



DELHI SCHOOL OF BUSINESS

By Vivekananda Institute of Professional Studies - TC

Delhi School of Business
PGDM & PGDM (FINTECH) Program
MID/END-TERM EXAMINATION, December 2023
TERM – II (Batch: 2023-25)

Course Name	Marketing Management 2	Course Code	MM2
Duration	1.5 Hours	Max. Marks	20

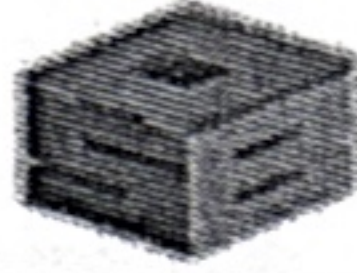
Instructions:

1. Make reasonable assumptions wherever required and state those assumptions clearly.
2. This is a closed-book examination.
3. Be crisp and clear in answering.

- Q1. Using the 'Marketing Myopia' case, explain the four conditions that usually guarantee the self-deceiving cycle of bountiful expansion and undetected decay. (5 Marks) CO1
- Q2. Explain the distinctive characteristics of Services (Intangibility, Inseparability, Variability, and Perishability) in the context of 'Mirchi & Mime'. (5 Marks) CO1
- Q3. For the attached caselet 'Louis Vuitton', draw the Brand Image and Brand Awareness using the memory association technique. Briefly analyse the associations (nodes) with the top awareness levels. (5 Marks) CO1
- Q4. Using the Netflix caselet attached to the question paper, briefly explain the six steps of pricing. (5 Marks) CO1

Louis Vuitton

Louis Vuitton's roots go back to when he set out from his small village, Anchay, to Paris in 1837 to begin his trunkmaking business. Training as an apprentice, under master trunk maker Monsieur Marechal at the age of 16, Louis Vuitton learned the skills needed to craft quality luggage on his own. After his apprenticeship, Louis Vuitton opened his first store in Paris in 1854. Word of Louis Vuitton's skill and craftsmanship spread quickly. Louis Vuitton trunks were notable for being waterproof and stackable



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(because of their rectangular design). By the early 1860s, his trunks had become so popular that he was able to open the world's largest luggage store in the heart of Paris.

When Napoleon III's wife, Empress Eugenie, hired Louis Vuitton to be her personal luggage maker, his trunks started becoming popular among Parisian elites. As Louis Vuitton customers traveled abroad and showed off their luggage, demand for Louis Vuitton products skyrocketed. The Louis Vuitton brand became a symbol of luxury as his clientele expanded to some of the most influential figures of the 19th century. Royalty, industry giants, and art buffs all began traveling with Vuitton, including the Duke and Duchess of Windsor, J. P. Morgan, and Henri Matisse.

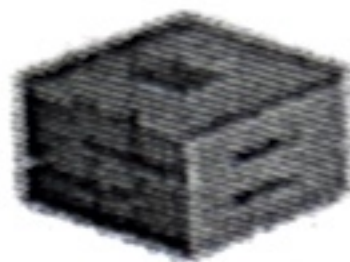
Attracted by the increasing popularity of Louis Vuitton luggage, many imitators entered the market and began producing lookalike models. To make his creations distinct, Louis Vuitton designed the famous two-tone brown checkered pattern (called the Damier canvas) in 1888. Four years later, Louis Vuitton died and his son, Georges, took over the company.

Georges Vuitton took Louis Vuitton global when he purchased a spot at the 1893 Chicago World's Fair. In the same year, Georges toured across America, hitting cities such as New York City and Philadelphia. His exhibition efforts resulted in department stores beginning to carry Louis Vuitton luggage, which established Louis Vuitton internationally. In 1986, Georges Vuitton introduced LV's signature monogram, an interlocked L and V, which would eventually become the most iconic symbol of Louis Vuitton products.

In the early 20th century, Louis Vuitton continued expanding across the world and added new bag styles to accompany its best-selling trunks. When airplanes became a more conventional way to travel in the mid-20th century, the demand for Louis Vuitton bags and trunks became even greater as famous figures traveled more often. As women entered the workforce, Louis Vuitton introduced handbags and purses, which quickly became symbols of high class and taste in the workplace. This marked the start of the company's transition into a luxury fashion brand. Louis Vuitton expanded its product line to include male suitcases and wallets shortly after.

The luxury status and financial success of Louis Vuitton throughout the 20th century caught the eye of businessman Bernard Arnault who, through a series of mergers and acquisitions turned it into the world's most valuable luxury goods company. As part of this expansion strategy, in 1987, Louis Vuitton merged with Moët et Chandon and Hennessy, leading manufacturers of champagne and cognac, respectively, and created LVMH.

Louis Vuitton began selling luxury clothing in 1997 when the company hired Marc Jacobs, one of the world's bestknown fashion designers at the time. Jacobs applied the signature Damier and Monogram designs to prêt-a-porter (ready to wear) clothing lines, along with belts and other accessories. Through frequent collaborations with celebrities and fashion icons, Louis Vuitton's clothing and accessories were embraced by Hollywood and pop culture stars all over the world. With these new changes, LVMH became the world's largest luxury conglomerate.



