

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

PGDM/PGDM (General) -2021-23
END TERM EXAMINATION (TERM -IV)

Subject Name: **Distribution Management**

Time: **02.30 hrs**

Sub. Code: **PGM43**

Max Marks: **40**

Note: All questions are compulsory. Section A carries 5 marks: 5 questions of 1 mark each, Section B carries 21 marks having 3 questions (with internal choice question in each) of 7 marks each and Section C carries 14 marks one Case Study having 2 questions of 7 marks each.

SECTION - A

Attempt all questions. All questions are compulsory.

1×5 = 5 Marks

Q. 1: (A). Explain all the functions of intermediaries in brief?

Q. 1: (B). List down some of the unique examples of developing rural distribution in India?

Q. 1: (C). List the differences in Intensive and exclusive distribution?

Q. 1: (D). Explain the role of C&FA in channel and distribution?

Q. 1: (E). Explain the importance of secondary sales and how it is measured?

(CO1)

SECTION– B

All questions are compulsory (Each question have an internal choice. Attempt any one (either A or B) from the internal choice)

7 x 3 = 21 Marks

Q. 2: A. As a marketing manager, explain how you will decide on the number of intermediaries required in its channel network. Answer this question with special reference to automobile product (luxury car).

CO2, L3

or

Q. 2: B. Assuming yourself as a marketing manager of a multinational FMCG company going to enter India, apply the channel design process to develop a suitable distribution channel for a Smartphone brand

. CO2, L3.

Q. 3: (A). What are the expectations of an automobile company from its dealers and how do the dealers discharge these responsibilities? How the automobile companies ensure that the dealers deliver the expectations?

Or

Q. 3: (B). What are the factors and parameters to be followed for the selection of FMCG distributors? Also explain the steps involved in the appointment and making the functional a FMCG distributor?

(CO2)

Q. 4: (A). Discuss the major functions of warehouse & role of technology in modern warehouse. What are the factors you would consider for planning for the fruits and vegetables?

Or

Q. 4: (B). Explain the at least two IT systems used in the sales and channel management with examples. How the handheld devices can be used by the field sales executives to improve the customer services level?
(CO4)

SECTION - C

Read the case and answer the questions

7×02 = 14 Marks

Q. 5: Case Study: Advanced Measuring Devices (AMD)

THE PROBLEM

RSG, who was the Head of Sales and Marketing of AMD was discussing an issue of serious concern to the business of the company. AMD was used to successfully resolving domain and responsibility conflicts with their channel partners. However, one specific problem arising out of the enormous faith reposed in one-channel partner and involving a key account was worrying AMD. The problem had reached a stage where unless it was resolved quickly, it would seriously affect the company results.

THE COMPANY-AMD

AMD is an MNC operating in many countries. It is an internationally leading laboratory and process technology provider covering the segments of biotechnology and measurement. The AMD Measurement division manufactures equipment and systems featuring weighing, measurement and automation technology for industrial and laboratory applications.

AMD Biotech is a leading provider of cutting edge equipment and services for the development, quality assurance and production processes of the biopharma industry. Key customers of AMD are from the pharmaceutical, chemicals, food and beverage industries as well as numerous research and educational institutions. AMD has production facilities in America, Europe and Asia. It has sales units and agencies in over 100 countries.

MANAGING A CHANNEL PARTNER

AMD had its usual share of channel-related problems some of which are listed below, and these were being taken care of as and when they arose.

- Channel partners visit customers outside their own territories.
- The direct sales team visits customers who are not part of the key customers list handed over to the channel partners.
- While channel partners claim that they have to face severe competition, they also rely on heavy discounts for sales. They maximize their profits while negotiating prices and this cuts down company margins.

However, one major problem arose with a key account where AMD found that they had put full faith in their channel partner but this, in turn, resulted in a difficult situation.

