

PGDM 2015-17
Sales & Distribution Management
DM-331
Trimester – III, End-Term Examination: March 2016

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.

Note: There are 3 sections in this paper. Answer briefly and to the point.

Section – A (15 marks) Answer any 3 Questions (5 marks each)

Q.1. Briefly explain the Universal Pricing Mechanism with an example showing the various stages of decision making for a company based on key events in a product's life cycle. Do iconic firms like Apple follow this logic? What are the consequences.

Q.2 How should space planning be done in a typical Retail outlet? What storage discipline should be followed? Will the logic be different for a Distributor Warehouse? If yes why, if not why not?

Q.3 Who are the various associates involved in the Sales process as products move from the Marketer/Manufacturer to the final consumer? With the imminent establishment of the General Sales and Goods Tax(GST) do you feel that the relevance and role of one or more of these would be adversely impacted? Give reasons for this.

Q.4 Discuss the characteristics of an ideal Sales person. In your view how important are persuasive skills(selling refrigerators to Eskimos) compared to listening and logistics skills. Would there be exceptions to the general rule. If so in which Business and why?

Q.5 Explain the 4P framework in Marketing. How important is the Place P? Is it independent of the other Ps. If not and if there is inter dependence briefly show this with an example

Section B (20 marks), Answer any 2 Questions (10 marks each)

Q.1 Review the practice of Discounting and its merits if any, as well as the demerits. According to you, what are the basic causes for this almost universal practice. Take the case of a leading global firm which largely avoids this practice and the reasons for it. Mention an exceptional circumstance where it should be resorted to

Q.2 Describe the basics of Information Systems and the key disciplines that should be followed by any company in ensuring accurate and up- to- date information using current Software technologies. What are key basics that have to be captured and monitored in Sales Information Systems

Q.3 Discuss the role of Visual Merchandising in promoting and increasing the sales of a company. What are the various locations in retail outlets and other locations that feature this form of Promotion. Which type of products should be displayed and in which stages of their Product life and for what duration?

Section – C (15 marks), Compulsory Case Study

Read the following caselet and answer both questions

A DRESS MAKER DOES AN IMAGE CHANGE

At a time when most local garment retail stores are struggling to stick to the script, Kewal Kiran Clothing(KKC) with its tight financial management and strong distribution network, has recorded consistent average return on Capital employed(ROCE) of 30% in the last three years.

Interestingly, the company known chiefly for its denim jeans brands Killer and Lawman, has achieved the growth with a meager debt-to-equity ratio of 0.05 and average operating profit margin of close to 30%,

“We are in the garment business not to sell it to a foreign company or a private equity player merely for valuations. We believe in following three principles: stability, sustainability and scalability. These form the backbone of our company’s strategy and we feel we’ll be able to develop customer preferences for our brands in the coming years” says Kewalchand P Jain KKC’s chairman and managing director.

Going by the company’s financial performance in recent years, it appears that these tenets have paid off. In the last three years, despite a net excise duty hike of 3.5% on branded apparel, the company’s net sales have grown at a compounded annual growth rate(CAGR) of close to 13% to Rs 300 Crores in FY ,13, while its net profit has grown at a CAGR of 7.3% to Rs. 53.4 Crores.

With the removal of excise duty on branded apparel last February, there’s a marked improvement in the company’s financial performance. For the first half of the current fiscal, its net sales jumped 27% to Rs. 115 Crores while its net profit rose by 33% to Rs. 23.5 Crores on a year on year basis. The genesis of this growth can be attributed to its strong distribution network and conservative approach to business. It has four apparel brands: Killer, Lawman, Integreti and Easies. Killer and Lawman are primarily denim jeans brands, while Integreti and Easies are casual wear brands.

At present the company derives 61% of its net sales from denim brands. According to a study by Technopak Advisors, the denim market in India is expected to grow to Rs. 13,000 Crores in 2017 from Rs. 6700 Crores in 2012. It says the mid premium segment(denim jeans costing Rs 1500 to Rs 3000) which commands 15% market share in the denim market, will have 19% share in 2017.

Thanks to the increasing acceptance of denim jeans and improved purchasing power in tier II and tier III cities, companies like KKC which have high penetration in these markets would benefit most. The company has a large network of 97 distributors and 313 stores, of which it owns only 14, while the remaining 299 are franchisees. “The focus of Kewal Kiran has been clear from the beginning: to diversify risk in all layers of business. In Metros, due to consolidation of business in malls, retail space owners would negotiate prices for store space with brand owners, to their(occupiers) disadvantage. KKC has focused on its terms of trade, which meant it concentrated on tier II and tier III cities where space costs are lower. “This strategy has paid off” says analyst Tejash Shah of Spark Capital who has a long term buy recommendation for the company’s shares. “The company has done a calibrated expansion with its franchisee owned and franchisee operated model. It believes in retail penetration/expansion as a brand building vehicle rather than as just a growth driver” he adds.

The benefits of this strategy can be seen in its average realization which increased by 10.13% in the September 2013 quarter on a year on year basis. In the coming quarters, the company plans to focus more on advertising of its flagship brand Killer says Jain. “In the developed markets, brands have proper segmentation. India’s jeans market is yet to evolve to that stage. We are here to do good business without sacrificing growth”.

Q.1 Enumerate the various Metrics against which the firm has achieved progressive success in Its general Sales performance. In your view has the management established the right priorities. Mention and briefly discuss two of these. 7 marks

Q.2 Do you think that the company should fear competition from larger well known retailers like A.V. Birla Retail group or Shopper’s Stop? If so why? If not why not? Reinforce your answer with material from the Caselet. 8 marks