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M. B. A. III Sem. (Main/Back) Exam., Jan. 2016

M-322 Sales Distribution and Logistics Management

(Major-II)

Time: 3 Hours

Maximum Marks: 70

Min. Passing Marks: 28

Instructions to Candidates:

(i) The question paper is divided in two sections.

(ii) There are sections A & B. Section A contains 6 questions out of which the candidate is required to attempt any 4 questions. Section B contains short case study / application based question which is compulsory.

(iii) All questions carry equal marks.

1. NIL 2. NIL

SECTION-A

Q.1 Elaborate various steps involved in sales process with suitable example. [14]

Q.2 "Appropriate selection policies and procedures result in greater efficiency and reduce the training cost as well". Comment. [14]

Q.3 Elaborate the importance of motivation for sales force and discuss in brief the important tools of motivation. [14]

Q.4 Discuss the types of sales territories highlighting their utility and importance. [14]

Q.5 (a) What do you understand by primary and secondary distribution channel partner? How are they different from each other? [7]

(b) In what ways do the 'Sales' and 'Distribution' function complement each other? [7]

Q.6 Write short notes on any two of the following. [7+7=14]

(a) Channel design

(b) Components of Physical Distribution

(c) Evaluation of channel performance

SECTION-B

Q.7 Case Study:

Thomas Wagner, sales manager for Central CATV, Inc, was concerned about a high turnover of sales personal, as well as certain other problems that had surfaced recently. The average Central CATV salesperson stayed with the company for less than seven months. Although actual sales were close to projected levels, Wagner felt the need for immediate action. He believed that correction of the turnover problem would enable Central CATV to achieve higher sales.

Cable television was developed to alleviate signal reception problems in rural areas. Recognizing that people were willing to pay for variety in programming, CATV moved into cities that were receiving two or three channels and offered them between ten and twelve channels. Gaining acceptance in medium sized cities, cable television went into large metropolitan areas and offered up to twenty- five television channels. CATV systems in the United States served nearly 13 million homes, or over 17 percent of the total homes with television sets.

The operational concept was simple. A large tower with antennas capable of bringing in signals from outlying centers was erected. The signals were then sent out via coaxial cable to subscribers' homes. Amplifiers were used to clarify and boost the signals along the cable network.

Cable system start-up costs included construction of the master antennas, the cable network, and initial promotion. The initial outlay was relatively high and most cablevision companies did not earn a profit until the third year of operation. Once start

– up costs were absorbed, generally there was excellent profit potential because of low operational costs.

For the previous three years, Central CATV had served a southern market comprised of over 60,000 persons, nearly 40 percent of whom were students at a large university. The company bought the cablevision system from the "pioneering" operator and immediately expanded the cable network from 100 miles to 200 miles and from six stations to ten stations. Central CATV charged an installation fee of $35 and a monthly service fee of $8.95.

Central CATV serviced nearly 30 percent of the TV viewing market in its operating area. The goal was to have 50 percent of the market by the end of the fifth year of operation. Wagner felt that was a realistic objective since, without the cable, it was possible to receive only two television channels.

The only advertising central CATV had sponsored occurred shortly after its takeover of the operation. There had been need to overcome the poor service reputation of the predecessor. Central used a three – month radio and newspaper campaign emphasizing the theme that "a new progressive company has taken over CATV." After this campaign, there was no further advertising. Wagner believed additional advertising unnecessary as most people were aware of CATV and the product "sold itself."

The sales force had one full-time and two part-time salespersons. Although the sales personnel reported directly to Wagner, his only "contact" with them, other than for occasional phone calls, were the billing invoices sent to the sales office after they had made sales. Sales personnel were paid straight commissions of $12 per sale. Management estimated that a full- time salesperson could earn up to $22,000 annually, although no person had ever been with central that long. Part–time salespeople earned about $8,000. The personnel were not as signed territories, and there was no quota system.

Sales personnel attempted to close on the first call. They believed that most prospects already knew about CATV and had a predetermined opinion as to its value. Consequently, when salespeople could not close a sale on first call, they generally did not make a callback.

In addition to the three salespeople, Wagner had an agreement with most local TV dealers. The dealers acted as cable television salespersons despite the fact that they competed with the cable service, since they sold rooftop antennas which were not needed with the cable hookup. Central paid dealers $15 for each sale made. The dealers liked this arrangement since, if they could not sell a customer a rooftop antenna, they usually succeeded in getting $15 commission for a cable system "sale."

During the past several months, three developments caused deep concern for Wagner:

(a) A large number of subscription cancellations,

(b) An increase in customer complaints, and

(c) A great increase in the number of mail and phone orders for the cable service. In addition, there was the continued difficulty in retaining sales personnel. The subscription cancellations were over and above those associated with students leaving the university. The rapid turnover of accounts because of students leaving town was not a problem, according to Wagner.

Although sales were satisfactory, Wagner believed that investigation and correction of the problems, especially that of high personnel turnover, would enable Central CATV to attain and even surpass its projected sales goal. He could not understand why these problems had appeared simultaneously. He was not sure which problem to attack first but felt that the most important was the high personnel turnover.

Question:

Suggest what Wagner should have done to reduce personnel turnover and eliminate the other problems of central CATV. [14]