THE SPECIFIC PROBLEM OF CHANNEL CONTROL:

The players involved were the GM S&M, the Service Manager of AMD, and a channel partner, Solution Sam. The client was a leading pharma company—Star Pharma located in Goa. Solution Sam sold industrial weighing scales to the pharma company in Goa as the channel partner of AMD. In a recent instance, Star asked for an Annual Maintenance Contract (AMC) from AMD for their complete range of products—process weighing instruments, platform scales, weighbridges, lab balances, moisture analysers etc.—all products supplied by AMD as well as their competitors. The order value was worth \$200,000. AMD decided to execute the order (AMC) through Solution Sam as it was based in Goa and could support the client quickly. The Head of Service at AMD and the GM S&M (Sales and Market-ing) asked Solution Sam to quote for the AMC.

SOLUTION SAM: Solution Sam was a firm started by Mr Philip who was earlier working with a competitor of AMD known as Hercules. When he started working on his own, AMD made his firm Solution Sam as a channel partner as he was fully knowledgeable about the competitor products also. SS has been selling the complete range of AMD products for a few years now.

THE AMC ORDER FROM STAR PHARMA

The order was worth over \$200,000 and covered 120 weighing machines at the Star Goa plant. The job was to provide periodical maintenance for all these machines and related systems twice a year and attend emergency break-down calls when needed. In case any spares or accessories were needed at the time of servicing, the customer would pay separately for these. On receipt of the payment from the customer (Star Pharma), Sam was to divert 25% of the payment value as finders' fees to AMD.

THE PROBLEM

Star Pharma was a supplier of bulk drugs to many US customers and was, therefore, bound by the regulations of the US Food and Drug Administration (FDA) rules and guidelines. The USFDA had the right to visit and inspect the Star plant at Goa as and when they desired. There was a recent visit of the USFDA team to Star Pharma Goa for a process audit, which is an important matter for any pharma company. The inspectors of the USFDA normally come in a group of 8 to 10 scientists and engineers and check every process of manufacturing, QC, R&D, packaging and inbound and outbound materials management. One serious observation made by the USFDA team was that the laboratory weighing balances at Star did not have proper records of usage and maintenance. They seemed to be getting used for above or below the specified weighing range as per the USFDA norms and most of the balances failed to meet the maintenance qualification requirement of the USFDA.

AMD now discovered that Sam Solutions was not even aware of the requirements of the pharma industry QC needs and was quite clueless of the USFDA rules governing such pharma companies. The Head of Services of AMD flew to Goa the next morning and checked the balances at the QC lab of Star at Goa. He found that all the instruments were working satisfactorily. However, the USFDA had issued an NCR (Non Compliance Report) against all the balances in the QC lab of Star at Goa. The NCR was for all the maintenance qualification and repair qualification norms prescribed by the USFDA. There was a negative remark on the QC process of Star Pharma by the USFDA and till the 'defects' were rectified, all supplies of bulk drugs to the US from this plant were to be stopped. Even after 'rectification' the despatches could not be resumed till a further inspection and 'passing' by the USFDA was done. The ball was now entirely in the court of AMD. The customer, Star Pharma was obviously very furious as their business to the US had suddenly stopped. AMD had to very quickly sort out the issue. Here are some questions which RSG raised to his GM (S&M) and Service Head:

Questions:

Q. 5: (A). How seriously did AMD take the AMC contract with Star Pharma? Could they have taken more care and if so how? What should they have checked and how could they have prepared the channel partner better to handle this major contract with a key account?

Q. 5: (B). . If you are the GM S&M of AMD, what action will you now take to correct this serious situation? What are some of the guidelines to be issued to channel partners for the future on such projects?

(CO3)

Mapping of Questions with Course Learning Outcome

Question Number	COs	Bloom's taxonomy level	Marks Allocated
Q. 1:	1	L1 , L2	5 marks
Q. 2:	3	L4, L5	7 marks
Q. 3:	2	L3, L4	7 marks
Q. 4:	4	L2, L3	7 marks
Q. 5:	3	L4	14 marks