

Roll Number:

Thapar University Patiala
LMT School of Management

MBA-IT-Net (II Semester) MST

SB-304: Marketing Management

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Time: 2 hrs; MM: 30

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Note: All questions are compulsory.

Q. 1. Write short Notes on following (any three)

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- a) Porter's generic strategies
- b) Consumer buying process
- c) Levels of segmentation
- d) SEC

Q. 2. Discuss the statement "*Psychographic segmentation is more appropriate than demographic segmentation in today's marketing scenario*". Explain your agreement or disagreement with the help of suitable examples?

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Q. 4. Case

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The American based Polaroid Company has become synonymous with instant photography, but this alone was insufficient to prevent a sharp decline in its fortunes. By the end of 1998 the company's stock market value had fallen to just one-third of what it was a year earlier. During 1998 alone, sales revenue dropped by 13% and profits by 18%. At the end of the 1990s the company was desperately trying to re-target its products at the segments of the market that previously had not bought Polaroid products.

Polaroid was established in the 1940s by Edwin Lard and from the start the company laid great stress on its research and development projects. But the company tended to be product-led rather than market-led and carried out very little market research. Its emphasis on technical excellence caused it to lose out on opportunities that by Polaroid's standards might have been regarded as frivolous. It saw its traditional target market as private individuals and businesses needing high-quality instant photographs for serious purposes; for example, many professional photographers would take an instant picture with a Polaroid camera in order to judge the composition of a picture that they would later take with a standard camera.

Unfortunately, Polaroid's traditional target market had ceased to grow and was increasingly being challenged by new forms of electronic imaging which were beginning to be affordable for business users, although they were still prohibitive for most/private buyers.

A new CEO, Gary Dicamillo, took over in 1995 and set out to refocus the company. A key part of this task involved moving the company's positioning away from one of technical excellence to one of fun. The company reasoned that, if serious users on instant photography were becoming harder markets to target, segments of more casual users might be more promising.

The company's most promising new market segments was the under 17s, a far cry from its previous targeting strategy. For this segment, the company created a 'Barbie' instant camera which retailed for under \$20 and in 1997 became the hottest Christmas toys, according to USA Today. In addition, the company created instant film that children could draw on, and developed a camera that turns photographic images into stickers. Children represented an ideal target market for Polaroid. Their impatience and need for instant gratification gave the firm's

product big advantages over conventional photography, which required a typical wait of a week until a parent had been pestered into taking the film to be developed. Taking this theme further, the company developed a fun camera for adults which can be used as a toy and retailed for \$18, whereby users could experiment with a range of abstract images when they took a picture.

While the 'fun' segment of the photography market was seen to have a lot of potential, there remained some opportunities for more professional market segments. One area of growth has been instant imaging for official identification documents. The increasing security consciousness of firms following the terrorist attacks of September 2001 and the desire of firms to issue staff with identity cards has helped to fuel this growth. The UK government's inclusion of a photograph on driving licenses resulted in a new source of demand which Polaroid successfully won.

Further questions remain about the company's target strategy. The costs of developing its own electronic cameras, was seen as too high and the competition was likely to be fierce from the major electronic companies. To gain a profitable market share among more serious users, the company would have to spend considerable amounts of money, something that wouldn't go well with its shareholders, given the company's recent financial performance. The emerging markets of Eastern Europe represented hoped for market segments, but with their economies floundering penetration of these markets has been difficult.

- a) How can Polaroid overcome an image problem that may result from serving both the 'professional' and 'fun' market segments?
- b) Given the development of electronic imaging and Polaroid's limited resources to develop electronic cameras, suggest a targeting strategy that would be appropriate for Polaroid.
- c) Suggest a framework by which Polaroid can assess the attractiveness of the under 17s market segment. Is this segment likely to be sustainable over the longer term? If not what company should do to develop this segment?