

PGDM (IB), 2017-19
Integrated Marketing Communication
IB-413

Trimester – IV, End-Term Examination: September 2018

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**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	10 Marks each	3*10 = 30
B	Compulsory Case Study	20 Marks	1*20 = 20
		Total Marks	50

Section A

Attempt any three questions. Each question carries ten marks.

Q1. Develop a 10 second copy for the radio ad of a 'Herbal Tooth Powder' as the product recently launched for the consumers and explain the logic of the creative content used for this campaign so as to make it effective to the target segment.

Q2. As the internet continues to grow in popularity, some marketers predict that the print catalogs will cease to exist, replaced by internet catalogs. Do you agree? Explain with reasons why this situation may or may not occur.

Q3. Television commercials are often developed that rely on unusual creative tactics and have very little relevance to the product or service being advertised. Creative personnel in agencies defend the use of the strange messages by noting that they are novel and provide a way to break through the clutter. Comment.

Q4. Media Planning involves a trade-off between reach and frequency. Do you agree? Illustrate using suitable examples of when reach should be emphasized over frequency and vice versa.

Q5. Suggest a major brand promotion campaign that could be created for 'Dabur's' honey brand so as to compete effectively with the brand 'Patanjali' existing in the same segment. Discuss its relative importance and effectiveness.

Section B (20 marks)

Case study (compulsory)

45

Eureka Forbes Ltd.

Reorganizing the Sales Force

Why does EFL think that customers will not buy water purifiers and vacuum cleaners from retail shops, when they are buying more sophisticated and difficult-to-understand products from retail counters? And why does EFL think that people are not aware of the needs of pure drinking water and clean homes? And what makes EFL believe that people need the prodding of their salespeople to become aware of their health needs? And are the Eurochamps perceived as such a kind of experts by households in India that they would pay heed to them when they come calling? And why should anyone buy a product till he sees the full assortment of products that he can choose from, which can happen only in a retail store?

Is EFL not trying to extend a legacy for just too long? Should it really stick to selling only through its salesforce? And will it be able to attract even reasonably competent people as Eurochamps, when new opportunities are sprouting everyday? People became Eurochamps because they had nothing else they do. Now when people have better vocations to choose from, will they still choose to knock on the doors?

And is EFL doing a good job of training and motivating people its Eurochamps?

With its experience in direct selling, it should have been running a university on direct selling and salesforce management. But is it even doing a good job with its own people? EFL has good products and it is a strong brand. Is it sealing its future by sticking to its legacy?

Eureka Forbes Ltd. (EFL) has a unique sales approach. More than 24 million cold calls are being made, nearly 2.4 million product demonstrations are being conducted, and more than 500,000 EuroCleans and Aquaguards are being sold by the EFL field sales force annually. The company feels that to retail EFL's products would be impossible. Selling concepts require extensive presentations, demonstrations, and customer objection handling which can only be done through considerable human interaction. Thus, direct selling at homes is the best method. Further, high-end "concept" products such as EFL deals in are generally not well known to consumers.

Since the customer is not aware that he may have some use for the product, he does not initiate the buying cycle. The EFL salesperson has to breakdown the prospect's inertia through powerful presentation, effective demonstration, superior and customized explanation to overcome objections, and close the sale. EuroChamps contact customers at their home where there are no distractions, no competing models, no crowds, and plenty of time.

EFL's advertising is formulated to dispose prospects to welcome the EuroChamps when they came calling. The ads arouse curiosity about the product, and promise a product demo. The firm's estimate is that its media efforts reach a gross target audience of about 80 million annually.

THE EFL SALES ORGANIZATION

EFL is split into three geographical Profit & Loss regions, each led by a chief operating officer. Common central functions such as finance human resources, marketing, supply chain, information technology, and business development support all three divisions.

The heart of the EFL organization is the EuroChamp, the customer sales specialist who brings the product into customer homes, demonstrates it, and closes the sale. Four EuroChamps make up a group led by a group customer sales specialist who functions as group leader. Team leaders oversee two groups, one in which they function as group leader. Group leaders also have sales quotas. The EuroChamp focuses solely on sales. The next levels above him have to sell and manage.

