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THE OPEN UNIVERSITY OF SRI LANKA
MASTER OF BUSINESS ADMINISTRATION IN HUMAN RESOURCE MANAGEMENT DEGREE PROGRAMME
MMP9131–MARKETING MANAGEMENT
FINAL EXAMINATION -2023
DURATION – THREE (03) HOURS

Date:26.03.2023 **Time: 01.30p.m. - 04.30p.m.**

INSTRUCTIONS

- Answer Question One(01) and Three(03) other Questions

Question No.01

Read the following case and answer the question given at the end.

CASE STUDY

India's e-commerce Space

India's e-commerce space today is mainly dominated and defined by 2 players—Flipkart and Amazon. Flipkart is the fashion leader. After acquisition of Myntra and Jabong, Flipkart commands more than two-thirds of India's fast growing online fashion retail market. Amazon is the tech power. Over 20 years of learnings in technology and online retail business has resulted in faster execution and fewer mistakes. Amazon excels in providing powerful search and recommendation engines to users.
India's apparel and lifestyle market is worth $70-billion, and currently only 2% of that is online. According to a recent Google report, the sector is expected to scale up to $35 billion by 2020, growing at four times in the coming years. The report also states that fashion will outstrip consumer electronics as the largest online retail category, accounting for about 35% of consumers' total online spending by 2020.

The Growth Story of Flipkart and e-commerce in India

For a vast multilingual nation like India, building an e-commerce company was indeed a tough task for Flipkart. Some of the factors like weak infrastructure, myopic bureaucracy, and above all, an ingrained distrust of the merchant class made the task even more challenging.
The Bansals, the founders of Flipkart were confident on one thing, that India was ready for e-commerce. The country's highly fragmented retail sector, mostly ruled by mom-and-pop stores with poor services were the major problems identified by Bansals which had the potential to get converted into opportunities for building up a new business in 2007.
Flipkart found the right gaps in the market and offered relevant products and services that fitted those areas perfectly. Finding that few Indians use credit cards, Flipkart pioneered cash on delivery. In Mumbai, it deployed *dabbawallas*, the famed lunch delivery network, to get packages to customers. Its pledge to take back unwanted goods for a full refund was a big propeller. Two of its strongest ethos of customer-friendliness and genuineness of its products connected very well with the Indian consumers. The company added third-party sellers to its platform and set up its own logistics company, Ekart

in 2009, with warehouses and an army of delivery personnel. By 2011, sales had reached $100 million, and very soon Flipkart was seen in different categories—sports equipment, electronics, baby goods and more.
In 2012, sales in the Indian e-commerce market were estimated at $1.6 billion. Flipkart, Jabong & Myntra, all home-grown players were leading the Indian e-commerce market at that time. Some of the major tactics which helped these players to gain market share in the Indian market were cash-on-delivery payments, liberal return policies, free or subsidised shipping and in-house logistics.
Since its founding nine years, Flipkart has become the nation's most valuable start-up which introduced online shopping to the Indian masses.
Amazon launched its Indian website on June 5th, 2013 with the third-party marketplace model instead of selling directly. This forced consolidation in Indian market and Flipkart acquired the online clothing retailer Myntra in 2014 followed by Jabong in 2016. This deal further strengthened its'number one position in the fashion and lifestyle e-commerce category with an estimated market share of 60-70%. In this hyper competitive market, consumer is having last laugh and is being pampered with choice, service and experience. Each player is continuously forced to innovate and take steps steps that add value to its consumers in a "real and meaningful way". Stuart Eames, Operational Improvement Manager at Waitrose put it very well "If you don't evolve, if you don't do something better or different to the competition you end up not being around."

Changing Models of Business Enhancing Value

The online stores from the inventory model moved to third-party marketplace model where Independent merchants in their network sell products directly to shoppers. It turned out to be a viable way to work in order to overcome the problems posed due to poor logistics and high costs of inventory. Further movement has come in when many online commerce companies have now started venturing into the hybrid model of running online stores with selective physical presence.

