

PGDM 2018-20  
Sales & Distribution Management  
DM-332

Trimester – III, End-Term Examination: March 2019

Time allowed: 2 Hrs 30 Min

Max Marks: 50

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write their 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. What in your view should be the skills, capabilities and attitudinal requirements for entry level sales personnel in a personal care products company? What would be key activities that should be carried out on a routine basis? What observations should they make and report on with respect to Competitor activity? **5 marks**
- Q.2. Comment on the approach to making and recording sales of most Indian companies. What are the advantages if any of this approach? List and comment on the disadvantages. Are primary and secondary customers affected equally by this approach? **5 marks**
- Q.3. 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.4. 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. **5marks**
- Q.5. Briefly discuss the approach that should be taken for reliable and accurate Sales Forecasting. What is the single most important variable that should be considered and how should it be Evaluated? Name and discuss a factor that would have repetitive effect each year. Name and Discuss one factor which will have a non repetitive effect. **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. Make an assessment of the E Commerce industry in India. Explain the positives of this sector compared to the Brick and Mortar establishment. Discuss the adverse aspects that are currently prevalent in this sector. What should be the key decisions to be taken to achieve sustainable success for current players and new entrants to this pioneering movement in the Sales and Distribution environment? **10 marks**



- Q.3 Explain the related concepts of Sales Penetration viz. Width and Depth. Do you think that with increased penetration there should also be greater discrimination on the Product Portfolio that should be available in various Retail Outlets. Use the framework of Metro and Tier 1 Cities and Tier 2 and Tier 3 cities to substantiate your argument. **10 marks**

### Section – C (15 marks), Compulsory Case Study

Read the following Case and answer both the questions given below

#### Managing Sales and Distribution- A Slow and Steady Learning

When Timex Watches' first market offering was launched in 1992, Its co-promoter Titan Ltd. took charge of the Marketing, Sales and After Sales Service for the brand. The parent company had become the leading Watch player in India, after upstaging the previous market leader HMT which for long had enjoyed a monopoly and become complacent and change resistant. The Timex offering comprised an all-Plastic watch offering which occupied a Youth positioning in the rapidly growing market which was witnessing changing preferences for trendy and affordable time keeping wrist devices.

The Initial Distribution partners were Titan Distributors who agreed to/were persuaded to, stock and transport Timex offerings to the various assigned retail outlets or were set up as associates to the existing distributors. An alternate choice was giving distributorship to established distributors of nationally branded FMCG products. For instance, one major distributor appointed for the Delhi NCR was a current associate for Hindustan Lever Limited(now HUL). The logic employed was to appoint "tried and tested" partners who were familiar with the regulatory as well as the logistics aspects of distribution and who had established a reputation for themselves as well as developed contacts and influence with the retailers in their assigned territories.

**Choice of Retailers:** Here too, the choice of retailers was among the existing retailers of the Titan brand. However the favour of sharing these associates was not accorded to Timex with respect to the company owned, and Franchisee operated stores that stocked and sold an exclusive and comprehensive product array of Titan. What was available to Timex were the "committed dealers" who agreed to stock 50% of their offering from Titan and Timex variants. Multi brand outlets who had been selling Titan produce were also persuaded to include Timex products in their respective arrays.

**Sales recording and accounting:** Like all products marketed and sold in India, sale of watches was recorded on the basis of Invoices raised on Distributors and Franchisees, which reflected the value of products transferred for stocking and subsequent sale to watch consumers. These sales in turn reflected increasingly aggressive "targets" which were set by the top management and passed on to the Marketing and Sales team which serviced both companies viz Titan and Timex.

**Sales Performance and Expanded reach:** Sales of Timex watches were impressive. In the year of launch 1992-1993 Sales were recorded at 800,000 watches. These figures progressively increased to 1mn, 1.5 mn and 2mn within a short span of 5 years. The number of distributors progressively increased from 15 in the first year to 46 in the same period. Whereas the sales focus in the first year was on the Metro cities including New Delhi, Mumbai, Chennai, Bengaluru, Kolkatta and Hyderabad, it spread to the large cities in the various states and then to tier 2 and tier 3 cities. The number of distributors rose from 15 in the year of launch to 46 by 1995. Retail outlets coverage rose from 1500 in Year of launch to 4500 in the same period. Company owned outlets and Franchisee outlets were notable by their absence largely because Titan felt that the "time had not come" for these.



In "under developed" states like Madhya Pradesh, Chattisgarh and Odisha, there was a relatively conservative approach in Distributor appointment. These states which were geographically large, evidenced smaller markets in terms of potential sale. Hence care was taken to appoint not more than 2 distributors for each of them. This gave opportunity to the designated distributors to establish and expand their operations without the threat of competition. They were assured of break even and Cash surpluses which might not have happened if a larger number of distributors were appointed.

**Learning and Changes made:** The management at Timex realised a few things over the first few years. Firstly the criteria for selection of new distributors: It was seen that "veteran" distributors tended to be complacent, resisted advice for improving their inventory management, logistics and retailer relationships. They tended to display a know- all attitude. Starting 1998 when Timex Watches was able to get full control of its Marketing and Sales, new distributors were chosen from "first time" entrants to this business. A critical requirement was the positive attitude and willingness to learn. The stellar choice was of a new distributor for Kolkatta city and its suburbs. It was a Chartered Accountant who wanted to take up Distributorship. The C.A. was convincing in his assurance of capabilities especially the desire to treat retailers as his precious customers who needed to be taught a few basics in addition to being served regularly and in a superior fashion with appropriate and timely deliveries of high selling variants. Timex over the next few years adopted this criteria while experiencing vastly improved distributor and retailer performance.

**Focus on product friendly cities and locations:** It was realised that stocking Titan and Times products in the same retail outlets was largely counter- productive, since both firms had competing products in similar price ranges. Timex changed its focus to Tier 2 and Tier 3 cities and within these cities chose lower income localities for their relatively low priced variants. It was also made a priority to resist over stocking of products with Distributors and Retailers to avoid on the one hand the burden of inventory carrying by the associates, and delayed payment to the company on the other hand. This turned out to be a Win: Win outcome for the firm and its associates.

Over time, Timex witnessed the fruit of its "unconventional" Sales and distribution approach in terms of Increased revenue and profit for the company, and progressively improved satisfaction for and relationship with its associates, while preserving its unique learning and sharing paradigm in its larger business.

Questions:

1. What could be the pitfalls in the approach that Timex took? Focus on choice of associates and Competitor response. **7 marks**
2. Do you think that what works for the Watch Industry in the Sales and Distribution area could apply to other areas in the Fashion Accessories business? Support your view point with two examples. **8 marks**