

PGDM (IB) 2017-19
Sales & Distribution Management

IB-314

Trimester -III, End-Term Examination: March 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**. In case of rough work please use answer sheet. 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)	5 Marks each	$3 \times 5 = 15$
B	2 out of 3 (Long Questions)	10 Marks each	$2 \times 10 = 20$
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section A

15 Marks

Word limit for each question is 250 words.

- A1. What are the typical activities which a distribution channel performs? Which is the most critical one and why?
- A2. What is the difference between a merchant wholesaler and an agent wholesaler?
- A3. What are sources of channel power? Why channel power is important for any channel member?
- A4. Which type of personal selling deserves more compensation and why?
- A5. What are the different types of biases in the evaluation of sales force?

Section B

20 Marks

Word limit for each question is 500 words. Answer all the parts

B1.

- a. Discuss how the channel negotiation framework is different for new channel members versus the mature channel members.
- b. Discuss how the size of territory can impact the compensation plan. How this can be better adjusted by using non-financial aspects?

B2.

- a. What are the causes of channel conflict and which one has the most severe impact on the channel flow?
- b. On what basis a manufacturer would choose a distributor to become a channel partner. Provide a contrast between manufacturers who produces branded products and who makes unbranded products related to choosing the distributor.

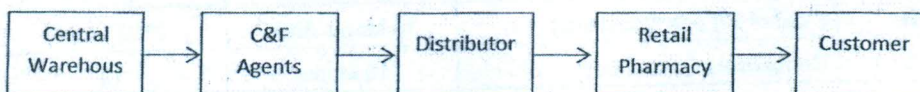
B3.

- a. Discuss the factors which influence the modification of the territory. In this context, provide a contrast between FMCG selling versus service selling.
- b. Discuss at least two innovative methods of training the sales force.

Read the case on the following page and answer the questions that follow. Each question carries equal marks.

Son Pharmaceuticals Private Limited (Son) is a growing pharmaceutical company in India with a wide range of pharmaceutical products. Son boasts a line of 26 brands, including painkillers, diabetic, gastropathy, neuropathy, and cardiac products. Son's logistics management was like that of any other pharmaceutical company in India: the manufactured pharmaceutical products went to the central warehouses of the company from the production department. From these warehouses, the products moved to the carrying and forwarding agents (C&F) in the different states, who in turn supply these to 180 distributors in the different parts of the country (refer Exhibit 1). These distributors then supply the products to the retail pharmacies all across the country. The products move to the final customers through these pharmacies.

Exhibit-I: Logistics in Son Pharmaceuticals



Akshay Bhatia is an Area Manager for Son in Jamshedpur. His team is doing well and is on 112 percent target achievement for January-June period with a growth of 18 percent. In June 2017, there was a 12 percent bonus offer on the diabetic range of products but one dealer, Rajnikanth of IB Distributors in Karwar, was already in possession of high stocks of the diabetic range (equal to 45 days of sales) so he could not buy any diabetic range of product during the bonus period. Now, he is asking for the bonus offer on the stocks available to him at the start of bonus offer (as on June 1, 2017). IB Distributors contributes 7 percent of Mr Bhatia's yearly sales of Rs. 72 million.

Rajnikanth is the president of the wholesaler association in Karwar and is a very influential person in the pharmaceutical market. As of now, Son does not have any policy to give bonus offer on the shelf stock. It is very important for Mr Bhatia to solve this issue as Rajnikanth can create problems during the launch of new products as it is compulsory in the market to take permission from the association before launching new products and brand extensions. IB Distributors has also stopped the last payment of Rs. 360,000 to put pressure on the company.

Prabhas, a sales executive in the area, is new and is unable to solve this issue as he on his own has pushed the extra stocks of the diabetic range of products to IB Distributors in April 2017 to earn his incentives of Rs. 20,000. Mr Bhatia is planning to visit IB Distributors with Prabhas to solve this issue with a win-win outcome.

- C1 If you had been in place of Prabhas, how you would deal with this situation. Which skills can be useful in this case?
- C2 If you had been in place of Mr Bhatia, how you would deal with this situation. Which skills can be useful in this case?