

VPM's
DR VN BRIMS, Thane
Programme: MMS (2019-21)
First Semester Examination January 2020

Subject	Perspective Management		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	5	Date	02.01.2020

	<p>Instructions:-</p> <ul style="list-style-type: none"> • Q. No 1 is compulsory. • Attempt Any Four from the Remaining Six Questions. • Figures to the right indicate marks in full. 	Marks
Q. 1	<p>In India chocolate consumption was very low in the early 90's but as the decade advanced the consumption drastically increased. The late 90's witnessed a good chocolate market condition. The chocolate market in India is dominated by two multinational companies – Cadbury and Nestle. The national companies – Amul and Campco are other candidates in this race. Cadbury holds more than 70% of the total share of the market. Nestle has emerged by holding almost 20% of the total share. Apart from chocolate segment, there is also a big confectionery segment which is flooded by companies like Parry's, Ravalgaon, Candico and Nutrine. All these are leading national players. The multinational companies like the Cadbury, Nestle and Perfetti are the new entrants in the sugar confectionery market. (Management paradise) There are several others which have a minor share in these two segments. According to statistics, the chocolate consumption in India is extremely low. If per capita consumption is considered, it comes to only 160gms in the urban areas. This amount is very low compared to the developed countries where the per capita consumption is more than 8-10kg. Observing this fact it would not be appropriate to consider the rural areas of India as it will be extremely low. This low consumption is owing to the notion behind consuming chocolates. Indians eat chocolates as indulgence and not as snack food. The major target population is the children. India has witnessed a slow growth rate of about 10% pa from the 70's to the 80's. But as the century advanced the market stagnated. This was the time when Cadbury launched its product- Dairy Milk as an anytime product rather than an occasional luxury. All the advertisements of Dairy Milk paid a full attention to adults and not children. And this proved to be the major breakthrough for Cadbury as it tried to break the conventional ideas of the Indians about chocolate.</p> <p>The Worm Controversy</p> <p>On October 2003, just a month before Diwali, the Food and Drug Administration Commissioner received complaints about infestation in two bars of Cadbury Dairy Milk, Cadbury India's flagship brand with over 70% market share. He ordered an enquiry and went directly to the media with a statement. Over the following 3-week period, resultant adverse media coverage touched close to 1000 clips in print and 120 on TV news channels. In India, where Cadbury is synonymous with chocolate, the company's reputation and credibility was under intense scrutiny. Sales volumes came down drastically in the first 10 weeks, which was the festival season; retailer stocking and display dropped, employee morale – especially that of the sales team – was shaken. The challenge was to restore confidence in the key stakeholders (consumers, trade and employees, particularly the sales team) and build back credibility for the corporate brand through the same channels (the media) that had questioned it.</p> <p>In defense, Cadbury issued a statement that the infestation was not possible at the</p>	20

manufacturing stage and poor storage at the retailers was the most likely cause of the reported case of worms. But the FDA didn't buy that. FDA commissioner, Uttam Khobragade told CNBC-TV18, "It was presumed that worms got into it at the storage level, but then what about the packing – packaging was not proper or airtight, either way it's a manufacturing defect with unhygienic conditions or improper packaging."

That was followed by allegations and counter-allegations between Cadbury and FDA. The heat of negative publicity melted Cadbury's sales by 30 per cent, at a time when it sees a festive spike of 15 per cent.

For the first time, Cadbury's advertising went off air for a month and a half after Diwali, following the controversy. Consumers seemed to ignore their chocolate cravings.

Remedy for the Worm Controversy

A focused and intense communications program was implemented over the next six months to rebuild credibility and restore confidence among the key stakeholders. The results:

In media, the key message that infestation was a storage-linked problem, not manufacturing related, found widespread acceptance. Across the board, media carried Cadbury's point-of-view on the issue.

Sales volumes climbed back to almost to pre-crisis levels eight weeks after the launch of new packaging – a concrete step taken by the company to minimize the incidence of infestation. This reflected consumer confidence in the brand and the company.

There was significant upward movement in ratings amongst consumers on parameters like company's image, responsiveness of company and behavioral parameters like intention to buy Cadbury chocolates.

