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Marketing Management

1.1 THE PROBLEM OF RISING SALES

Apex Chemicals, Ahmedabad market a detergent powder under the brand name 'Superkleen' and also a liquid bleach. These are presently sold in the State of Gujrat only. Superkleen enjoys a good market. Its sales' results during the first quarter of 1998 in Baroda district have been particularly encouraging. During this period the company grossed a sale of 89 lakhs for Superkleen out of which its sale in Baroda district alone had been to the tune of 53 lakhs. The corresponding figure for January - March 1997 was only 20 lakhs. Shri Shravan Venkatraman, the Manager (Sales) is simply delighted. This sales performance of 'Superkleen' foretells a much awaited promotion and an hefty raise for him.

Mr. Jay Deshmukh the company's Vice President (Marketing), who has just returned from Mumbai after attending a 5 day 'Futuristic' Orientation Programme of a leading Marketing Guru, is however not very happy. The

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reason being a market research just completed for the company by a private research organization. The study tells him that the sudden increase in sale in Baroda is due to increased demand in some pockets of Baroda district. The study further points out that these pockets were chiefly milk producing areas accounting for nearly 65% of the total milk produced in Gujrat. The study reveals that Superkleen was being widely used in these areas by milkwalas who add a small amount (approximately 10 gms.) of Superkleen to every litre of milk. This tremendously increases the milk's keeping quality as well as gives it a thick look. This practice enables the milkwalas to charge substantially higher for the same milk.

Mr. Deshmukh is worried because he is fully aware of the harmful consequences of consuming even small quantities of Superkleen for prolonged period of time. Even though the sales of the company are going up the wrongful use to which Superkleen is being put to should be prevented by a socially responsible company like Apex, feels Mr. Deshmukh. He is a firm believer of the societal concept of marketing wherein a company should, while satisfying demands and pushing up sales, keep the ultimate good of the people at large (i.e. the society) in mind.

Mr. Deshmukh expresses his fears and opinions in the next review meeting. While the people in the sales department just brush them aside with a shrug of shoulders a few in the marketing department agree with him. In fact a discussion promptly starts after the meeting on the available options for the company. All types of alternatives are suggested and discussed. Some of them are :

- (1) Total withdrawal of Superkleen by the company

from Baroda,

- (2) Printing of warning on Superkleen packets against wrong use of the product,
 - (3) Launching of a programme by the company to tell milkwalas regarding the harmful effects of use of Superkleen in milk.
 - (4) Launching of an awareness drive among milk consumers about possible presence and detection of detergent in the milk they purchase.
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- 1] Do you agree with Shri. Desmukh ? Justify.
 - 2] Evaluate the suggested alternatives.
 - 3] What do you feel the company should do ?

1.2 THE TROUBLESOME GUARANTEE

Hygo Pumps Ltd. manufactures and markets electrical motors/pumps of various types and capacities. The factory and head office of the company are located at Ahmedabad. The company launched its pumps all over India about a year ago through a network of authorised dealers numbering 356. The pumps are manufactured under exacting standards of quality and have already been awarded the ISI certification by the Bureau of Indian Standards. The company believes in dealer support for marketing. The authorised dealers of the company are expected to provide installation service, after sales service and all other help and guidance required by its customers.

The marketing executives of the company attach a lot of importance to good dealer relations. In line with this the company organises an annual meeting of all dealers at Ahmedabad. This meeting is used to announce the 'Star Dealer' award to the most successful dealer which includes an all paid 8 day trip to Europe. The meeting also presents a good opportunity for interaction with dealers enabling the company executives to acquaint themselves with their problems, complaints and suggestions as well as experiences of the customers. In fact the company executives use this meeting with dealers as a feed back tool.

In the first such meeting held recently at Ahmedabad the guarantee scheme of the company came under severe

criticism from many dealers. The scheme in its present form gives a 2 year guarantee on every pump sold. The dealers have to attend to many complaints by a customer during the guarantee period. Minor repairs are to be undertaken by the dealer himself. However, major repairs requiring replacements of spare parts above the value of only Rs. 100/- are to be attended at the factory itself. The dealers in this case are required to send the pump to the factory for repairs. After the required repairs the pump is sent back to the dealer who then installs it at the customers place. This takes up a time of 8-12 days depending upon the distance of travel involved.

The complaining dealers have conveyed the annoyance of the customers at this guarantee scheme because of the hardships caused to them due to this policy of the company. The dealers have said that water pumps of the company are installed in large housing societies where large number of families solely depend on water supply from these pumps. In case of trouble with the pump the time required to get the pump repaired entails great hardships to these families with no alternative source of water supply available.

The dealers want the company to restructure its guarantee scheme permitting even major repairs at the dealers level itself. For this they are of the opinion that the company should stock adequate level of spare parts at every dealer and reimburse labour charges to them. The dealers also want the decision of complete replacement of the pumps with manufacturing defects to be left to them. The company executives are however worried about a few issues in such a scheme. They feel that apart from the large capital tie up required to maintain spare parts stock at the dealers, the free replacement clause may also

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be misused in a few cases. In addition the company can not take care of the quality of workmanship available with the dealers.

- 1] Evaluate the current guarantee scheme of the company.
- 2] Evaluate the suggestions of the dealers for a improved guarantee scheme.
- 3] What will be your suggestion to the company ?