

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER 3 – EXAMINATION – WINTER 2018****Subject Code: 2830103****Date: 11/12/2018****Subject Name: Sales and Distribution Management****Time: 10:30 AM to 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1 (a)** Select the correct answer: **06**
1. Breaking bulk, storage and delivery to customers are the tasks performed by a \_\_\_\_\_  
A. C&FA B. Distributor  
C. Transporter D. Warehouse
  2. Effective territory design and allocation of salespeople to territories result in \_\_\_\_\_  
A. Improved sales force performance B. Improved company performance  
C. Improved distributor performance D. None of the above
  3. Perishable products would benefit from \_\_\_\_\_ distribution from producer to consumer  
A. direct B. Fast  
C. regular D. consistent
  4. A store selling standard merchandise at low prices and for low margins is known as a \_\_\_\_\_ store  
A. Convenience B. Mom and pop  
C. Discount D. Grocery
  5. The five sources of power used by channel members to avoid conflict are legitimate, reward, coercion, \_\_\_\_\_ and \_\_\_\_\_  
A. Influence and expertise B. Financial and referent  
C. Expert and size D. Referent and expert
  6. In designing sales territories, the sales manager should start the process by selecting a geographical control unit that is \_\_\_\_\_  
A. Small B. Large  
C. Medium sized D. Any sized
- Q.1 (b)** Explain the following terms: **04**
1. Prospecting
  2. Objective and task method of budget setting
  3. Sales territory
  4. Distribution channel
- Q.1 (c)** Explain the risks involved in International sales and distribution. **04**
- Q.2 (a)** Discuss the methods used for handling and overcoming sales objections. **07**
- (b)** List the common types of Sales Quotas used in organizations. Discuss with examples the various methods of setting sales quotas. **07**

**OR**

- (b) If you are appointed as a sales trainer for a FMCG organization with 200 salespeople, how would you design and execute their sales training programme? **07**
- Q.3** (a) Explain AIDAS Theory of Selling. **07**  
 (b) Explain the procedure of designing sales territories with a relevant example. **07**
- OR**
- Q.3** (a) Explain various Qualitative Methods/Techniques of Sales Forecasting. **07**  
 (b) What are the different types of sales positions? Give examples of creative selling positions? **07**
- Q.4** (a) Explain factors affecting the selection of channel members. **07**  
 (b) A large consumer goods manufacturer decided to open a new direct channel by launching an online shopping site for consumers. This created a conflict with the company's primary retail reseller. How can the company resolve this conflict? Explain with reference to the various modes of channel conflict resolution. **07**
- OR**
- Q.4** (a) Explain the various channel levels with examples. **07**  
 (b) "Sales managers ensure proper territorial coverage by efficient routing, scheduling and time management."- Comment and explain each of the three activities. **07**
- Q.5** Case Study – Computer Hardware Company **14**
- Computer Hardware Company (CHC) is a hardware distributor which imports computer hardware from ABC, the leader in the market and distributes in the country of operation. It secures the hardware based on customer orders only. The main competition for ABC is from Dell and IBM. CHC found that holding inventory was not feasible and orders could be delivered within 4 to 6 weeks. The following changes were happening in the marketplace.
- Competition from IBM and Dell was very stiff and lead times for deliveries were dropping.
  - Customers were expecting faster deliveries and 4 to 6 weeks wait was not acceptable.
  - Product obsolescence in the hardware industry was well known. For example, server models kept changing every 6 months.
  - High-value corporate deals had long sales cycles. However deliveries were expected almost instantly.
- CHC was thinking of ways of improving the speed of response to customer orders.
1. Should they keep additional inventory? Justify your answer.
  2. Is it possible for CHC to speed up deliveries without holding inventory? How?
- OR**

Mr. Dilip Joshi is the Vice President (Sales) of MRF Tyres, who is negotiating with Mr. Chandrapal Singh, the Vice President (Purchase) of Maruti Udyog Limited, the leading car manufacturer in India, for a contract to deliver tyres for the car line called 'Alto' in the Indian market.

Mr. Chandrapal Singh: My position is that we are not prepared to pay more than 1200 INR per tyre which has to be steel belted, radial with a warranty of 25,000 kms. What are you willing to offer?

Mr. Dilip Joshi: We are prepared to deliver such tyres at 1600 INR per tyre. That's the rock bottom we can go. We are barely making any profit at this level.

Mr. Chandrapal Singh: Come on. Why are you trying to fool me? I am in this profession for quite some time. You people have a reputation for sticking it to your customers. I know your costs cannot be more than 600 INR per tyre. We are thinking of placing an order for 2,50,000 tyres for our new model of 'Alto' this year. Let us skip the preliminaries and get straight down to the lowest that you can offer. You should also know that other tyre companies are also trying to do business with us and many of them will come down to our price level by merely looking at the size of the order.

Mr. Dilip Joshi: our price is 1600 INR. Given the quality of our product, we feel that we don't have to negotiate with prices. The product can sell itself.

Mr. Chandrapal Singh: what you mean is that you want to stick it to your large original equipment manufacturers. Even with the volume we are offering you, you seem to be too greedy. If you really want our business, you should try to do business with us. This take it or leave it attitude is going to backfire for your business.

Mr. Dilip Joshi: It's OK. The company does not allow any of the salespeople to play with the prices for any customers.

Mr. Chandrapal Singh: What do you mean by this? With the kind of volume we are offering, you are not ready to come down on prices?

Mr. Dilip Joshi: That's right. My company has got the best rated steel radial tyre in the industry and we cannot afford to negotiate on price.

Mr. Chandrapal Singh: All right gentleman, you are missing an opportunity here for some big business; if this is the way you do business, then I don't find a day when you will be able to do business with us, at least as long as I am there in this company.

#### Questions:

1. Is this a good illustration of how negotiations should take place? What kind of bargaining tactics are used by both the parties in this case?
2. What should Mr. Dilip Joshi have done to close the sale? Suggest a negotiation strategy for him.

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