January 2015

Bechelor of Business Administration (BBA) Examination

V Semester

Sales and Distribution Management

Time : 3 Hours] [Max. Marks : 80

Note : Attempt any four questions from Section A. Section B is compulsory. Each question of Section A carries 15 marks and of Section B a case for 20 marks.

Section A

1. Explain the role of personal selling in developing the marketing mix.
2. Explain the importance of sales forecasting and relate if with sales budgeting and sales quota.
3. (a) Explain the importance and approaches of motivation of sales force.
   (b) Explain vertical and horizomal naarketirfg »ystem'in details.
4. Explain the importance of wart-Mousing and transportation for a physical distribution system of an organisation.
5. (a) Elaborate on retailer marketing decisions.
   (b) Explain strategic issues in designing promotional strategies.
6. (a) Elxplain importance and principles of compensation for sales force.
   (b) Explain the approach to min-age conflicts among the channel members.
7. Explain the following :
   (a) Importance and purpose of traning of sales force.
   (b) Bases of territory design.

Section B

6. Analyse the case and answer the questions given at the end :

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. Each dealer covered a specific area which was generally one to several districts and 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 covr:ed 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 inturn 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 by passing 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 connections 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 pul 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.

The company had a strict policy of insisting on the regional office to achieve a fixed ratio of sales per 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 :

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 ?

❑❑❑