

P6DM(R) 2013-15
Marketing Management - II
RM-205

Trimester – II, End-Term Examination: December 2013

Time allowed: 2 hrs 30 min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	3*5 = 15
		Total Marks	50

Section A (Word limit: 100 words or 10 lines (max))

Q1. Ikea wants to enter India under the FDI norms. What sort of sales force structure should it have?

Q2. Explain the AIDA model of communications with the different stages.

Q3. Give three unique examples to illustrate the bidirectional nature of the following in context of physical goods: Physical flow, title flow, payment flow, information flow, promotion flow

Q4.

	DP(Rs)	100	110
Less sales discount	5%	5	
		95	
Less payment discount	6%	5.7	
		89.3	
Bill rebate	Rs 5/lit	5	
		84.3	
Tax @12%		94.42	
Less CN	Rs 3/lit	3	
		91.42	

Fill up the blanks for DP = Rs 110.

Turn Over

Q5. Explain elastic and inelastic demand. Show through a graph. Give one example for each. (1+2+2)

Section B : Word limit : 200 word or 20 lines (max)

Q1. The marketing manager has developed 3 compensation plans for review. Which of these will be the most expensive and which one the least expensive? Which plan would you adopt for your sales staff? Why?

Plan A: Give each salesperson a salary of Rs 40,000. Once the salesperson reaches a volume of Rs 4,00,000 during the year an incentive of 8% of all sales made during the year will be awarded. No bonus will be awarded for annual sales volume less than Rs 4, 00,000

Plan B: Give each salesperson a salary of Rs30,000 plus an 8% commission on all sales made during the year.

Plan C: Give each salesperson a commission of 15% on the first Rs 4,20,000 of sales made each year and 25% on all sales made over Rs 4,20,000.
Below are the forecasted sales for next year:

Salesperson	Forecasted sales for next year(Rs)
Ankit	550000
Varun	520000
Komal	500000
Neha	475000
GD	450000
Guddu	420000
Ayush	420000
Sujoy	400000
Ramesh	400000
Ashish	360000
Total	4495000

Q2.

Customers classified by sales volume potential	
Class A, large	150 accounts
Class B, medium	220 accounts
Class C, small	510 accounts

Length of time(in mins)/sales call and desired call frequencies in a year

Class A, large	60mins, 52 calls
Class B, medium	30 mins, 24 calls
Class C, small	15 mins, 12 calls

Turn Over

Management decided that a salesperson should work 40 hrs/week for 48 weeks.

Management has also apportioned total time available per salesperson by task

Selling task	45%
Non-selling task	30%
Travelling	25%

Calculate the number of salespeople needed?

Q3. In consultative selling, how important is collaboration with the customer and within the sales organization?

Section C

Case study: The Big Picture

Sales data for Bear Computer Company

	1	2	3	4	
	Company sales(Rs in '000000)	% change from previous year	Industry sales(Rs in '000000)	Company market share(%)	
Table 1	2008	26	+8.3	300	8.6
	2007	24	+14.3	219	10.9
	2006	21	+23.5	165	15.7
	2005	17	-	125	13.6

Comparing Rs and unit sales at the Bear Computer Company

	2007			2008			
Products	Rs ('000000)	Units	Avg price per unit	Rs ('000000)	Units	Avg price per unit	
Table 2	Computer solutions	16.8	560	30000	18.2	520	35000
	Accessories	4.8	4000	1200	5.2	4727	1100
	Software	2.4	1200	2000	2.6	1280	2031
	Total	24	5760		26	6527	

Turn Over

Expense analysis by product line, Bear Computer Company 2008

Products	2008 sales (Rs'000)	COGS and commission(Rs)	COGS as a % of sales	Contribution margin(Rs)	Contribution margin %
Computer solutions	18200	12740	70	5460	30
Accessories	5200	3120	60	2080	40
Software	2600	520	20	2080	80
Total	26000	16380	63	9620	37

Q1(a). On the face of it; it appears that the company is growing in sales(Table 1). Analyse the data and comment on the real picture thrown by the data in the table.

(b). In Table 2 analyse the sales value, unite and average price per unit. Does your analysis show a disturbing trend? What could be the possible reasons and further analysis required to go to the root cause?

(c). In Table 3 interpret the data associated with different product lines and explain the results from different angles.