Further up in the sales hierarchy are deputy divisional sales managers (DDSMs), divisional sales managers (DSMs), senior divisional sales managers (SrDSMs) and area sales managers (ASMs), who reports to a regional head. Virtually the entire sales management team have started their careers as EuroChamps.

All EFL sales managers have mentoring duties. Even EFL's top-level managers are directed to keep their fingers on the front line pulse. ASMs and regional heads are required to meet

all customer sales specialists with less than six months of service to solicit feedback about training programs.

THE EURO CHAMP

During its early years, EFL recruited young men in their early 20s from middle class homes, although women also joined the ranks over time. Recruits were expected to be able to read and write effectively in both English and the local language. Extroverted, enthusiastic, outgoing recruits tended to succeed. Over time, the EuroChamp became such a ubiquitous and recognizable figure that the "Man with the Case" became an informal second company logo.

EFL looks for several attitudes and skills in their potential EuroChamps, such as minimum two years' university education, possessing high achievement drive, reasonable spoken communication and interpersonal skills, perseverance, and financially needy. The company believes that a fresh, young face is easier to mold. The older EuroChamps become team leaders and gradually move up in the sales hierarchy. They provide guidance, discipline, and serve as an example.

The revenues of EFL directly depends on the EuroChamp's attitude, skill and motivation. He has to be friendly to make the housewife give him an appointment for a demo. Since he is a total stranger who comes unannounced to the customer's door, it is necessary that he possesses good manners to warn the customer up to him. He goes back later in the evening to the same customer, and conducts the demo with enthusiasm, knowledge, and empathy, and tailors his presentation to the customer's mood and circumstances, and to the other people present at the demo. He needs to overcome objections and close the sale. But no two customers are the same, therefore the entire sales approach has to be extremely people-oriented.

There are standard profiles to guide recruitment, but recruitment is an ongoing and continuous process that takes place in all regions all over the country. Since no academic criteria can differentiate people in terms of their abilities to relate with people, subjectivity creeps in. To get uniformity in quality of people is tough, because each selector in the organization uses his own judgement.

A Day in the Life of a EuroChamp

A EuroChamp's primary responsibility is selling. Behind this are a host of tasks to be completed daily. The EuroChamp's day begins with a 30-minute morning field meeting led by a team leader. Group members gather at 7:00 or 7:30 every morning at a location convenient to the day's territory, typically a tea shop or a street corner. Meetings always open (or close) with a rousing chorus of the EuroChamp anthem sung by the entire group. Team leaders review each EuroChamp's previous

day's performance, share what had been learned, and plan for the day ahead, including apportioning the day's territory among the members. The EuroChamps subsequently embark on their door-knocking, usually knocking on about 40-50 doors by midday, with the objective of generating at least three to four appointments for demonstrations in the evening. The morning sessions are for cold-calling. Since the purchase decision for buying a product of EFL is a joint one, the head of the household has to be involved. Therefore, the EuroChamp tries to get the housewife to agree to a demo in the evening when her husband would be back home. The sale actually happens in the evening.

By midday, the EuroChamps return to the area office to complete their daily activity reports, deposit payments, and request delivery for closed sales. They engage in role-playing and mock demonstrations for new recruits or update their knowledge of product innovations or upgrades. Afternoons and evenings are spent closing sales, collecting payments, making courtesy calls on existing customers, and generating references or retraining customers in the use of their EuroClean or AquaGuard. At the day's end, a night field meeting is held. Additionally, EuroChamps plan for the month and recruit friends to work for the company.

Recruitment

EuroChamps are recruited in a variety of ways. Flyers, billboards, poster campaigns, and newspaper ads are used to spread the word about three-day recruiting sessions held at regular intervals during the year. Campus recruitment, which targets second-tier colleges, occurs primarily in February and September, just before exams. Annual EFL Best Student Awards established at some colleges fosters closer, longer-term ties with those institutions. EFL also relies on career fairs, held periodically in major towns, and employment exchanges. Efforts to hire Lady EuroChamps are ongoing, but women recruits are difficult to attract. Some find it difficult to overcome the social stigma attached to women knocking on strangers' doors, others are attracted to the BPO call centers.

