Case Study on
PI Foods Ltd – Managing Sales and Distribution

Dr. Arpita Srivastava*, Vikram Kumar Sharma**

Ramesh Kulkarni, Regional Sales Manager, Western Region, of PI Foods was discussing with his Area Sales Managers about the complaints of shortage of supplies by some of the Distributors and Non-Receipts of company's products by C and D class retail outlets. These complaints were received by Ramesh directly from the distributors and the retail outlets. Ramesh expressed his total dissatisfaction that none of the three Area Sales Managers had informed him about these problems earlier.

PI Foods' product-mix consisted of baby foods, dairy products like milk powder and ghee, chocolates and confectionary and beverages.

For household and individual consumer, the company's distribution channel consisted of distributors and retailers, and for business (or institutional) customers, the company had distributors and its own sales workforce, as shown in the *Exhibit 1*.

Each distributor's salesperson was given a geographic area (or a Sales Territory) to cover all types (or classes) of retail outlets located in his territory, as per the norms of frequency of visits shown in *Exhibit 2*.

The time taken for A or 'Super A' retailers was much more and also their sales potential was high. Hence, the natural behaviour of the salespeople was to achieve the weekly and monthly sales targets by spending more time with Super A, A and B Class retailers. Only if the time permitted they visited C and D class retailers, and therefore, sometimes these retailers were not visited, as per the standard norms shown in Exhibit 2.

Ramesh told the area sales managers that he came to know from C and D class retailers that the distributors' salesperson did not visit these outlets on a regular basis. He further said that not only it affected the company's sales and leadership position in the market, but also the satisfaction levels of retailers. Ramesh asked the sales managers what they were doing about these problems. The area sales managers responded that regarding irregular visits to distributors' salesperson, they would revert after talking to their sales officers. However, regarding shortage of supplies to the distributors, the main reasons were incorrect sales forecasting by distributors, factory production constraints and misallocation of dispatches from warehouses to distributors due to lack of information on the differences in the estimated or forecasted sales figures and the factory production figures. The area sales managers said they needed some time to talk to various persons before making any suggestions to solve the problems. Ramesh agreed to give one week's time to the area sales managers and said he could not give more time, as the issues involved were important and were to be resolved on priority.

Exhibit 1: Distribution Channels

For Consumer Markets

For Business (Institutional) Markets:
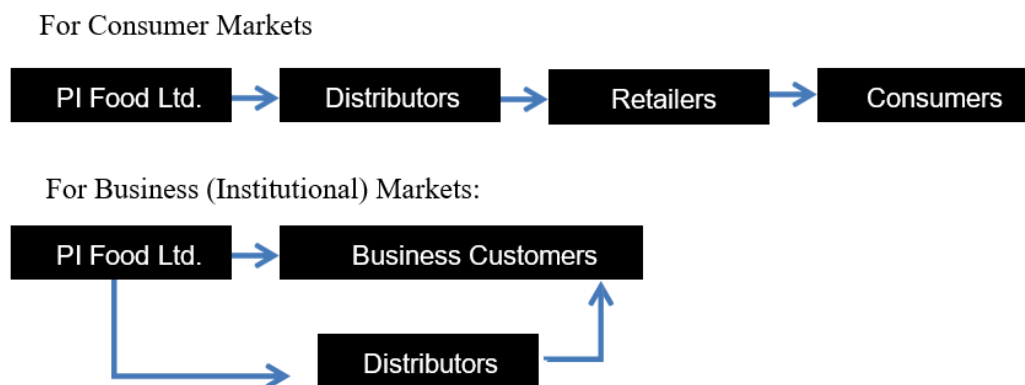
*Associate Professor, GL Bajaj Institute of Management & Research. PGDM Institute
**Assistant Professor, GL Bajaj Institute of Management & Research. PGDM Institute

Exhibit 2: Norms of Frequency of Visits to Retail Outlet Types

Type/Class of Outlets (Retailers)	Sales Potential (Rs. Per Month)	Frequency of Visits per week (Numbers)
D Class	Pan shop (Less than 1000)	Once in 2/3 weeks
C Class	Small Shop (1000 – 2500)	Once in 2 weeks
B Class	Midsize Shop (2500 – 7500)	1
A Class	Large Size Shop (more than 7500)	1
Super 'A'	Super Markets, Chain Stores (more than 15000)	2 or 3

Questions:

1. If you were the area sales manager what would be your suggested plan of action to resolve the problems?
2. Do you agree with Ramesh that issues involved were important and should be resolved on priority? Give reasons.