

January 2016

Master of Business Administration (MBA) Examination

III Semester**Sales and Distribution Management**

Time : 3 Hours]

[Max. Marks : 80

Note : Attempt any four questions from Section A. All questions carry equal marks. Section B is compulsory and carries 20 marks.

Section A

1. Take example and explain the role of personal selling in developing marketing mix. Also discuss types of sales jobs.
2. Explain the relationship among sales forecasting quota and sales budgeting with examples.
3. "Training to sales force is having more purposes other than sales volume enhancement." Do you agree? Why? Also discuss importance of compensation from motivation and control of sales force point of view.
4. Elaborate on management of channels from cooperation, conflicts and competition point of view.
5. What is the importance of sales promotion in today's marketing environment? Also highlight the strategic issues in designing promotional strategies.
6. Elaborate on following:
 - (a) Importance of transportation and warehousing in achieving physical distribution objectives.
 - (b) Marketing decision for wholesalers.

Section B

7. Analyse the case and answer the questions given at the end of the case:

APEX ELECTRICAL CO. LTD.- RETHINKING DISTRIBUTION

Mr. Nathan, sales manager of Apex Electrical Co. Ltd. had just received a proposal from his regional manager at Bangalore for opening a sub-office in Madras and was considering what would be the best decision in the company's short-run as well as long-run interest.

The company was in the business of manufacturing and marketing electric motors of a wide range of horse power that could be used as a prime mover in numerous applications. The company's factory and head office were situated in Bombay and it had its branch offices at New Delhi, Calcutta and Bangalore, each headed by a regional manager.

The regional office at Bangalore was responsible for sales in Karnataka, Tamil Nadu and Kerala. The company also maintained a godown at Bangalore which was used as the stocking centre for feeding sales in the complete region. The company's distribution network had grown over several years and as such there was no one rule by which the arrangements could be explained. In Karnataka, due to the proximity of the regional headquarters, the distribution network was closely controlled by the regional office. The company had several dealers covering the state and they all purchased goods directly from the regional office. All the dealers got a fixed percentage of discount. The ultimate prices to the consumer were fixed by the company discouraged one dealer interfering in another's territory. However, in the main cities of Bangalore and Mysore, there was more than one dealer who collectively covered the sales in the city. The company salesman regularly contacted the dealers and the office maintained good marketing information.

In the states of Tamil Nadu and Kerala, however, the arrangement was quite different. Due to some historical reasons, all the sales in the territory were channelled through one single distributor. This distributor in turn had, appointed his own dealers to cover the cities of Madras and Cochin and other districts of the two states. The Regional Office, therefore, had very little information on the exact marketing setup in this territory and the distributor operated almost independently. On several occasions, the regional manager had attempted to bring the distributor under his closer control. He had an impression that the company was not able to exploit the full potential of the region due to the authoritarian rule of the distributor.

He had occasional reports that the distributor was not even aware of certain important tenders floated in the region and on other occasions, he had not bothered to submit quotations in time. There were also complaints received from some of the dealers that they did not get a fair deal and would instead prefer to deal with the company directly. Sales and service personnel of the Regional Office used to visit the states of Tamil Nadu and Kerala only when requested specifically by the distributor. Their independent visiting was generally objected to; by the distributor as it would mean bypassing him. The real problem behind this was that the distributor had in the initial stages given

considerable financial help to the company. He was also an important shareholder and thus had connection at the highest level. This did not mean the top management was prepared to sacrifice the company's interest, but otherwise, they preferred to leave the distributor undisturbed.

The regional manager felt that the little pieces of negative feedback he had received could be the tip of an iceberg. However, in the absence of concrete information, he could never put up a convincing case against the distributor. He had always been helpless whenever some dealers working under the distributor complained to him. He felt it would seriously affect their morale if they realised the company could not control the distributor.

He had discussed this matter at length with the sales manager, Mr. Nathan who realised some tight-rope walking was needed if he had to steer clear of this problem. Mr. Nathan was, however, anxious to do something about it and one idea was to open an office at Madras, the headquarters of the distributor. While this would be for the declared purpose of helping the distributor in marketing efforts. It would also put an automatic check on undesirable practices. Moreover, the sub-office can collect more factual information that could be used to put up a convincing case against the distributor if such a need arose. Accordingly, the Regional Manager had now submitted a detailed proposal for opening a sub-office at Madras which would look after Tamil Nadu to start with. <http://www.davvonline.com>

The company had a strict policy of insisting on the regional office to achieve a fixed ratio of sales to rupee of expenses. For the Bangalore office this ratio was 50 in the previous year when the sales were Rs. 2 crore and expenses Rs. 4 lakh. Of this, the sales in Tamil Nadu were Rs. 50 lakh.

The proposal stated a sales forecast of Rs. 60 lakh in Tamil Nadu in the next year and estimated expenses of the Madras sub-office at Rs. 1.20 lakh, thus achieving a ratio of Rs. 50 sales per rupee of expense. Among other things, the details of the proposal stated split up the expenses - Rs. 40,000 towards salary and Rs. 30,000 toward travelling expenses of the two sales personnel who would be transferred from Bangalore to Madras.

Questions for Discussion:

1. What decision would you take if you were in place of Mr. Nathan?
2. Do you feel the proposal of new sub-office is economically justified against the stated policy of the company? If yes, why? If no, then how could it be made justifiable?