

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES & RESEARCH  
Vidyavihar, Mumbai- 400077**

**Program: PGDM (IB) –1st year Tri- III (Batch 2018-20)  
Subject: International Marketing Research  
(End Term Examination)**

**Maximum Marks: 50  
Duration: 3 Hours**

**Date: 28/03/2019**

**Instructions**

1. **All questions are compulsory**
2. Please write answers in points
3. State relevant examples wherever applicable

**QUESTION 1 Luxury Brands and Millennials**

**20marks**

“I think best in a hot bath, with my head tilted back and my feet up high.” These are the words of the famous English novelist, Elizabeth Jane Howard when asked to comment on the word luxury. In simple terms, luxury can be defined as perceived value in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity, extraordinariness and a high degree of non-functional associations.

Marketing to millennials is not like marketing to their parents or grandparents. Millennials are digital natives at heart. Their idea of status is not shaped by luxurious and exclusive possessions, but by a commitment to freedom of expression, new experiences and technology that matches their busy lifestyles. Luxury alone just will not cut it.

With many alternatives to choose from, millennials demand better value for their money and greater real-time curation from their luxury brands. They will not accept a brand’s status at face value, preferring to unearth information for themselves. This means that brands must cater to this digital outlook to have any hope of attracting millennial interest.

In order to better understand the millennials a research was conducted among this group to understand their attitude and preference for luxury brands. The research was conducted among 175 consumers from Tier 1 cities. Given below are a sample of some outputs. Go through them and answer the questions given at the end.

**Output 1 – Broad benefits sought by consumers from Luxury Brands : Factor Analysis used.**

The KMO statistics was 0.78 and total variance explained was 72%.

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**Rotated Component Matrix<sup>a</sup>**

	Component						
	1	2	3	4	5	6	7
Makes others aware I have associations with big names	.850						
Using it gives me praises and admiration	.797				.202		
Let others know that I have association with big names	.668			.380			
Feel self-confident when I use	.550	-.255			.234		.398
I buy because it enhances my status symbol	.526			.516		.266	
I feel luxury products are not worth the money paid for		.872					
I feel buying luxury is wastage of money		.865					
I feel luxury products are purchased to show-off		.844					
I purchase luxury products because I feel a sense of achievement	.219		.872				
I purchase because I feel I can reward myself for working hard			.818				
Rewarding myself luxury products motivates me to achieve my goals			.815				
Purchase because my friends and family do				.822			
Select the luxury brands that people around me wear		.252		.767	.235		
I often select luxury brands that favourite idols wear	.329			.636	.322		
I buy what is trending					.896		
I track social media to know latest trends for luxury brands	.209				.893		
I recognize almost all brand names of luxury products						.744	
I buy luxury products from abroad						.704	
I can afford to save a part of income to spend on luxury product			.203			.672	
Luxury products are original							.864
Luxury products are of superior quality							.806

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

**Output 2 – Factor Analysis and Multiple Regression**

The R square value was 0.4.

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.219	.052		42.374	.000
Factor 1	.109	.053	.126	2.074	.040
Factor 2	-.280	.053	-.323	-5.327	.000
Factor 3	.294	.053	.340	5.600	.000
Factor 4	.029	.053	.033	.545	.587
Factor 5	.112	.053	.129	2.126	.035
Factor 6	.249	.053	.287	4.735	.000
Factor 7	.167	.053	.193	3.172	.002

**a. Dependent Variable: I intend to buy luxury products in next one year**

**Output 3 – Typical Advertisement for Luxury Brand of Watches**



- A. Label the factors with suitable justification. What is the order of importance of benefits sought by millennial consumers when they want to purchase luxury products?
- B. Are the Indian millennial a target audience for luxury brand? Justify based on the secondary research that you were asked to conduct.
- C. Based on your inferences, do you feel there is a need for marketer to redesign the way they communicate about luxury brands to millennials? As per the Factor Analysis and Regression which other benefits can be highlighted?

