

School of Business

**Master of Business Administration MBA Dual Specialization
Semester End Examination - May 2024**

**Duration : 180 Minutes
Max Marks : 100**

Sem IV - MBMK6001 - Sales and Distribution Management

General Instructions

Answer to the specific question asked

Draw neat, labelled diagrams wherever necessary

Approved data hand books are allowed subject to verification by the Invigilator

- 1) Which method of sales presentation (canned, standard or customised method) you would like to apply to convince a prospect to buy a new washing machine? Would like to apply demonstration as a support to your presentation? Provide reason behind your answer.

K3 (6)
- 2) Compare the advantages and disadvantages of 'Accommodation' and 'Aggression' as a conflict resolution style in automobile sector.

K4 (8)
- 3) A vitamin brand distributes products exclusively to an online retailer and offline partners. The brand had a surplus of vitamins and sold the products to the online retailer for a discounted rate. The retailer then sold the vitamins at a lower price, creating a channel conflict with offline retailer. Analyse the situation and develop alternative strategies to handle the channel conflict.

K4 (8)
- 4) List four products for which sales volume quota is the most preferred one.

K4 (4)
- 5) A food marketing company, Sahani beverages pvt ltd wants to design sales territories for its salespersons reps (MRs). As a sales expert, apply 'Breakdown method' of territory design (with an objective to equalise sales potential of territories) while designing sales territories for the company.

K3 (9)
- 6) Eureka Forbes want to sell vacuum cleaners in an undeveloped country like Ethiopia in African continent. The vacuum cleaners are not popular in the country and considered to be a premium product. Its tough for a salesperson to convince and sell the product. Explain how the salesperson will apply the personal selling process effectively with an aim to close the sale.

K5 (10)
- 7) Assess the impact of exclusive distribution strategy on the overall market share of a premium fashion brand like Van Heusen in India. Explain the advantages and disadvantages of such strategy in terms of brand positioning and sales performance.

K5 (10)
- 8) FMCG distributors demanding restoration of old margin structures from the leading maker HUL said they would boycott its products in Maharashtra, starting with Taj Mahal Tea. HUL reduced the fixed margin by 60 basis points and increased the variable margins by up to 100 to 130 basis points for its distributors.
The All-India Consumer Products Distributors Federation (AICPDF), an umbrella body for distributors, has raised concerns over the new margin structure. The distributors are demanding a minimum basic margin of 5 per cent. They are supporting incentive parameters, but they should not interfere with the distributor's margin.
AICPDF shared a statement from the Maharashtra Consumer Products Distributors Federation (MSCPDF), in which they have started non-cooperation against HUL by boycotting its products starting with Taj Mahal Tea. MSCPDF plans to keep the Taj Mahal Tea brand as "Inactive" till next 15 days, which "should be kept in Frozen so that it does not get booked and billed." The federation further said from next month, a nationwide boycott movement will be organized in all the states along with a dharna with 1,000 distributors in front of HUL's Mumbai-based head office.
Based on this situation, recommend an appropriate solution to the ongoing channel conflict between HUL and its channel partners.

K5 (15)

9) The winter of 2019 had been unusually cold and Vinay had brought his five-year-old Nano LX automobile for servicing at the Tata Motors company showroom. He was sitting in the waiting area of the service center, flipping through the magazines that were distributed there. After half an hour of waiting, Vinay sought out the service adviser to ask how much longer it would take for his car to be serviced. He also enquired in a general sense about new cars that Tata Motors had recently launched and if new variants of the Nano were still available. Ranjan Kumar, the service adviser, dismissively told him: "Sir, Nano production itself has stopped, do you not know? Your Nano needs a component to be replaced and we will only be able to give back the car tomorrow."

Tata Nano was launched in 2008 with much fanfare when it was touted as the world's most affordable car. The car did not sell as well as anticipated, however, and was discontinued after some years. Vinay had driven his Nano for more than 30,000 km during the last five years and was fairly satisfied with its performance. He had even thought that it might be a good time to upgrade his old Nano with the latest available model. He did not want to upgrade to a higher priced car from the Tata Motors' portfolio in spite of the stigma of owning a Nano, which was sometimes called the cheapest car in the world. He realized that the older model, which he owned, had been discontinued, but during the last few years new variants had been launched, and these were greatly superior to the model he owned. Nano was the first car that Vinay had ever owned and he was emotionally attached to it. The next day he returned to pick up his Nano from the Tata Motors service center. As he again waited, he thought he would ask the sales team if they were offering a special deal for an old Nano owner who would like to upgrade. He went to the showroom and met with Anil Singh, a customer service executive. Singh was trained as a software engineer but was now a car salesperson. He was a young and affable person. After the usual exchange of pleasantries, Singh said: "It has been almost a year since anyone has come and asked for a Nano."