EFL's Friend-Get-A-Friend scheme provides incentives for employees to recruit friends. EFL's personnel often identify potential sales people in someone they come across in a sales call. Such people may be asked to give EFL a try.

One of EFL's most powerful recruitment tools is its 'Own Your Own Bike Scheme' (OYBS). For confirmed recruits who make an initial payment of 25 p.c. of the price of a motorbike, EFL pays the balance. When their loans are repaid, the EuroChamps own their motorbikes. EFL finances the front end purchase, offers easy installments, charges no interest, and gives back tax savings accrued to the company by charging the motorbike's depreciation to its accounts. In addition to

being a coveted status symbol, a motorbike made it easier to cover the assigned territory and transport cumbersome units. EuroChamps who maintain motorbikes under OYBS are required to maintain minimum productivity of 15 units per month.

Many EuroChamps have worked together for a long time. EFL presents tremendous growth opportunities for EuroChamps who work hard. Great rapport between a team leader or other bosses and the EuroChamp prompt them to stay together. The relationship between them is often that of a mentor and a disciple. Qualities such as leadership are fostered in such relationships.

Training

Training primarily takes the form of mentoring and pairing newcomers with seasoned reps. New sales reps are typically given two days to read the company handbook and then spend a week or two shadowing a senior sales rep before being assigned their own sales territories and quotas. A seven-day training program called "My First Week at EFL," is conducted to familiarize new recruits with the company's history, products, policies, payment plans, and product training as well as necessary functional skills. The training program incorporates both an in-class training component and field-coaching sessions. Aspiring EuroChamps have two days to absorb all the information provided to them including product specifications, demonstration information, and guidelines for prospecting and planning. Supplementary materials distributed during the program include a booklet detailing EFL's code of conduct and information on the OYBS. Manuals are translated into the local languages.

Great importance is given to training, whereby diverse individuals are converted into a common entity. It can take years to build a connection and instill a recruit with knowledge and zeal, but the company EFL only gets a few months to convert a raw 21-year-old, fresh out of school, into a true EuroChamp. A lot of things depend on this training, because unless the recruit learns well in the first few months, he can not achieve the goal of 60 unit sales in the first six months, a prerequisite for going from probationary status to being confirmed.

Time constraints nevertheless occasionally preclude formal training beyond the two days it takes to digest EFL reading materials. At such times, new EuroChamps are paired with a senior salesperson and sent to "learn in the field." Training is an additional for the senior salesperson. Since he already has a lot of responsibilities to complete each day, at times, training is handled in an informal manner. Within four to six months of joining EFL, recruits participate in a second, more elaborate program, "Making of a

EuroChamp," that incorporates videos, role play, and mock demonstrations.

Because EFL relies heavily on learning by experience, seasoned EuroChamps are a new recruit's primary and most reliable source of knowledge. Experienced customer sales specialists, group leaders, and team leaders share daily learning, grooming tips, sales techniques, and general advice. Recruits' backgrounds vary widely and their ability to learn is different. Therefore, Senior EuroChamps have to show patience with them as they teach the new recruits the fine arts of personal selling.

Wearing appropriate attire and being clean shaven is important for an EFL salesperson. Being properly groomed makes it more likely that people let him into their home.

Supervision

EuroChamps are engaged in reporting and feedback at least three times daily — at the morning meeting before heading out on cold-calls, at the midday meeting to report on door knocking results and morning demos, and at the end-of-day review to register afternoon follow ups, demos, and sales numbers. Area incharges disseminate monthly reports recommending upgrades, new appointments, and other changes of status for all sales personnel under their purview. DDSMs and DSMs are expected to visit the field at least once every 15 days to review performance and set targets and are responsible for individual performance reviews under the OYBS.

Supervision emphasizes two elements — learning and developing leaders. Feedback is done in a way so as to not hurt the self-esteem of EuroChamps. Mistakes are viewed as an opportunity to learn. Good team leaders spot, groom, train and nurture salesmanship talent rapidly. Salesmen start earning, feeling successful and motivated. Nevertheless, even charismatic leaders find that attrition is their enemy, which they have to battle continuously. The company measures the quality of its field leaders, and their future potential with the company by their ability to minimize turnover.