**QUESTION 2**  
**Marks)**

**(10**

Snacking known as “eating between the meals” considered as the routine habit in India. In fact, it remains a tradition to prepare homemade snacks specifically during the summer and festival seasons. The Indian snack market is highly diverse with region specific varieties, flavors, and mixes. Primarily, the snacks market consists of bakery foods, biscuits, chocolates, confectioneries, and traditional savory snacks. Among all these, savory snacks increased its weightage in recent years due to increased penetration of packaged snacks. The savory snacks are the salty snacks made from natural as well as added colors and flavored ingredients; broadly consists of ready to eat mixes, various kinds of chips, namkeens and related light processed foods packaged or loose, branded or unbranded. There are approx 300 varieties of savory snacks out of thousands of snacking options available in India. The Indian packaged snacks market and especially savory snack has undergone significant change over the past two decades with the entry of numbers of national and regional players with their distinctive brands and flavors.

Research Firm Iconic Research has recently conducted a research among the age group of 18-35 year old. They were asked to state their preference on a list of attributes regarding snacks and savouries on a 5 point Likert scale (1 = strongly disagree and 5 = strongly agree).

**Final Cluster Centers**

	Cluster		
	1	2	3
I prefer homemade snacks to outside snacks	3	2	5
I love traditional Indian snacks	4	2	5
I ensure there are Indian branded snacks at home for tea time	5	3	4
I prefer to eat out as often as possible	4	5	2
I love to experiment with new offerings in snacking category	4	5	2
When consuming a snack, I look at healthy choices	4	3	5
I like to consume snacks on the go	4	5	2
I like to try exotic snacks from across the world even if they are expensive	3	5	1
I like to buy Indian snack brands	4	3	5

	Cluster		F	Sig.
	Mean Square	df		
I prefer homemade snacks to outside snacks	16.383	2	29.036	.000
I love traditional Indian snacks	22.426	2	33.896	.000
I ensure there are Indian branded snacks at home for tea time	18.692	2	44.716	.000
I prefer to eat out as often as possible	17.106	2	68.008	.000
I love to experiment with new offerings in snacking category	20.653	2	82.103	.000
When consuming a snack, I look at healthy choices	21.356	2	49.579	.000
I like to consume snacks on the go	18.383	2	23.468	.000
I like to try exotic snacks from across the world even if they are expensive	34.752	2	158.223	.000
I like to buy Indian snack brands	25.213	2	96.749	.000

	1	49.000
Cluster	2	56.000
	3	110.000
Valid		215.000
Missing		.000

- A. Do distinct segments exist when it comes to consumption of snacks among the teenager and young adult consumers?  
 B. Label the clusters. Would different strategies be required to target the 3 clusters? What additional data do you require to improve your understanding of the clusters?

**QUESTION 3**  
**Marks)**

**(10**

Explain ANY TWO with suitable examples

- A) Discuss with suitable example from the project done in the class how cultural context is important when studying international markets.
- B) Why is it important to also study extreme consumers? What are the pros and cons?
- C) When is Discriminant Analysis used and how does it help marketers?

**QUESTION 4**  
**(10 Marks)**

Refer to the output given below. This is a standard output for a certain type of test used for new products. Discuss the methodology and how the findings of this kind of research are useful for the new product development team. Elaborate on relative importance and average utility.

Basic Conjoint Analysis Output			
The basic results of a conjoint analysis are the estimated attribute level <b>utilities</b> or <b>part-worths</b> . These correspond to the average consumer preference for the level of any given attribute.			
Attribute	Level	Utility (Part-worth)	t-value
Price	\$23,000	2.10	14.00
	\$25,000	1.15	7.67
	\$27,000	-1.56	10.40
	\$29,000	-1.69	11.27
Brand	Toyota	0.75	5.00
	Volkswagen	0.65	4.33
	Saturn	-0.13	0.87
	Kia	-1.27	8.47
Horsepower	220 HP	-2.24	14.93
	250 HP	1.06	7.07
	280 HP	1.18	7.87
Upholstery	Cloth	-1.60	10.67
	Leather	1.60	10.67
Sunroof	Yes	0.68	4.53
	No	-0.68	4.53

BASIC CONJOINT ANALYSIS OUTPUT

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**END OF PAPER - ALL THE BEST**