In the initial discussion the fact that Vinay already owned a Nano was not mentioned. The salesperson, Singh, said: "The Nano production has stopped, and we only have Nanos that were built last year, and no new Nanos were manufactured this year [the year when the sales enquiry was made]. And even in that range, we only have the high-end Nano available, the Gen X OTG XT, which was USD 4803 at an on-road price." Then he added "We also do not have many colours available, maybe a couple of them are still there, so you will not have too much of a choice of colours. The car has to be ordered and paid for first and only then will it be brought from one of their other dealerships and that could take more than a couple of days." Singh asked Vinay, "Sir, will you be needing a loan for the car, or will you pay cash for the purchase?" to which Vinay answered in a non-committal way. The salesperson continued to ask some basic questions

regarding Vinay's work and how long he was willing to wait for the delivery. It was after this discussion that Vinay told Singh that he already owned a Nano. After realizing that Vinay's car was being serviced, Singh asked one of his colleagues to inspect Vinay's car and provide a quote for a buy-back. The office served coffee and the salesperson talked about several topics to pass the time until his colleague returned. Vinay asked for the prices of the various new cars that were displayed in the showroom, starting from the high-end Nexon (USD 10,292) to the lower-end Tiago (USD 6,175). The salesperson provided only vague answers to the questions Vinay raised. Singh also asked Vinay the price he had paid for his Nano, to which Vinay casually responded that he did not remember. In the meantime, Singh's colleague returned and he and Singh had a discussion among themselves in their cabin some distance from Vinay. When Singh returned, he told Vinay that they could offer a buy-back (trade-in) price of USD 549 for the old Nano. Before Vinay could respond, Singh started justifying the relatively low buy-back price, stating that it is known to all that the resale value of the Nano is very poor and that the dealership cannot offer anything better than this. The loyalty bonus was offered by Singh after Vinay insisted on a better price. Singh then immediately started pushing Vinay for confirmation of acceptance. When Vinay asked about the required advance payment, Singh said he needed 50% of the money in advance, and after receipt of that he would order the car from another dealership. Both Singh and his colleague again asked Vinay whether the buy-back price was OK, followed again by a series of justifications on why the buy-back offer was so low. Both of them insisted that this was the best possible price for a five-year-old Nano. Vinay was not very happy with the overall discussion and said that he needed to consult people at home about the decision, but he shared his contact number with the salesman. Singh walked Vinay out of the dealership and said: "Sir, the deal has to be closed early and I have quoted the best price possible. You will not get the same price anywhere else." Vinay walked from the showroom into the service area to find that his car was being washed. He checked at the reception to ask if his bill was ready, and was told it would be a few minutes. Five minutes later Singh again approached and said: "I have spoken to my boss and convinced him to offer you an additional discount of USD 384.24, which makes the final offer USD 3,430.73. This is actually the best price you can ever get but I need you to decide now, and a token amount of USD 68.61 will also be needed to finalize the deal."

Vinay agreed that the offer was very good, but he still needed time to discuss things at home. Singh said that the deal may or may not be available the next day. Singh also added that his boss would go and speak to the general manager of the dealership to finalize the deal if it could be confirmed immediately. Vinay said he needed another day to decide, to which the salesperson said he would call tomorrow. The next day, around 4 p.m., Singh called Vinay. Vinay did not pick up the call, knowing who was calling.

On the basis of the above situation, Discuss the following questions:

a. Why do you think Singh could not convince Vinay to upgrade his Nano? Did Singh miss any opportunities to cross-sell or upsell?

(9 marks)

b. Did Singh follow the seven-step selling process? If not, which step did he skip? If he did not follow the recommended order of steps, what was his mistake? (9 marks)

10) Mr Arman Mehra works for a company that sells machine components and spares to different manufacturers catering to the consumer markets. The costs of these machine components are quite high as they constitute strategic components of many of these machines and go as a part of the boiler used in the factory to keep the temperature of the boiler under control. This is a conversation of Mr Arman Mehra with Mr Piyush Sinha, who heads the purchasing department of a company and is a long-term customer for Mr Mehra.

Mr Sinha, your company has established itself as a high-quality manufacturer that provides good products at a superior value to the customers. As a result, your salespeople have had to continuously prove the value of your product against the cheaper alternatives available in the market by showing the additional benefits when compared with the higher prices that you charge. Do you not agree with this statement?"

"I do agree with you. I have heard sales managers discussing this with our salesperson all the time, constantly hitting at benefits that our products deliver in comparison to the cheaper alternatives available in the market," said Mr Sinha.

That is the point. Though quality costs more, it also pays off well for the customer. We all feel the same for the products that we sell you every time. Though they cost more than the product you are considering now from our competitor, the dependability of the performance is certainly something worth comparing while comparing our prices with those of the competitors, said Mr Mehra.

'I understand that Mr Mehra, but our headquarters have instructed us to make savings in the purchases and yours is the largest buying that we are going to have this year. As the industry conditions are bad due to availability of cheap substitutes from China, we have to make some cost cuttings this year. That forces us to look for better alternatives from cost point of view. said Mr Sinha.

'OK, that is something I cannot refute, but the quality of service that our company has given you in last few years has provided longer wear, fewer replacements, and less down time in the production process resulting in substantial cost saving in your organization," said Mr Mehra.

'I am not so sure that I can agree with your statement Mr Mehra. You are talking about measuring something that has not happened. These can only be treated as sales claims as there is no substantial benefit observed as you are suggesting,' said Mr Sinha.

'Mr Sinha, you know very well that we have worked closely with your production people and had our service engineers stationed for emergency calls at nights and on weekends also. Are you saying that we didn't help your company in saving money and achieving your sales goals?" said Mr Mehra.

'I am not saying that. I also don't want you to twist what I am saying. What you are referring must be production problem and it has nothing to do with the purchase department. I have been asked to reduce costs by 15 per cent. Since you cannot give me a low price, I have

decided to go with the competitor as the specifications almost match to that of yours and is OK to my production people. If their products and services do not live up to their promise, I will get in touch with you. I think I have to go for another meeting and I will see you sometime in future,' said Mr Sinha.

Mr Mehra thanked Mr Sinha and left the office with a deserted look.

Read the above case and discuss the following questions:

1. What went wrong? If you are the sales manager of the company, what advise will you give to Mr Mehra? (6 marks)
2. What kind of changes Mr Mehra should have made in his presentation? (6 marks)