The front line work is a high pressure job — physically demanding, involves travelling and meeting many people, carrying products and demonstrations, and putting a lot of energy into presentations. It is psychologically demanding as well, taking the ego-knocking the salespeople get from door slams during cold calls. Such experiences can be demoralizing unless a person is really tough. Lastly, the job is economically demanding — there is no comfort of a sufficient quantum of fixed monthly salary coming one's way. Salespeople need to earn two-thirds from their sales efforts.

On average, a front-liner stayed with EFL for less than a year. Competition for sales talent, particularly in the major

urban centers of India, have increasingly put pressure on EFL. Owing to its formidable reputation in direct sales, EFL is a poaching ground for companies looking for sales talent.

Group leaders and team leaders are expected to address attrition problems, complaints from customers, and poor performance of EuroChamps. Detailed information on the EuroChamps' door knocks, demos, sale closings, and installations help supervisors to guide the EuroChamps. Paperwork takes a lot of time of supervisors. Regional heads acknowledge that although they are required to observe EuroChamps in the field, it have been many months, in some cases, years since they have been out on door knocks. Instead, like most EFL managers, they have become increasingly reliant on the formal and informal reports that percolate up through the management ranks.

Quotas and Territories

Annual quotas are broken down into monthly requirements of 60 product demonstrations and at least eight sales closings per month. EuroChamps are expected to average 50 customer contacts per day.

Initially, when the sales force was small and the market large, territory conflicts had been rare. By 2001, however, circumstances had changed. EFL had achieved such reach and penetration, especially in certain urban markets, that several EuroChamps called on the same potential clients on the same day. Irritated homeowners either registered their annoyance with EFL's central office or just slammed the door in the next rep's face.

Moreover, changing demographics have made some territories more lucrative than others. Senior reps who claim more popular territories or poach sales in areas assigned to new sales reps are a source of conflict and tension within the EuroChamp ranks. In the absence of a formal customer contact database, senior managers find it difficult to monitor sales activities. The seasoned sales reps take advantage of this lack of information. They use their contacts with fellow sales reps for other EFL products, or the office personnel and service technicians, to gain access to customer referrals and sales leads.

Evaluation and Compensation

A EuroChamp's base compensation includes salary, rent allowance, a special pay per month, a demo allowance (for customer sales specialist probationers), a leave travel concession, a holiday bonus, medical reimbursement, and, when applicable, a travel reimbursement (or, for reps who did not possess a two-wheeler, a reimbursement of travel expenses up to a certain limit per month). Base salary is scaled against length of service, total sales, and average sales over the last

six months. A contingency compensation scheme based on number of units sold can be invoked in the event of marriage or hospitalization. Confirmed EuroChamps who maintain contact with, or retrain a customer three months and six months from date of purchase can earn an additional Rs. 30 and Rs. 40, respectively. Payment under this plan, termed the Friendship Chain, cannot exceed Rs. 500 per month.

At EFL, pressure to close sales and earn commissions is constant and extremely high. An averagely successful salesman earns two-thirds of his monthly earnings through commissions. This emphasis has an automatic sieving effect—anyone who cannot learn to sell does not get commission and hence earns less and exits very quickly.

EuroChamps' achievements are recognized in various ways including membership in EFL's Achievers Clubs, which has assumed cult-like proportions within the company. Their exclusivity and the stories of glory EuroChamps bring back after attending these clubs encourage many sales reps to admire, envy, and emulate them. The Silver Circle Club, EFL's primary platform for recognizing and encouraging excellence, has been instrumental to the company's growth in the early years.

