

PGDM, 2020-2022
Sales and Distribution Management
DM-331
Trimester – III, End-Term Examination: April 2021

Time allowed: 2 Hours 30 minutes
Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the Answer Sheet. All other instructions on the question paper / notifications should be followed meticulously.

Note: There are 2 sections in this paper. Answer briefly and to the point.

Section A: Answer one question each from A, B, and C (10 marks each)

Q. A1 It is an undisputable fact that firms in India rely on Inventory transfer to push sales in The short term. How can a responsible Sales team, change this unfortunate, universal practice by first explaining the shortcomings of this approach and suggest remedial action. How can the associates be used as allies in this process **CILO1:** Understanding Sales Management as one of the three sub Inter dependent processes in the larger Marketing process. The importance learning of Channels and associates in effective Sales Management is a key.

Q. A2 What in your view would be major expectations from Distributors and Retailers from the company that appoints them as associates? What would the role Of the company sales personnel in making the primary assessments before the Final selection takes place. Is there requirement for training of associates post Selection? Mention two of them. **CILO1:** Understanding Sales Management as one of the three sub Inter dependent processes in the larger Marketing process. The importance learning of Channels and associates in effective Sales Management is a key.

Q. B1 Sales and Distribution covers the third P of the 4 P framework. Can this function be Considered as independent of the other Ps? Is it dependent, or interdependent? Mention and describe some aspects where the Sales Force interact, and provide Suggestions to their counterparts to enable gaining and sustaining Competitive Advantage in their business **CILO2:** The student gaining an appreciation of the key performance characteristics of a Company Sales force and Associates is another significant outcome.

Q. B2 What would be more important in your view, increase in annual Sales, or a Programmed, steady approach to Increase in Market share? How can the Sales force, contribute to the desired goal, both in terms of focus on desirable, and avoidable initiatives, and responses. **CILO2:** The student gaining an appreciation of the key performance characteristics of a Company Sales force and Associates is another significant outcome.

Q. C1 What are the main lessons that the Covid Pandemic offers to Sales Management in businesses across our Country? Are these in your view, involving new Sales variables, or degrees of variability? Can firms consider this prolonged situation as an opportunity? If so, what short and long term changes are to be made? **CILO3:** An objective assessment of conventional industry practices including setting and achievement of Sales targets Understanding of Discounting, as well as space planning and inventory management would help the student to develop good discrimination between what happens currently in this crucial function and what should happen to optimize Sales performance and contribute in the best way to optimal Marketing.

Q.C2 Discuss the factors that impact the choice of Warehouse and Retail Outlets Locations in our country. Do current industry practices address these factors adequately? Mention two factors that should be given priority to improve associate profitability. **CILO3:** An objective assessment of conventional industry practices including setting and achievement of Sales targets, Understanding of Discounting, as well as space planning and inventory management would help the student to develop good discrimination between what happens currently in this crucial function and what should happen to optimize Sales performance and contribute in the best way to optimal Marketing

Section B (20 marks) Compulsory Case Study

Read the following Caselet and answer both the questions given below:
Lessons from a Family Owned Company

At a time when most local garment retail stores are struggling to stick to the script, Kewal Kiran Clothing(KKC) with its tight financial management and strong distribution network, has recorded consistent average return on Capital employed(ROCE) of 30% in the last three years. Interestingly, the company known chiefly for its denim jeans brands Killer and Lawman, has achieved the growth with a meager debt-to-equity ratio of 0.05 and average operating profit margin of close to 30%,

“We are in the garment business not to sell it to a foreign company or a private equity player merely for valuations. We believe in following three principles: stability, sustainability and scalability. These form the backbone of our company’s strategy and we feel we’ll be able to develop customer preferences for our brands in the coming years” says Kewalchand P Jain KKC’s chairman and managing director.

Going by the company’s financial performance in recent years, it appears that these tenets have paid off. In the last three years, despite a net excise duty hike of 3.5% on branded apparel, the company’s net sales have grown at a compounded annual growth rate(CAGR) of close to 13% to Rs 300 Crores in FY ,13, while its net profit has grown at a CAGR of 7.3% to Rs. 53.4 Crores. With the removal of excise duty on branded apparel last February, there’s a marked improvement in the company’s financial performance. For the first half of the current fiscal, its net sales jumped 27% to Rs. 115 Crores while its net profit rose by 33% to Rs. 23.5 Crores on a year on year basis. The genesis of this growth can be attributed to its strong distribution network and conservative approach to business. It has four apparel brands: Killer, Lawman, Integreti and Easies. Killer and Lawman are primarily denim jeans brands, while Integriti and Easies are casual wear brands.

At present the company derives 61% of its net sales from denim brands. According to a study by Technopak Advisors, the denim market in India is expected to grow to Rs. 13,000 Crores in 2017 from Rs. 6700 Crores in 2012. It says the mid premium segment(denim jeans costing Rs 1500 to Rs 3000) which commands 15% market share in the denim market, will have 19% share in 2017.

Thanks to the increasing acceptance of denim jeans and improved purchasing power in tier II and tier III cities, companies like KKC which have high penetration in these markets would benefit most. The company has a large network of 97 distributors and 313 stores, of which it owns only 14, while the remaining 299 are franchisees. "The focus of Kewal Kiran has been clear from the beginning: to diversify risk in all layers of business. In Metros, due to consolidation of business in malls, retail space owners would negotiate prices for store space with brand owners, to their(occupiers) disadvantage. KKC has focused on its terms of trade, which meant it concentrated on tier II and tier III cities where space costs are lower. "This strategy has paid off" says analyst Tejash Shah of Spark Capital who has a long term buy recommendation for the company's shares. "The company has done a calibrated expansion with its franchisee owned and franchisee operated model. It believes in retail penetration/expansion as a brand building vehicle rather than as just a growth driver" he adds.

The benefits of this strategy can be seen in its average realization which increased by 10.13% in the September 2013 quarter on a year on year basis. In the coming quarters, the company plans to focus more on advertising of its flagship brand Killer says Jain. "In the developed markets, brands have proper segmentation. India's jeans market is yet to evolve to that stage. We are here to do good business without sacrificing growth".

Q.1 Enumerate the various factors that have contributed to the impressive Sales and Business performance of KKC. Give special emphasis on the product portfolio planning of this relatively recent entrant to a very competitive market. Which other innovative practices can explain the phenomenal success of this Desi player against global rivals?
10 marks

Q.2 What lessons can one draw from the firm's concept of branding and brand building? Has KKC in your opinion integrated the 4P framework in its Marketing and Sales Strategy? Mention and elaborate on its most creative initiative in a growing but difficult market which has seen many casualties.
10 marks