(08 marks)

**(Total 20 Marks)**

4. Nature Garden PLC is a reputed hotel chain operating with five hotels in Sri Lanka and currently, holds nearly 10% of the market share in the foreign tourist segment. The company only focuses on high valued foreign clients coming from European Union (EU) and it maintains a premium quality standard as a brand. However, it was revealed that the market growth and value growth of Nature Garden had been static over the last five years even though it records a considerable net profit. The management has identified a need of revamping the company strategies and go for new segments to expand their market share. As the newly appointed marketing manager for Nature Garden PLC, you have been asked to develop appropriate positioning strategies for potential segments to be entered by the company.

- (i) Recommend the two possible market segments for the Nature Garden PLC with giving justifications for why those segments are more attractive. (12 marks)
- (ii) Demonstrate your ability to apply the concept of positioning map by developing a sample map that will help you to position the new product in the recommended target market. (08 marks)

**(Total 20 Marks)**

5. MBLBank (Pvt) Limited is a leading private bank in Sri Lanka. Like many other Sri Lankan banks, MBL is also facing severe competition from foreign banks that have established their operations in Sri Lanka. Foreign banks have access to low-cost funds from their foreign parents and hence able to provide loans at much lower interest rates. They also have a superior customer service and can provide loans within 48 hours of receiving an application. The local banks typically take more than one week due to red tape and protocol. Foreign banks also provide a much more convenient service on their internet banking platforms. MBL has been recently experiencing a deterioration in its net

profit. The newly appointed CEO of MBL plans to diversify the product mix by using appropriate branding strategies.

- (i) Assuming you are the newly appointed brand manager for “MBL” and discuss the appropriate branding strategies for expanding product mix of MBL Bank PLC. (10 marks)
- (ii) Recommend the possible offensive strategies which can be adopted by “MBL” against leading foreign banks to improve the market position based on military analogies. (10 marks)

**(Total Marks 20)**

6. Cool Tec is a leading manufacturer of refrigerators in Sri Lanka. They hold several patents for revolutionary new cooling systems that work with very low energy consumption. Cool Tec works very closely with supply chain partners and universities and invests heavily in R&D to continuously bring new product innovations to the market. However, during the past few years, they have experienced declining sales and profit margins due to low-cost Chinese products in the market. Even though Cool Tec advertises heavily on the low energy consumption of their products which will make more savings for the consumers in the long term, most consumers seem to prefer the low initial cost of the Chinese products. Given the current situation, Cool Tec is considering whether it is more worthwhile to change its existing marketing approach.

- (i) Assuming that the company has decided to introduce a Chinese’s refrigerators range under a new brand name and maintain the existing product range in the same brand, recommend the most appropriate pricing method and price adaptation strategies that Cool Tec can use in the domestic market. (08 marks)
- (ii) Discuss the channel management decisions for developing strong distribution channel for Cool Tec ‘s new product range in Sri Lankan market. (05 marks)
- (iii) Recommend appropriate promotional strategies for the company for developing new brand in domestic market over the competitive Chinese-brands. (07 marks)

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