A EuroChamp who consistently sells 21 units per month over a six-month period is inducted into the Silver Circle Club for that year. The three-night, four-day, all expenses paid club celebration is held at a high-profile resort hotel at a famous gateway such as Goa, Jaipur, or Kathmandu. The Awards Night, an Oscar — like extravaganza, is eagerly awaited by the select among the already exclusive members. They are rewarded for their achievements and there are featured light shows, music, and entertainment. Photos taken at the celebrations decorate the homes and offices of EuroChamps for years after. Repeat membership affords greater status: EuroChamps who qualify for the Silver Circle five and ten consecutive years are designated Living Legends and Pioneer Legends respectively. These honorees are flown to international destinations for a one-week, all expenses paid holiday. Club 100, also called The Champions Club, is the exclusive domain of EFL's 100 top direct sales performers. Membership is fiercely fought over as there are only 100 spots to be won. EuroChamps strive incessantly to be first among the best.

CURRENT ISSUES

Realizing the importance of being close to the customer, the CEO joined the regional managers and several EuroChamps on sales calls. In several instances the CEO watched as the EuroChamp missed an easy sale. He felt that these EuroChamps were just going through the motions mechanically and seemed focused only on completing their demo. He watched as they repeatedly missed prospects' visible cues signaling their interest to buy.

In other situations, the demo equipment was damaged or not clean, something that was totally unacceptable. Customers form their image about EFL when they interact with a EuroChamp. It is very important that the EuroChamps present themselves and their equipment in the best possible manner. The art of responding to customer objections have been neglected in some EuroChamps' training. The EuroChamp's job emphasizes, assuaging the customer's fears and put to rest any doubts they have about the value that they would get from using EFL's products. This is the basic principle of selling.

By late 2003 the CEO could no longer ignore the data and anecdotal evidence reporting irregular and poor performance across many of EFL's territories. The regional managers had admitted to the data being true. It had been almost two years since many regional heads had been in the field. They were just too busy trying to stay on top of their daily responsibilities. They relied on their field managers to catch things they should have been noting themselves.

The list of issues continued to build and repeat as the CEO spoke with the other EFL managers and spent time with his sales management team. The realization was almost universal that there was little time to coach. Quota management and sales volumes took up all the time. The CEO realized he had to make some dramatic changes.

Formalizing Training

To ensure a formal, standardized, firm-wide training approach EFL established early in 2004 centralized recruitment and training centers (CRTC's). Since regional heads were not able to dedicate the time to guide EuroChamps through the learning process, special people and resources were dedicated to training.

Formalizing training made its importance explicit. Training materials, trainers, training rooms, training benchmarks, training schedules, and follow-up systems were created in order to do a good job at it. The company realized that the company's future depends a lot on what happens at the outset of a EuroChamp's experience.

CRTC's were established in the eight cities EFL was most vulnerable, where talent was difficult to attract and day-to-day pressure of sales was most likely to short-circuit the orientation and training process. These independent, comprehensive centers were fully equipped with training and conference facilities, audio-visual equipment, and libraries. Each was staffed by two talent development executives, a counselor, and an accountant. Talent development executives, selected from a pool of managers who had successful careers as field leaders with track records in both sales results and people development, were assigned for a period of a year and

a half to two years as part of their own career development within EFL.

A New Evaluation and Compensation Plan

EFL's new compensation plan, "Bettering the Best" reconfigured EFL's compensation and incentive structure. A brainstorming session as a part of the initial re-engineering efforts had yielded a number of significant insights. Success was a crucial feeder to a sense of accomplishment and pride in one's activities. Results brought confidence and a positive attitude, which made one feel good, and motivated the salesperson to try again to achieve something else.

Rather than reward EuroChamps solely on sales volume, the new system would award points for successful completion of various stages of the selling process and link compensation to the points scored. Daily minimums were also set. For example, a door knock earned 5 points, a demo 100, attending meetings 200, a sale 300. Daily recognition also played an important role — a EuroChamp could now be recognized by his superiors at least ten times per day. Short term incentives were offered on the basis of points earned. Additionally, a monthly reward could be earned at the area level by the top performing EuroChamp, at the division level by the best group leader, and at the state level by the best team leader.

The restructuring demanded a significant change in mindset, however, and the CEO decided to test run the new system with only one sales force in one region.

Among specific objectives targeted were improving the productivity level of low performers, increasing daily demos, and enhancing customer engagement time. "Bettering the Best's" general objectives included making EuroChamps feel good about themselves, improving the spirit and morale of the sales team, and improving sales productivity and the overall quality of sales. The new system was an effort to split big goals into smaller targets and to encourage each and every EuroChamp to achieve the smaller targets so that they felt good about themselves and carry forward the spirit to the next day.

