

Case Study

Benny, a class 9 boy who excelled in the art of singing wanted to make use of his rare talent and raise money for his future education. He set up a small time business with 2 of his friends to raise money, as he was very poor. One of his friends Sam decided to handle accounts as he was skilled at Maths and had a good understanding of what price to set. Another of his friends Josh was in charge of building personal relations with some consumers to enhance sales as he had excellent persuasions and people skills. All three of them thought about different marketing strategies. They conducted research and found:

- This was a gap in the market as there are few talented child singers going public
- Most of the people in their class were willing to buy the CD at a reasonable price, his juniors and seniors were also willing to buy,
- There would be an excitement about the album only for the first few weeks as the three of them had built considerable hype for the launch of the event,
- Knowing Benny personally helped as people knew that they could associate and comment on his album, selling the album anywhere else would not earn enough.
- They would need to add a lot more value to the album like adding a live video of Benny singing and dancing and a virtually DJ mixed song.

They calculated the cost of making one CD:

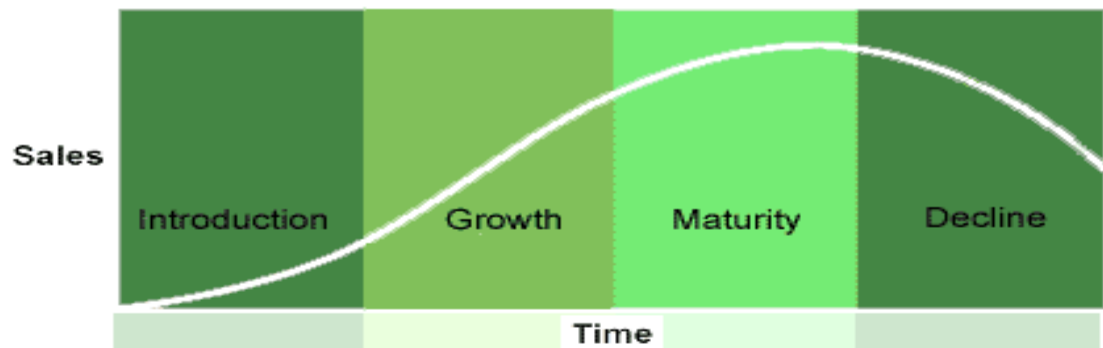
- They had to pay a monthly rent of Rs 10,000 for the recording studio for one month but due to lack of funds the owner of studio allowed them to pay 50% after 4 months
- Printing the cover page of the CD- 5 Rupees
- Cost of empty CD – 15 Rupees
- Cover of the CD – 10 Rupees
- Other – Rs. 5000 per month

They did not think that they could do all the work themselves and hence employed 20 members of their class and promised to pay them 100 Rupees if they managed to sell 20 CD's each per month. They worked under the sales department.

The album was launched in January and Sam decided to sell each CD for a cost of 99 Rupees. The first month the 3 of them sold only in their school and to their close friends and were able to sell 500 CD's in cash while another 250 were sold in credit.

The next month the 3 of them decide to go outside school after taking customer feedback through questionnaires, interviews and observations and improving the mistakes they made in the album. Then they decided to market the CD throughout Mumbai and were promoted and sponsored by Planet M, as Planet M is a well known music shop; which charged 10000 per month for advertising. Every week on a Saturday, which is statistically Planet M's day with the most footfalls, a special promotion took place where Benny sang live in the store. Planet M also advertised this in the Rolling Stones Magazine and newspaper.

Benny became an instant hit and at the end of the year they sold 1000 CD's per month in cash and 500 CD's in credit that was to be paid by the next month. Now Benny and his friends have decided to sell the rights of the album to Tips Industry limited for 500,000 so that they could sell whole over India. They took this step as their board exams were approaching but as per the contract Benny has to perform about 1 stage show per month all over India and gets 10,000 Rupees for doing so.



Characteristics

Sales	Low sales	Radically rising sales	Peak sales	Declining sales
Costs	High costs per customer	High costs per customer	Low cost per customer	Low cost per customer
Profits	Negative	Negative	High	Declining
Customers	Innovators	Innovators	Middle majority	Laggards
Competitors	Few	Few	Stable number beginning to decline	Declining number

Marketing Objectives

	Great product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and milk the brand
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Strategies

Product	Offer a basic product	Offer product extensions, services, warranty	Diversify brands and models	Phase out weak items
Price	Charge cost-plus	Price to penetrate market	Price to match or best competitors	Cut prices
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go selective; phase out unprofitable outlets
Advertising	Build product awareness among early adopters and dealers	Build awareness and interest in the mass market	Stress brand differences and benefits	Reduce to level needed to retain hard-core loyals
Sales Promotion	Use heavy sales promotion to entice trial	Reduce to take advantage of heavy customer demand	Increase to encourage brand switching	Reduce to minimal level