The last two helped to restore faith in the corporate brand among the trade and employees.

Marketing Challenges and Objectives

The incident came close on the heels of a cola controversy where a scientific laboratory declared colas unsafe due to high levels of pesticide. The jury was still out on that issue and so this incident acquired political overtones with parties decrying Cadbury as an irresponsible MNC. Andrea Dawson-Shepherd, Global Corporate Communication Counsel, Cadbury Schweppes called it 'the worst worm infestation-related crisis anywhere in the world'.

The immediate objective was to get the following key messages across:

Infestation could never occur at the manufacturing stage The problem was storage linked; this without alienating trade channels Cadbury Dairy Milk continued to be safe for consumption

The challenge was to restore confidence in the key stakeholders (trade and employees, particularly salespersons) and build back credibility for the corporate brand through the same channels (the media) that questioned it.

Strategy

It was decided from the start to address the issue head-on and take whatever steps were necessary to restore confidence. Having historically maintained a low profile with the media and let its brands and its performance speak for it, the company began to cultivate relationships with the media and turn it into an ally and a credible, independent endorser to rebuild stakeholder confidence.

Phase 1: Presenting Cadbury's View (October-December 2003)

The day the crisis broke, the agency set up a media desk to ensure that no media query went unanswered. From Day 1 every story carried Cadbury's point of view. At the first media briefing organised by the agency, the Cadbury's Managing

Director addressed consumer concerns with the following key messages:
Infestation is a storage linked problem. It is safe to eat Cadbury chocolates. Consumers must exercise the same care in purchasing a chocolate as they would when buying any food item.

At a second media briefing about two weeks after the first incident was reported, Cadbury announced significant steps to restore consumer confidence called Project Vishwas (Trust), this entailed:

Retail monitoring and education program undertaken on a war footing to address storage problems.

Significant packaging changes to 'reduce dependency on storage conditions as much as possible' –to be launched within two months.

An Editorial Outreach program with 31 media editors across 5 most affected cities was orchestrated by the agency to get senior Cadbury spokespeople to share their version of events in one-on-one meetings. The trades, and consumers, were reached nationally through a press ad 'Facts about Cadbury', released in 55 publications in 11 languages. It presented facts about Cadbury manufacturing and storage and highlighted corrective steps being taken by the company. This was a public statement of the corporate stand on the issue. The trade was supported with posters and leaflets to help them share Cadbury point-of-view with their customers. A response cell with a toll free number and an e-mail id were put in place to give trade a means to directly contact the company with any issues they faced-reinforcing the company's commitment to quality. From the beginning, a series of town hall meetings were held with senior managers addressing employees to ensure they were updated on the proactive actions being taken by Cadbury to manage media, help trade and ensure future occurrences of such incidents were kept to the minimum. Regular email updates from the MD were also used to communicate the company's point of view and to ensure consistency of messaging since employees are the company's ambassadors.

Phase 2: Packaging Change (January- March 2004)

The new 'purity sealed' packaging was launched in January 2004. By investing up to Rs 15 crore (Rs 150 million) on imported machinery, Cadbury's revamped the packaging of Dairy Milk. The metallic poly-flow, was costlier by 10-15 per cent, but Cadbury didn't hike the pack price. This entailed double wrapping for maximum protection to reducing the possibility of infestation. This was a big step involving investment of millions of dollars and getting on stream a production process in 8 weeks, that would normally take about six months. To communicate these significant changes the company was making, Cadbury brought in a brand ambassador to reinforce the credibility that the company had demonstrated through its actions. Amitabh Bachchan, a legendary Indian film star, was chosen, as he embodied the values of Cadbury as a brand and connected with all of India – mothers, teenagers, children, media persons and trader partners.

A media conference was organized in Mumbai to launch the new packaging. And this was followed with press conferences in cities worst affected by the crisis – Pune and Nagpur in Maharashtra and Cochin in Kerala. In these conferences, media persons were encouraged to compare the old and new packs with an innovative comparison kit and experience the significant changes in packaging first hand. An audio visual with a message from Amitabh Bachchan, was beamed to build credibility and excitement. Given that much of the damage had come from television coverage, a video news release with packaging shots and factory shots was given to television channels to control the visual messaging. Simultaneously, senior Cadbury spokespersons had one-on-ones with the Editors of the Outreach program initiated in November 2003.