Market Share v/s Profits

In a country like India where affordability means value for the masses across various categories, Flipkart took different initiatives on this front as a big bet to revive sales. Initiatives like low-interest monthly payments clearly attended to affordability issue; under "Flipkart Assured" stringent quality checks were provided. There were exclusive partnerships, exchange programme on smartphones, and sales of its own brands or products.
The Seattle-based Amazon has also experienced success with private label offerings. Across categories as diversified as electronics, accessories and baby care, Amazon has built a robust private label unit. It launched AmazonBasics in September 2015 in the consumer electronics category, home and kitchen brand Solimo in early 2016, followed by fashion offerings Myx and Symbol in the latter half of the year. "Private brands play a role in providing great value to the customer by reducing costs from the value chain (optimised design for ecommerce)" says an Amazon India spokesperson. The private brands developed in-house help ecommerce firms squeeze out additional margins—15-20% more than competing-third party brands—from this business. Private brands offering reliable products at an attractive price point are backed by high intent to purchase.
At a time when discounting and deep discounting had become a norm in the highly competitive e-commerce space, it's then Myntra announced the launch of its biannual sale event, "Big Fashion Gig" from April 8 to 10, 2017. Unlike other previously run sale events, this one claimed to be different in terms of being a low-discount event with a sharp focus on exclusive brands. The event also saw the launch of a new line and style by celebrities on the platform. Unique propositions were built for the customers such as guaranteed `never-on-discount' brands and other features to gain competitive advantage. 35 new brands

were launched including international names such as Dorothy Perkins, Next, Aeropostale, Forever 21 Men, Clinique, Bobbi Brown, Corelle, and Howards.
Myntra's efforts to spice up its premium fashion brand positioning with an exclusive line-up of brands is definitely to strengthen its dominance in online fashion sales and boost profits through higher margins. Premiumisation of line is expected to bring in new users and also attract existing ones looking for new benefits and experience.

Customer Experience and Engagement—A New Value Tapped

To differentiate itself and enhance the shopping experience of its customers, Flipkart has given a new, vibrant and glamorous look to its fashion section. Data derived from extensive research suggests that customers searching for fashion are mainly influenced by celebrities, Bollywood, Hollywood, friends, and other influential brands. Thus, Flipkart has tied up with such brands, celebrities, TV channels and Bollywood movies and has completely revamped its fashion section where selections will be seen presented in line with consumer liking. The country's ecommerce major has relaunched its core fashion category by putting in place a team of 100 style consultants, who will help curate outfits based on searches made by customers.
Myntra has started to open physical stores for its private brands like Roadster, All About You and HRX, is converting these stores into experience zones and the stores are loaded with technology at every step and promises a great brand experience. The Roadster store has highly engaging elements which include a video wall controlled by shoppers through a futuristic, multifunction touch-interface.
This wall showcases to them the intricate details of Roadster products and provides an update on key international trends and communicates the brand story. Data on key looks and the Roadster catalogue can be accessed by the interested shoppers through multiple touch screen displays around the store. Then there is this unique 'Scan & Go' purchase mechanism which allows shoppers to add their favourites to their shopping cart on the Myntra App, doing away with shopping bags, check-out counters or billing queues.
Global loyalty marketing agency ICLP (A Collinson Group Company) released a research report recently whose findings on personalization and customer recognition by e-commerce top rivals say that 70% of Amazon and 67% of Flipkart customers felt that they were provided with relevant recommendations for products and services that were of interest to them. On customer recognition front, 63% of Amazon and 58% of Flipkart shoppers expressed that their chosen retailer had taken the time to really get to know them and understand what they want.

Source: Prachi, G. A. (2023). ***Marketing Management: Indian Cases*** **(1st ed.). Pearson India Education.**

1. Critically analyze the Marketing Environment of Flipkart with suggestions for improvement of customer value delivery. (20 Marks)

2. "For a vast multilingual nation like India, building an e-commerce company was indeed a tough task for Flipkart. Some of the factors like weak infrastructure, myopic bureaucracy, and above all, an ingrained distrust of the merchant class made the task even more challenging". Explain how you can relate this statement to the Sri Lankan context. (20 Marks)

Total : 40 Marks

Question No.02

Discuss using an example from the banking industry of Sri Lanka, the strategies such bank has adopted to create customer value and ensure customer satisfaction. (20 Marks)

Question No.03

Discuss the importance of branding for a marketer using an example from the Sri Lankan context. (20 Marks)

Question No.04

Critically examine the importance of interactive marketing in Integrated Marketing Communication (IMC). (20 Marks)

Question No.05

Explain how marketing research could help in Segmentation, Targeting and Positioning (STP) using examples where necessary. (20 Marks)

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