




SALES AND DISTRIBUTION MANAGEMENT

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Venkatapur (V), Ghatkesar (M), Medchal Dist
SCHOOL OF BUSINESS MANAGEMENT

Course Name : Sales And Distribution Management
Course Number : A93006/M
Course Designation : Marketing Elective
Credits : 4
Prerequisites : Marketing

II MBA – I Semester
(2018-20)

Name of Faculty	Academic Year/Regulation
Dr V Vishnu Vandana	R18

Dr.V Vishnu Vandana
Associate Professor
Course Coordinator

SYLLABUS

Unit – I	Introduction: Evolution of Sales Management, Nature and Importance , Roles, Types and Skills of Sales Managers, Sales Objectives, Strategies and Tactics, Emerging Trends, Linking Sales and Distribution Management, Buying Decision, Sales Knowledge and Sales Related Marketing Policies, Sales Process, Transactional and Relationship Selling
Unit – II	Sales Planning and Budgeting: Strategic Planning, Role of Marketing & Sales, Marketing & Personal Selling Strategies, Sales Strategy, Developing Sales Forecast, Forecasting Approaches, Sales Budget, Defining Sales Territories, Procedures, Assigning Territories, Managing Territories, Sales Quotas.
Unit – III	Sales Force Management: Concepts of Sales Organization, Types of Sales Organization Structures, Specialization within Sales Organization, Sizing and Staffing the Sales Force, Training and Motivating Sales Force, Compensating and Leading Sales Force, Sales force Expenses, Marketing Audit, Sales Force Audit, Evaluation of Sales Organizations, Evaluating and Controlling the performance of Sales Force.
Unit – IV	Distribution Management: Definition, Need for Distribution Management, Need for Distribution Channels, Value Addition of Distribution Management, Marketing Channels, Channel Formats, Relationship of Flows to Service Levels, Channel Levels, Service Channels- Retailer as a Salesman, Trading /Retail Formats, E-Tailing, Wholesale – Functions & Classification, Major Wholesaling decisions, Distributors, Dealers / Stockists
Unit – V	Designing Channel Systems: Channel Design Factor, Channel Planning Process, Ideal Channel Structure, Training, Motivating & Evaluating Channel members, Channel Design Comparison, Implementation, Vertical Integration, Channel Management, Power & Conflict, Principles of Channel Management, Channel Information System, International Sales and Distribution Management.

Text Books	
1.	Krishna K Havaladar & Vasant M Cavale: Sales and Distribution Management, 2e, McGrawH, 2011
2	S.L Gupta, M K Rampal, Cases in Sales and Distribution Management, HPH, 2009
Reference Books	
1.	K. Sridhara Bhat, Sales and Distribution Management, 1e, HPH, 2011
2.	Still, Cundiff, Govoni, Sales Management, Pearson, 5e, 2013
3.	Dinesh Kumar, Marketing Channels, Oxford, 2012
4	Richard R Still, Edward W Cundiff, Norman A P Govoni, Sales and Distribution Management, Pearson, 5e, 2011
5	Spiro Stanton, Rich, Management of Sales Force, TMH, 13e, 2010
6	S.L. Guptha, Sales and Distribution Management, Excel Books, 2e, 2010
7	Pingali Venugopal, Sales and Distribution Management, Sage, 2012

Journals:

1. Journal of Marketing Research - American Marketing Association

Case References:

1. <https://www.marketingprofs.com/marketing/library/casestudies/27/market-research>

Websites References	
1	http://nptel.ac.in/courses/122106032/Pdf/1_4.pdf
2	https://www.youtube.com/watch?v=FnZOxSOB_hU
3	https://www.tutorialspoint.com/sales_and_distribution_management/sales_and_distribution_management_introduction.htm

ANURAG GROUP OF INSTITUTIONS
(Autonomous)

SCHOOL OF BUSINESS MANAGEMENT

Program Outcomes

1. To have the knowledge on various concepts of business management and approaches.
2. To understand and analyze the interconnections between the development of key functional areas of business organization and the management thought process.
3. To recognize and adapt to the opportunities available and face the challenges in the national and global business environments.
4. To possess analytical skills to carry out research in the field of management.
5. To acquire team management skills and to become a competent leader who possesses complex and integrated real world skills.
6. To be ethically conscious and socially responsible managers, capable of contributing to the development of the nation and quality of life.

Program Educational objectives

1. To impart the fundamentals of the key elements of a business organization.
2. To provide a critical perspective on theoretical knowledge and practical approach to various functional areas of management and decision making.
3. To develop analytical skills to identify the link between the management practices in the functional areas of an organization and business environment.
4. To establish and realize a creative research culture among the student community.
5. To provide insights into latest technology, business communication, management concepts and to built team work and leadership skills among them.
6. To inculcate the habit of inquisitiveness and creativeness aimed at self actualization and realization of ethical practices.