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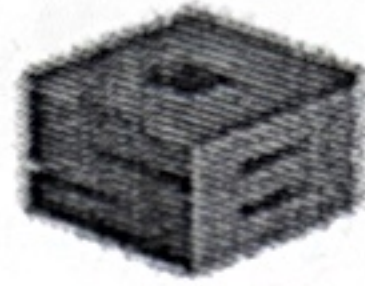
Over the years, Louis Vuitton has employed many different strategies to maintain its luxury brand status. Louis Vuitton does not advertise sales or offer sales promotions. Its pricing strategy reflects the concept that owning an LV product is at true luxury. When Louis Vuitton goods fail to sell, the company discontinues the item line. Excess inventory is burned to stop products from being stolen or sold at a lower price. Prices are kept high because customers are willing to pay a premium for the status associated with owning a Louis Vuitton product.

Louis Vuitton is also careful not to dilute its brand through excessive communications. This presents the company with the challenge of trying to sell as much as possible, while maintaining an aura of exclusivity and luxury. Louis Vuitton doesn't use television for mass advertising. Instead, it advertises on billboards and in fashion magazines featuring high-profile imagery displaying the prestige of owning an LV product. Over the years, Louis Vuitton has continued using supermodels and celebrities (such as Madonna, Angelina Jolie, and Jennifer Lopez) as brand ambassadors. It has also sponsored its own international regatta, the Louis Vuitton Cup, to promote its products.

Louis Vuitton has built the world's most valuable luxury brand by maintaining a fine balance of timeless design and fresh products. The legendary LV monogram appears on all its products, whether luggage, a handbag, or a belt. By modifying its product line to fit the needs of its elite customers while preserving its iconic designs, Louis Vuitton has continued offering products that are synonymous with luxury, wealth, and fashion.

Netflix

Founded in 1997 by Reed Hastings and Marc Randolph, Netflix provides a subscription-based streaming service that offers online streaming of films and television programs. An over-the-top video content provider, Netflix distributes programming as a stand-alone product directly to viewers over the Internet, bypassing traditional media carriers such as cable and broadcast television. Since its inception, the company's subscriber base has grown rapidly, reaching 74 million in the United States and 210 million worldwide in 2018. Starting at the very beginning, two of the key decisions that Netflix had to grapple with were selecting (and later developing) content that customers would be willing to pay for on an ongoing basis and setting a price that would appeal to customers while enabling Netflix to secure the desired content. As the competition from other streaming services (such as Amazon, Apple, and Hulu) intensified and licensing costs for original content increased, Netflix began to invest heavily in developing original content. In 2018 alone, Netflix had approximately 700 original shows, with more in the pipeline. To pay for new content, Netflix had to augment its services and pricing structure. Since the introduction of its streaming service in November 2010, Netflix has extended its portfolio of service offerings, while at the same time raising the price. Three years after the launch of the \$7.99-a-month streaming service, it introduced a premium version priced at \$11.99. A year later, in May 2014, Netflix introduced a lower-tier basic service priced at \$7.99, while raising the price of its standard service to \$8.99. The following year, Netflix raised the price of the standard service to \$9.99, followed by another price increase to \$10.99 in 2017 which was combined with raising the premium service price to \$13.99.



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Then, in 2019, Netflix announced another price hike-the largest since the inception of its streaming services with the basic subscription priced at \$8.99, the standard subscription at \$10.99 (increased to \$12.99 in 2020), and the premium subscription at \$15.99. This pricing structure reflects the company's belief that the consumer benefits provided by its streaming service outweigh the corresponding costs. "Price is all relative to value," said CEO Hastings. "We're continuing to increase the content offering and we're seeing that reflected in viewing around the world."

Netflix adopted a content localization strategy to enter and expand in international markets across the globe. The company retains its premium pricing but adapted its prices for its audience in the Indian subcontinent. In 2016, Netflix launched its services in India to tap into opportunities provided by the huge Internet user base, driven by high smartphone penetration and affordable mobile data service packs. Alongside content localization, Netflix also changed its pricing approach for a highly price-sensitive India market by introducing a mobile-only subscription plan for ₹199 in 2019. In India, Netflix's monthly subscription plans range between ₹499 to ₹799. The company has partnered with Reliance Jio, the largest mobile service provider, for a free 'mobile-only subscription' to Jio's postpaid customers. This price penetration strategy helped Netflix grow rapidly: As of July 2021, Netflix recorded 5 million subscribers accounting for 14% of the market share of the OTT market in India.

The latest Netflix plans as on date 20th December 2023 are provided below

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Netflix

NETFLIX

Sign In

STEP 1 OF 3

Choose the plan that's right for you

- ✓ Watch all you want. Ad-free.
- ✓ Recommendations just for you.
- ✓ Change or cancel your plan anytime.

	Mobile	Basic	Standard	Premium
Monthly price	₹149	₹199	₹499	₹649
Video quality	Good	Good	Better	Best
Resolution	480p	720p	1080p	4K+HDR
Devices you can use to watch	Phone Tablet	Phone Tablet Computer TV	Phone Tablet Computer TV	Phone Tablet Computer TV

HD (720p), Full HD (1080p), Ultra HD (4K) and HDR availability subject to your internet service and device capabilities. Not all content is available in all resolutions. See our Terms of Use for more details.

Only people who live with you may use your account. Watch on 4 different devices at the same time with Premium, 2 with Standard, and 1 with Basic and Mobile.