Attempt all the Questions.

Give answers to each question in 2 to 3 pages.

1. Discuss the various stages in the process of decision making (2 marks)

2. What is meant by Law of Demand? Explain the causes of the Law and its exceptions (2 marks)

3. Discuss the different pricing strategies for pricing a new product (2 marks)

4. What is production function? Discuss short term production function with an illustration (2 marks)

5. What is business cycle? Discuss the different stages in business cycle (2 marks)

Attempt all the Cases. Each case carries 5 marks.
Answers to each case must be limited to no more than $2^1/_2$ page.

1. Cafe De, a coffee making company in India followed a domestic pricing strategy under which the company charged higher prices for its products than that in foreign countries. Café De is very successful in the country as it was able to convert the traditional tea drinkers of the nation to coffee lovers through its premium offerings. The premium pricing strategy of the company aimed at improving its brand positioning in the domestic market where the consumers' perception was that high price products offered higher quality. However, the pricing strategy brought criticism from the media that accused the coffee giant of "profiteering" and of discriminating against its Indian consumers. The company defended its domestic pricing strategy saying that its higher prices were due to its higher cost of doing business in the country than in other markets. Mr. Sukpal Rane,

CEO of Café De, saw India as a primary growth market and had ambitious growth plans at a time when there was worldwide anxiety over the country's slow economic growth and market chaos.

a) Observe the issues and challenges in pricing, particularly premium pricing.
b) How can Café De justify high prices in domestic market, and why consumers are willing to pay the higher price?
c) Explain the nature and size of the coffee market in India.
d) Discuss on whether the company can sustain its pricing strategy in India
e) Identify the strength of the company and explore its future strategies for pricing.

2. Canon Textile Corporation has a large network of dealership all over India. However, they used to have technical estimate of their future demand based on statistical technique of trend projection. During the period of three consecutive years from 2012-13, 2013-14 and 2014--15 the projections were not accurate and caused heavy problems in production and inventory management. During 2015-16 the management went for Delphi technique and came up with a different demand estimate for its product during 2015-16 and 2016-17. The company's operation manager proposes to use survey method through its network of leadership for further demand forecasting.

Based on the case above,
a) Discuss the methodology of demand forecasting evolved by the company.
b) What type of survey is appropriate for the company to forecast the demand? Why?
c) Why projections based on time series analysis didn't yield desired result?
d) Identify the strengths of the company and suggest a suitable method for demand forecasting.