

PGDM 2013-15
Sales & Distribution Management
DM- 331
Trimester – III, End-Term Examination: April 2014

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)

Section A.

Total 15 marks

Answer any 3 Questions

- Q.1. Discuss the role of the Sales and Distribution function in creating and in retaining customers. What should be the involvement of Company Sales personnel in deciding the right product offering both in terms of quantity and quality? Provide suggestions for facilitating this
5 marks
- Q.2 Evaluate the common practice of sales promotions(discount sales). Make an objective analysis giving the pros and the cons for the common practice. In your considered view in what circumstances can this practice be justified?
5 marks
- Q.3 Write about choices of distribution channels and other aspects of the third P referred to as "Place" in popular marketing parlance. For a new entrant what type of Distributor profile should it look for? Discuss pros and cons of your recommendation
5 marks
- Q.4 Discuss the right approach in handling the vexatious issue of non moving/slow moving variants. What is wrong with the conventional approach followed by most companies and what are the implications for the long term in terms of sales, market share and profitability?
5 marks
- Q.5 What should a firm look for when it hires, front line sales personnel? List in Order of importance the capabilities and behavioural attributes that make for An ideal sales person. What unique contribution can these employees make that Their counterparts in the other sub functions of marketing can't and why?
5 marks

Section B (20 marks)

Answer any 2 Questions (10 marks each)

- Q.1 Write a recommendation on expectations from channel partners. Make specific suggestions for each type of Channel partner. Do you think that each type of channel partner has unique responsibilities? Or are they linked? Give details to substantiate your submission
10 marks
- Q.2 What in your view can explain the major problems today in Sales Management for most if not all Indian companies whereby they firstly do not know what current Sales are and are unable to meet the requirements for maximizing revenue and Thereafter maximizing profits. Provide at least 3 suggestions that will address the Current problems.
10 marks
- Q.3 Explain the concept of merchandising with reference to retailers. Who should take the major responsibility in designing the merchandising system? Should significant input be expected from the retailer? Who should bear the Costs? Should the retailers accept significant accountability for impact and delivery? If so give relevant details
10 marks

Section – C (15 marks)

Compulsory Case Study

Read the following caselet and answer both questions

KEWAL KIRAN DRESSES UP FOR RAPID GROWTH

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. 6,700 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 factors that have contributed to the impressive Sales and Business performance of KKC. Give special emphasis on the product portfolio planning of this relatively recent entrant to a very competitive market. Which other innovative practices can explain the phenomenal success of this Desi player against global rivals?

7 marks

Q.2 What lessons can one draw from the firm's concept of branding and brand building? Has KKC in your opinion integrated the 4P framework in its Marketing and Sales Strategy? Mention and elaborate on its most creative initiative in a growing but difficult market which has seen many casualties.

8 marks