

PGDM- IB 16-18
Sales and Distribution Management
IB- 352

Trimester – III, End-Term Examination: March 2017

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. On one occasion you did not buy a product from an outlet as the service output was not appropriate. You purchased from another outlet where service out put was better. But someone happily purchased from the first outlet. Why would they do so?

Q2. Why would a company like “SONY” go for forward integration? What is its scope for horizontally integrating with ‘SAMSUNG’?

Q3. Assume you are branch Manager of a company which has recently introduced a quota system linked to the incentive scheme of the company. However your sales people frequently complain about short supply of some products in the product mix which have affected their quarterly incentive payments. As branch manager what would you do?

Q4. As RSM (South), you have decided to promote one of the best performing sales person as the new branch manager of the newly created Coimbatore branch. What training programme should be provided to him ?

Q5. Mr. Cool is a brand of high end stylish sunglasses. How would you go about making a distribution strategy for this brand? (Answer based on your understanding of the sunglasses market)

Section B

Q1. Conduct a sales analysis to evaluate the effectiveness of the following branches:

	Branch A	Branch B	Branch C	Branch D
Sales	33	40	38	24
Sales quotas	34	39	36	26
Sales Last year	30	34	32	21
Industry sales	103	132	109	84

Q2. Lovely Textiles is planning to set up direct distribution network to sell its fabrics. What advice would you give them and why?

Q3. Read-Well Books is a new book store idea. The owner Mr. Abhishek wants to create an Amazon in India. What are the factors he has to consider to decide on this idea? Should he have an online store or establish a chain of brick and mortar stores? Suggest.

Section C

Read the attached case and answer the questions at the end.

Apple Food Products is a well known company with a wide product range comprising soft drink ice creams and ready-to-eat (RTE) food products. Its brands are leaders in their respective categories. The company AFP belongs to a big group and is a reputed organisation.

A summary of the product groups of AFP is given below:

	<i>Soft drinks</i>	<i>Ice creams</i>	<i>RTE foods</i>
No. of product variants	9	13 flavours	6
No. of brands	1	1	4
No. of SKUs	35	40	75
Product categories	2 - 250 ml and 500/1 ltr pet bottles	2- bulk and on premises packs	2- modern retail and retail & catering

Over the years, AFP has developed an excellent distribution system which is a combination of its own salesforce and distributors. As far as possible the distributors for each of the five product groups is different. Modern retail does not have distributors and is managed by the company salesmen. The salesmen for each product group are also different.

While the customer segments for each of the product categories could be different, there are a large number of retailers who keep all the products and pack-sizes of AFP. Most of the products of AFP need a cold chain for distribution. Some of the RTE foods also need cold storage facilities. The investment level of distributors is quite high.

Some salient numbers on the distribution network are given below:

	<i>Soft drinks</i>	<i>Ice creams</i>	<i>RTE foods</i>
No. of distributors	Big packs- 100 250 ml - 175	Bulk - 50 On premises - 100	Modern retail - 20 Other retail and catering - 100
No. of company salesmen	Big packs - 90 250 ml - 175	Bulk - 70 On premises - 100	Other retail and catering - 140 Modern retail - nil
No. of vans in operation	Big - 235 250 ml - 280	Bulk - 150 On premises - 230	Other retail and catering - 120
Bottle coolers/ deep freezers	Big - 6650 250 ml - 5800	Bulk - 7000 On premises - 12000	Deep freezers - 1200

The bottle coolers and deep freezers are given to the major retail points by the company and owned by it. AFP has 3P maintenance contractors on agreement to maintain these cold storage units in the market.

The company has been fortunate to find a large number of independent distributors for each of its business units and product categories. The distributors are primarily financiers for the business and their re-distribution abilities are not of top quality. Hence there is a need for AFP to have so many of its own salesmen to generate secondary sales. A look at the span of control of the salesmen will confirm this:

Number of Distributors Managed by a Salesman

Product Group	Span of Control
Soft drinks - Big packs	1.1
Soft drinks - 250 ml packs	1.0
Ice cream bulk	0.7
Ice cream - on premises	1.0
RTE foods	0.7

The company salesmen have to make between 35 to 45 calls in a day.

Some of the concerns about this distribution network, which top management wants answers to, are:

- ⊙ Is the role of a distributor primarily that of a financier? Is he not supposed to take care of the re-distribution of the products to all the outlets in his territory?
- ⊙ What should be the role of company salesmen? Should they be used only to generate secondary sales and get new orders from the distributors? Should not the secondary sales be generated by the distributors' own salesmen?
- ⊙ How will the company salesmen manage the large number of vans in operation? How does a company like AFP decide the permanent journey plan for its salesmen?
- ⊙ What should be the span of control of an average salesman? Is it correct, too high or too low for AFP?
- ⊙ The company has put in a large number of cold storage units in the market place. AFP has noticed that salesmen of one product group do not pay attention to the cold storage unit of another product group in the same outlet. Many times these other units may be getting misused to store competitive products. Is not the use of cold storage unit part of the merchandising task of the salesmen and distributors?
- ⊙ The division by product groups has created exclusive 'turfs' for each set of salesmen. Every distributor or salesman visiting the outlet is bothered about his product group and there is no 'company' pride.

- ⊙ How would the retailer react if five distributors and company salesmen visit him every week? How would they 'ration' the money available for buying AFP products among the five distributors? Would not some of their calls be un-productive? It is likely that two salesmen and distributors of AFP visit the retailer within hours of each other. Is this the meaning of intense distribution?
- ⊙ Bottle coolers and deep freezers were not kept well in many outlets. Who is responsible for their upkeep and maintenance? Do the salespeople and distributors have any role to play in this?
- ⊙ With so much specialisation, is it possible to rotate salesmen between product groups? How would one design trade and consumer promotions?
- ⊙ How would one design any incentive scheme for salesmen in such a multi-product, multi-distribution channel system to be equitable for all salesmen?