But there were skeptics. After the first few weeks of the pilot, a number of EuroChamps complained about the time it took to fill out the activity report forms. Several group leaders fretted that monitoring the EuroChamps and tallying points could add as much as two to three hours to their paper work and many salespersons required training to use the new spreadsheet function of the computerized reporting system. Some managers worried that the new system would shift EuroChamps' focus from making sales to earning points and a number of senior sales managers and EuroChamps were concerned that it might reward non-performers with

substantial points but no end results. Other managers saw an inflationary risk in self-reporting, pointing out that it was impossible for sales managers to keep track of all elements of every EuroChamps' selling effort. They argued that they could not prevent a lazy EuroChamp from overstating his effort to gain more points. It was also argued that the current financial rewards linked to the points system were too small to make any difference. Several opined that the system would lose steam once the sales reps realized how much effort they would have to put in before they got something substantial in return.

There was a stream of good news from the field, however. During one of his field visits a newly confirmed EuroChamp mentioned to the CEO that he felt he had benefited enormously from the coaching he had received recently from his group and team leaders. Although there was a culture of openness in EFL, it took courage for a first level employee to walk up to the CEO and talk about the system, which could be viewed as a significant and positive change.

Other EuroChamps said that they had a better understanding of the real ingredients that went into making

the sale. In an interim feedback session, a team of EuroChamps talked about how the new system offered them more chances to feel good about themselves and how this affected their overall morale and desire to win.

THE NEXT STEP

The CEO realized that implementation of the new system would rely heavily on the character and leadership of the senior managers. He wondered whether a sales management team that had come up through the ranks on the basis of the old system was up to the task.

Over the years, the EFL sales force carried the "Friend For Life" vision of the CEO. He wanted sales reps to build bridges with customers even when they did not have anything to sell. The CEO wanted the firm to emphasize customer retention and referrals over customer acquisition through hard selling. The EuroChamps needed to focus away from worrying about how much they sell to how they sell. They needed to take pride in what they did. The steps that were initiated were hopeful of providing a process orientation to the EFL sales force, instead of the end-result oriented approach.

QUESTIONS FOR DELIBERATIONS

1. Consumers today are far more sophisticated than before. Does Eureka Forbes still need to continue with its direct selling model, when consumers are already well-acquainted with its products? After all, direct selling is an expensive means of reaching out to consumers, which is justified when the product is new, and hence, purchase risks are high. Besides, why would a customer tolerate the EuroChamp intruding on his time and privacy now?
2. How would Eureka Forbes manage to keep its salesforce motivated, when there are several opportunities available for the salespeople in the market? Several industries, for instance, financial services, consumer durables, and BPOs are recruiting salespeople/telesales executives with better incentives. On the other hand, if Eureka Forbes were to argue that they take less qualified sales people from small towns, and provide them jobs, is this likely to work for the company in today's market? After all, the customer today is sophisticated, smart and suave. Giving similar incentives as earlier are not likely to work for the company now. So how can Eureka Forbes keep its salesforce motivated? Can compensation plans be altered to account
- for efforts put in by the salesforce at every stage of the selling process, rather than only on the basis of sales volumes (sales closed)?
3. The salesperson is the company for the customer. The Eureka Forbes salesperson does not seem to be highly motivated while doing his job. He is just carrying out the motions. Besides, the company itself is not as aggressive in its branding activities as it was before. Has the organization as a whole become complacent in managing its brand?
4. Is the company's portfolio adequate? The best seller products of Eureka Forbes, i.e. the vacuum cleaner and the water purifier are both facing intense competition in their own ways. The vacuum cleaner is either really low, or completely absent in the consumer's hierarchy of durable purchases. Its product life cycle may be in the maturity or decline stage. The water purifier is being fast replaced by better technologies of other companies, for instance, Usha and Kent, or by bottled water, which is far more convenient and healthy according to various surveys. Given these arguments, comment about the company's product portfolio, and its future direction.