Code: 14E00313

MBA III Semester Supplementary Examinations May 2018

SALES & DISTRIBUTION MANAGEMENT

(For students admitted in 2014, 2015 & 2016 only)

Time: 3 hours Max. Marks: 60

PART – A

(Answer the following: (05 X 10 = 50 Marks)

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1 What do you understand by sales management, its evaluation and explain the importance, functions of sales management.

OR

2 Illustrate the relationship between sales objectives, strategies and tactics and brief on skills required for a successful sales manager.

3 "A sales organization assists the sales manager to carry out needed tasks efficiently and effectively" justify the statement with the basic concepts of the sales organization.

OR

4 Discuss the role of specialization within sales organization design and make a detailed note on the steps involved to calculate the sales force size and methods of sizing the sales force for an FMCG product.

5 Define distribution management and explain how the distribution management add value to the delivery process with an appropriate case?

OR

6 Discuss different channel formats and brief on the process of managing channel institutions in the distribution channel process for a trade organization.

7 What do you understand by distribution management, types of channels and brief on the factors normally considered for evaluating alternative channel designs for a manufacturing firm.

OR

8 Discuss the channel planning process and state the different training & motivating techniques for improving the sales efficiency of channel members.

9 How does an international distribution context differ from the domestic concept and what differences that you noticed in customer expectations across countries?

OR

10 What are the main entry modes that a company can adopt to enter a foreign market and what are the major ways of ensuring a smooth relationship with an overseas distributor?

PART – B

(Compulsory question, 01 X 10 = 10 Marks)

11 **Case Study:**

The basic objective of any incentive is to increase sales. Most of the products come to the market through a distribution channel comprising of dealers. Dealers or distributors are the front runners and the growth of any company largely depends on its channel network, particularly in a highly competitive market. Companies are offering several kinds of incentive schemes to motivate their dealers to fight competition and pursue them to increase sales despite all odds, such schemes are now widely used in many industrial sectors, whether they always give the desired results, can be questioned.

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Let us analyze this in the light of the prime competition sector, the automobile sector. M/s Rajshree Automobiles Pvt. is one of the dealers of one of the leading Indian Automobile Companies. He holds a market share of around 50% and is market leader in his area. With new players coming in, his market share has dropped by 04% in last three years. The profit margins are also squeezing. The company which never used to question him for his performance has now started reviewing his performance on monthly basis and tremendous pressures have built up to increase sales.

In order to support and motivate to dealers, the company has come out with an incentive scheme during the peak selling quarter of the year. The scheme was designed to increase the overall market share of the company by 04%. The dealers were given sales targets based on their performance in the previous year in that quarter, estimated industry growth for the year and targeted market-share in their areas. The incentive was based on the collection of payment sent by dealers at the end of the quarter.

M.s. Rajshree automobile was quite attracted by the scheme and put his best efforts to reach his targets for the quarter. In the process, it had to increase the salesman's commission and spend a lot on advertising and field-activities. Despite the efforts and expenses, it reached closed to its target but found itself unable to reach the desired figure. In order to achieve the collection figure it arranged some external finance and finally achieved the target. In lieu of the collection sent it was supplied the vehicles. This increased its wholesale market share, however the restail market share remained to be almost the same. The company was happy to see a rise in the wholesale market share and attributed this to the incentive scheme. They ignored the fact that the entire collection had not come by actual sales and the stock at the dealership and the dealer's market liabilities have increased.

In order to attract similar performance, the company extended the scheme for the next month also. Similar happenings took place; however, the impact was low. After continuing for eight months in this manner, the company stopped the scheme. It was found that the sales started dropping. To gain more and more sales for incentives the dealer increased the salesman commissions. Some contribution of the incentives was also transferred to the end consumers. These gains slowly became an integral part of the salesman's and dealer's income rather than an incentive and when the schemes were taken back they considered this as a reduction in their income and lost the motivation to sell, leading to loss in sales. It was observed at the end of the year that the sales had increased but the profitability had gone down. This happened because of the increased expenses on sales promotions activities and interest charges on large stocks and external finances, which was done to achieve the incentive targets.

Questions:

(a) In the light of above case study, discuss the importance of motivating the channel members. And suggest that how can incentive selling scheme/strategy, help in balancing the market share, profitability and consumer satisfaction simultaneously.

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