Another audio visual with a message from the star was used in a series of sales conferences to enthuse and reassure salespersons. And this helped to rebuild

confidence in the salespersons to go and sell the product more convincingly and confidently to the trade. The announcement of the new pack was done through a testimonial advertisement on TV called 'Sincerity'. It consciously addressed the problem head-on, with the superstar talking straight into camera about how before doing the ad he first convinced himself about the quality of Cadbury chocolates by visiting the factory. Consumers respected the brand for not skirting the issue but acknowledging it and giving a solution to the problem. This was Public Relations using a TV Commercial to get key messages across!

Campaign Results:

Media Coverage: The media relationship effort clearly helped in making media accept that the infestation was genuinely caused by storage-linked problems. From the start, all media reports carried the Cadbury's point-of-view. Bad news automatically gets great coverage. However, the agency helped Cadbury get a total of 378 clips in over 11 languages covering the new packaging, and its benefits, in January 2004. The Business Today clip is a typical representation of the changed media perception and a better understanding of the problem over a three month period.

Sales: Sales volumes, which declined drastically between week 1 and week 10 of crisis, climbed back almost to the pre-incident levels by week. within 8 weeks of introduction of new packaging and communication. This is a clear reflection of restoration of consumer and hence trade confidence in the corporate brand.

Image: There was significant upward movement in ratings amongst consumers on parameters like company image, responsiveness of company and behavioral parameters like intention to buy Cadbury chocolates. While the new product introduction and advertising had their role to play in the changing consumer perceptions, the media's positive coverage and the trade's positive pre-disposition played a huge part in helping Cadbury regain its reputation in the market.

Notes:

Role of Public Relations

Public Relations concerns the total communications of your total organization/group of organizations. It is unlike advertising, where you are sharing skills of planning, creative and media buying teams with an out-sourced agency. PR calls for a very intimate understanding of the total inner workings of your organisation at all levels – workers to Board levels. It requires the integration of knowledge and communications. It is not a part time job for a Marketing Services Manager. If it is to work and serve the larger objective, the PR department should be independent, servicing others like production, personnel, marketing, finance, corporate agendas. Therefore, the PR Head should be part of the top management team – reporting directly to the CEO. He also needs to share everyone's confidences.

The PR department of Cadbury's played a very effective role in managing the reputation and keeping up the goodwill of the company.

1. Explain Cadbury case for crisis management.
2. What issues Cadbury faced and how did the company manage these issues?
3. What are the other strategies do you think which company could use to manage the crisis?
4. Briefly explain the role of public relations in this case?

Q. 2	Answer Any two from the following.	5x2 = 10
a.	Give insights on Chanakya Neeti.	
b.	Draw an organizational chart.	

	c.	Management is art or science?	
Q. 3		Answer Any two from the following.	5x2= 10
	a.	Is job enrichment a motivational technique? explain.	
	b.	Give insights on Taylor's contribution to the management.	
	c.	What is CSR? Why it is necessary?	
Q. 4		Answer Any two from the following.	5x2 = 10
	a.	How a leader is different from a manager?	
	b.	What is stereotyping? Give example?	
	c.	How would you control the process in the organization?	
Q. 5		Answer Any two from the following.	5x2 = 10
	a.	Explain organizational strategies for increasing sales of the company.	
	b.	Describe need theory of motivation along with an example.	
	c.	What leadership style you prefer? Why?	
Q. 6		Answer Any two from the following.	5x2 = 10
	a.	What are some problems employers face when they try to implement changes in the organization?	
	b.	You are a team leader; how would you manage your team effectively?	
	c.	Explain main roles and responsibility of a manager.	
Q. 7		Answer Any two from the following	5x2 = 10
	a.	What is TQM? Give example.	
	b.	Being a manager how would you ensure a healthy organizational environment?	
	c.	How would you motivate your subordinates? Explain with the help of theory.	