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MBA
MGT 304A

Third Semester Regular Examination – 2014
SALES AND DISTRIBUTION MANAGEMENT (SDM)

BRANCH : MBAR

QUESTION CODE : H 422

Full Marks – 70

Time : 3 Hours

*Answer Question No. 1 which is compulsory and any five from the rest.
The figures in the right-hand margin indicate marks.*

1. Explain the following :

2 × 10

- Vertical and Horizontal channel conflict
- Intensive distribution
- In-bound logistics
- Order takers
- Sales quota
- Cloverleaf
- Prospecting
- Work load method
- Drop shippers
- Reverse logistics.

2. Read the following case and answer the questions :

Tanishq, a Tata product, launched itself in the jewelry market in 1995 under the brand Titan. It was initially involved in manufacturing, and in 2000 it entered the market as a jewelry retailer. Setting up a jewelry retail store in a country like India was indeed a challenge. Traditionally, India has had a large unorganized jewelry market. Most of the Indian customers visit the local jewelers for making gold purchases. There was no concept of branded jewelry and gold was sold on

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the basis of trust. There were a lot of malpractices involved in selling gold to the consumers in this process. For example, gold could not be sold by the customer at the same price at which he/she was buying it.

The current value of India's gold jewelry is estimated to be around Rs. 70000 crore and is dominated by the local jewelers. Tata realized the potential of a trusted jewelry brand in india and decided to open Tanishq stores across the country. Tanishq competed with the unorganized gold jewelers by providing the customers with pure gold jewelry and by charging accurate prices. It did not apply a gold rate to the stones embedded in the jewelry, and it charged the same rate for selling or buying gold. Tanishq charged about 20-30 percent of the price of the gold purchased as its making charges, and the local jewelers did not have any fixed rate. Tanishq sold not only traditional Indian jewelry but also created designs for the modern working class. Also, it not only catered to the niche customers but with its varied ranges of jewelry, it catered to customers of all sorts. Besides providing authentic jewelry, Tanishq also provided its customers with various discounts and offers during festivals. Its customer loyalty program called 'Annutara' had been successful in maintaining its customer footfall. Until December 2011, Tanishq had 133 stores across 76 cities in India. Fair practices and innovative marketing strategies helped Tanishq in building its customer base. Tanishq is an example in retail market that shows how a firm could change/alter consumer's attitude and practices in making purchases.

It was realized that the elite feel of the Tanishq stores created a resistance from the rural customers in making purchases from it. The rural consumers contribute to about 60% of the total gold purchased in the country and the value of the jewelry market in the rural and semi-rural areas is about Rs. 42000 crores. To capitalize the business opportunities in the rural areas, Tata came up with another gold jewelry store called 'Gold Plus.' These stores sold only 22 carat and 18 carat traditional Indian jewelry, tailored for the rural demands. Today, Gold Plus is spread across 29 stores across six states, and it is the largest gold jewelry chain in Tamilnadu. Tata is expanding its business in the domestic and international markets.

Questions :

- (a) Compared to small and independent jewelers, jewelry making charges of Tanishq are significantly high. How can Tanishq overcome this price disadvantage and what would be your sales talk as a retail sales manager of Tanishq to this price objection ?

5

- (b) Given the presence of small and independent jewelry shops in every corner of India, how can Tanishq compete with them ? 5
3. "Sales organizations should be adaptable to changing circumstances and emerging market environment." Discuss the statement in the context of the factors influencing the sales organization structure and explain customer based and product based sales organization with their respective merits. 10
4. What are the advantages of sales territory ? Outline the factors influencing the size of the sales territory and explain market build-up approach and workload approach of designing sales territory. 10
5. How would the sales process differ in the following situations ? 5+5
- (a) A sales executive selling micro oven to working women.
- (b) An insurance agent selling a market-linked insurance product to a young professional in his twenties.
6. Discuss the need and criteria of a good compensation policy for sales personnel. Explain various types of compensation plans. 10
7. What is value network and marketing channel system ? Discuss the factors influencing the design of a customer-oriented channel structure. 10
8. What do you understand by international orientation of companies ? Discuss different mode of entry decisions with their implications. 10

