

PGDM- RM 14-16
Sales and Distribution Management
RM- 302
Trimester – III, End-Term Examination: April 2015

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	15
		Total Marks	50

Section A

- Q1. What type of quota is recommended for the following type of sales job? (a) selling *Shakti Bhog* Atta in Indian market; (b) Selling scooter in Indian Market; (c) selling a mutual fund; (d) selling *Rin* washing bar.
- Q2. Why has telemarketing got so much popularity in modern selling? Which type of organizations can go for telemarketing?
- Q3. Why a follow up visit is made after the closing of the sale?
- Q4. Why has relationship selling gained importance over transactional selling?
- Q5. Should firms always try to design equal territories? Explain.

Section B

Q1. Which conditions are suitable for considering internet as an alternate channel? What dimensions should be considered for carrying out a SWOT analysis for selecting internet as a channel?

Q2. Calculate the order to sales call ratio and the average size of order for the year from the following table. Why the sales person's performance does differ?

Salesperson	No. of calls	No. of orders	Actual sales
Ajab	1300	350	5 lakhs
Vijay	1400	650	5.6 lakhs
Anil	1600	580	9 lakhs

Q3. Variance Analysis involves price variance and quantity variance. What are the various methods of finding these two variance and what implication does it have on sales control and evaluation?

Section C

Mr. Vinod, V.P. (Sales) of MRF tyres is negotiating with Mr. Dhar, V.P. (purchase) of Maruti Udyog Ltd. For a contract to deliver tyres for the car line called 'celerio'.

Dhar: My position is that we are not prepared to pay more than INR 1200 per tyre, which has to be steel belted, radial with a warranty of 25,000 km. What are you willing to offer?

Vinod: We are prepared to deliver such order at INR 1600 per tyre. That is the rock bottom we can go. We are barely making any profit at this level.

Dhar: Come on. Why are you trying to fool me? I am in this profession for quite some time. You people have reputation for sticking to your customers. I know your costs cannot exceed INR 600 per tyre. We are interested in placing an order of 2-5 lakh tyre for our new model. Let us skip preliminaries and get straight down to the lowest you can offer. You should also know that other vendors are also interested in meeting our requirements and would happily come down to our price level by merely looking at the size of the order.

Vinod: I confirm that our price is INR 1600. Given the quality of our products, we feel that we do not have to negotiate on price. The product is selling like hot cake.

Dhar: What you mean is that you really want to offer this amount to your large OEMs. Even with the volume we are offering you, you seem to be intent on generating huge and instant profit. Do understand that the automobile industry is under pressure because of stagnant demand and the replacement tyre market is not so huge. If you really want our account, you should try to do business with us. This take it or leave it attitude is bound to backfire for your business.

Vinod: It is ok for me. Our company does not allow any sales people to play with the due process and policies for any customer.

Dhar: So even with kind of volume being offered by us, you are not ready to come down on prices ?

Vinod: That is right. My company has got the best rated steel radial tyre in the industry and we cannot afford to negotiate on price.

Dhar: All right man, you are missing an opportunity here for some big business; if this is the way you do business, then I do not see any opportunity for you doing business with us at least as long as I am in this company.

Questions:

- 1) Is this a good illustration of how negotiations should take place? What kind of bargaining tactics are used by both the parties in this case?
- 2) What should Dhar have done to close the sale? Suggest a negotiation strategy for him.
- 3) Why are facts and figures important for negotiations. Explain with respect to the above mentioned context.