



Institute of Management  
JK LakshmiPat University  
Jaipur

END TERM EXAMINATION, OCTOBER 2019

Pinnacle MBA- Sem-IV  
MM: 40 Marks

Course: Sales and Channel Management  
Time: 2 Hours  
Subject code: MA2201

Instructions: Attempt all questions.

Q1. Elaborate the typical Go to Market strategy adopted by large paint companies in India. Explain the factors that impact the effectiveness of the same along with key drivers.

(10 Marks)

Q2. Read the situation below and answer the questions that follow:

Rahul, an SO in a FMCG company Lakshmi Consumer Care Limited which sells personal care products like shampoos and soaps, is facing sales growth issues in shampoos in the town of Haripur. He looks at the data of the town and below is what he sees:

|                                                                         | Q1 2019 | Q2 2019 |
|-------------------------------------------------------------------------|---------|---------|
| Total sales of shampoos in the town ( Rs lakhs)                         | 40.6    | 41.3    |
| Total no. of retail outlets stocking shampoos                           | 2480    | 2491    |
| Market share of Lakhmi Shampoos                                         | 21.3%   | 21.0%   |
| No. of retail outlets stocking Lakshmi Shampoos                         | 1650    | 1624    |
| Sales of all shampoos in outlets where Lakshmi is available ( Rs Lakhs) | 31.3    | 33.2    |
| Total volume sales of Lakhmi Shampoos ( Kl)                             | 1.8     | 1.95    |

Rahul felt that the main reason for his growth issues has been the fact that he has not been able to place his shampoo in the prominent outlets of the town. There are 5 outlets, whose details are as given below, where he needed to get his products available

1. M/s Aggarwal Departmental stores : Avg Shampoo sales of Rs 50000 per month
2. M/s Gupta Supermarket : Avg shampoo sales of Rs 35000 per month
3. M/s Sai Stores : Avg shampoo sales of Rs 100000 per month
4. M/s Bhatia Kirana : Avg Shampoo sales of Rs 75000 per month
5. M/s Tarun Provisions : Avg shampoo sales of Rs 50000 per month

He is confident that in Q3 he can crack the deals with them and be available with Lakshmi shampoos in the above outlets.

Answer the following questions :

- What is the ND in Q2 for Lakshmi and what is the projected ND in Q3 in case no additional outlets start stocking shampoos?
- What is the WD in Q1, Q2 and projected WD in Q3 for Lakshmi if
  - Rahul is able to get all 5 outlets he is targeting?
  - He is able to get outlet nos. 2 and 3 only.
- What could be the possible reasons for Rahul not getting growths given the above data?
- What do you think of his ND and WD strategy? What would be your recommendation?

Briefly explain tasks involved in a marketing plan, give suitable example for the same.

(10 Marks)

**OR**

Given below is the data for a distributor:

|                                                                 |                                  |                                                                          |
|-----------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------|
| Sales per month (Rs Lakhs)                                      | 60                               |                                                                          |
| Fixed margin from the company                                   | 5%                               |                                                                          |
| Avg variable margin earned per month                            | 0.6%                             | Co. offers max of 1% variable margin on achievement of given parameters. |
| Sales manpower ( Nos.)                                          | 8                                |                                                                          |
| Avg inventory level (No. of days)                               | 15                               |                                                                          |
| Godown space used ( Sft)                                        | 800                              | Office is made within godown space itself                                |
| Avg monthly rental per sft paid (Rs.)                           | 40                               |                                                                          |
| Average credit given in the market ( no. of days)               | 15                               |                                                                          |
| No. of vehicles used for delivery                               | 3                                |                                                                          |
| No. of staff for delivery                                       | Driver + loader for each vehicle |                                                                          |
| Driver salary p.m. ( Rs.)                                       | 12000                            |                                                                          |
| Loader salary p.m. ( Rs.)                                       | 10000                            |                                                                          |
| Sales man salary p.m. ( Rs.)                                    | 12000                            |                                                                          |
| Avg distance travelled by each vehicle daily                    | 40 km                            |                                                                          |
| Avg mileage of vehicles                                         | 10 km/ lit                       |                                                                          |
| Avg cost of Diesel/ lit ( Rs.)                                  | 60                               |                                                                          |
| Avg Maintenance cost annually per vehicle ( Rs.)                | 6000                             |                                                                          |
| Office staff salary per month                                   | 15000                            |                                                                          |
| CA fees per annum                                               | 20000                            |                                                                          |
| Avg claims receivable from the company ( Rs. Lakhs)             | 2                                |                                                                          |
| Credit being given to distributor by the company ( No. of days) | 7                                |                                                                          |

**Calculate the following:**

- Investment made by the distributor in Rs Lakhs
- His ROI on annual basis with above data
- If the distributor reduces his expenses by 10% what would be the impact on ROI?
- In case company decides to remove the credit to the distributor what would be the impact on his ROI? What steps can he take to recover his ROI in that case?

**(10 Marks)**

Q3. What are the differences in business models and profitability models between retailers and wholesalers? In case an additional trade offer of 2% is made to both, how would each react to the same in the market?

**(5 Marks)**

Q4. Refer to the data for a retailer as given below:

|                                                 | Brand 1 | Brand 2 |
|-------------------------------------------------|---------|---------|
| Avg sales per month<br>(Rs '000)                | 60      | 35      |
| Avg stocks kept on the<br>shelves (Rs '000)     | 15      | 25      |
| Avg shelf space allotted<br>(ft)                | 10      | 8       |
| MRP of the brand (Rs.)                          | 60      | 50      |
| Landing Price of the brand<br>to Retailer (Rs.) | 50      | 30      |
|                                                 |         |         |

Which of the brand is more profitable for the retailer on each of the following parameters:

- Gross Margin
- Gross Margin Return On Investment
- Gross Margin return on Footage

Substantiate your answers by showing detailed calculations.

**(10 Marks)**

Q.5 What are the factors which impacts the effectiveness and efficiency of sales force? Which processes, tools & techniques help improve sales force productivity in a company?

**(5 Marks)**

**OR**

What are the criteria that are critical in designing a comprehensive sales force incentive structure? What is the general practice in terms of level of incentive as compared to fixed salary for frontline sales force? How much should be the weightage of output matrices in the incentive structure? Why?

**(5 Marks)**