Blooms Taxonomy Direct

Level No	Level of Thinking	Description	Action Verb's
Level 1	Remembering	Exhibit memory of previously learned material by recalling facts, terms, basic concepts, and answers.	List Describe write
Level 2	Understanding	Demonstrate understanding of facts and ideas by organizing, comparing, translating, interpreting, giving descriptions, and stating main ideas.	Explain Interpret Outline
Level 3	Applying	Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way.	Apply Calculate Solve
Level 4	Analyzing	Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalizations.	Analyze Compare/Contrast Examine
Level 5	Evaluating	Present and defend opinions by making judgments about information, validity of ideas, or quality of work based on a set of criteria.	Determine Optimize Evaluate
Level 6	Creating	Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions.	Formulate Design Create

Course Outcomes:

After completion of the course the students will be able to:

1. Explain the concepts of sales and distribution management.
2. Describe the process and managing of the sales force
3. Evaluate different techniques of sales analytics
4. Apply sales force compensation methods effectively in an organization.
5. Analyze the role of power and conflict in channel management

MAPPING OF COURSE OUT COMES WITH PO's & PEO's

Course Outcomes	PLO's	PEO's
CO1	1, 2, 3	1,2,3
CO2	3,5,6	3,5
CO3	3,4	3,5
CO4	5,6	2,5,6
CO5	2,5,6	2,3,6

3 Articulation matrix of Course outcomes with PO's & PEO's

	Program Learning Outcomes						PEO'S					
	PO 1	PO 2	PO 3	PO 4	PO 5	PO 6	PEO 1	PEO 2	PEO 3	PEO 4	PEO 5	PEO6
CO1	3	2	2				3	3	2			
CO2			3		3	2			3		2	
CO3			3	3					3		1	
CO4					3	3		3			3	2
CO5		3			3	3		3	3			2

Course Schedule

Distribution of Hours in Unit – Wise

Unit	Topic	Text book	Total No. of Hours
		Book 1	
Unit – I	Introduction: Evolution of Sales Management, Nature and Importance , Roles, Types and Skills of Sales Managers, Sales Objectives, Strategies and Tactics, Emerging Trends, Linking Sales and Distribution Management, Buying Decision, Sales Knowledge and Sales Related Marketing Policies, Sales Process, Transactional and Relationship Selling	Ch 1, 2,	10
Unit – II	Sales Planning and Budgeting: Strategic Planning, Role of Marketing & Sales, Marketing & Personal Selling Strategies, Sales Strategy, Developing Sales Forecast, Forecasting Approaches, Sales Budget, Defining Sales Territories, Procedures, Assigning Territories, Managing Territories, Sales Quotas.	Ch 3,4,5	10
Unit – III	Sales Force Management: Concepts of Sales Organization, Types of Sales Organization Structures, Specialization within Sales Organization, Sizing and Staffing the Sales Force, Training and Motivating Sales Force, Compensating and Leading Sales Force, Sales force Expenses, Marketing Audit, Sales Force Audit, Evaluation of Sales Organizations, Evaluating and Controlling the performance of Sales Force.	Ch 6,7	10
Unit – IV	Distribution Management: Definition, Need for Distribution Management, Need for Distribution Channels, Value Addition of Distribution Management, Marketing Channels, Channel Formats, Relationship of Flows to Service Levels, Channel Levels, Service Channels- Retailer as a Salesman, Trading /Retail Formats, E-Tailing, Wholesale	Ch 8,9,10,11,12	8

	– Functions & Classification, Major Wholesaling decisions, Distributors, Dealers / Stockists		
Unit – V	Designing Channel Systems: Channel Design Factor, Channel Planning Process, Ideal Channel Structure, Training, Motivating & Evaluating Channel members, Channel Design Comparison, Implementation, Vertical Integration, Channel Management, Power & Conflict, Principles of Channel Management, Channel Information System, International Sales and Distribution Management.	Ch 22	9
Total			47

Number of hours / lectures available in Semester / Year: 60

Lecture Plan:

S.NO	TOPIC	Classes	Teaching methodology
1.	Unit I: Introduction	1	Chalk & board
2.	Evolution of Sales management, Nature and importance	1	PPT
3.	Roles, Types and skills of sales managers, Sales objectives, strategies and tactics, emerging trends	1	Discussion
4.	Linking sales and distribution management	1	PPT
5.	Buying decision	1	Chalk and board
6.	Sales knowledge and sales related marketing policies	1	PPT
7.	Sales process, transactional and relationship selling	1	Chalk and board
8.	Review & Case	2	Role Play & Case study
9.	Total	9	
10.	Unit II: Sales planning and budgeting: Strategic planning	1	Chalk & Board
11.	Role of marketing and sales, marketing and personal selling strategies	2	PPT
12.	Sales strategy, Developing sales forecast and forecasting approaches	2	Discussion
13.	Sales budget	1	PPT & Activity
14.	Defining sales territories, procedures, assigning and managing territories, quotas	2	PPT
15.	Unit review and discussion, activity	2	Discussion and activity
16.	Total	10	
17.	Unit III: Sales force management: Concepts of sales organization	1	PPT
18.	Types of sales organization structures	1	PPT
19.	Specialisations within sales organization	1	Chalk and board
20.	Sizing and staffing sales force	2	PPT, Discussion
21.	Training, motivating, compensating and leading sales force	1	Chalk and board, Discussion
22.	Sales force expenses, marketing audit	1	Chalk and board
23.	sales force audit	1	Chalk and board

24.	Evaluating and controlling the performance of sales force	1	PPT
25.	Unit review and discussion	1	Activity and presentations
26.	Total	10	Chalk and board
27.	Unit IV: Distribution management: Definition and need	1	Chalk and board
28.	Need for distribution channels, value addition of distribution management	1	PPT
29.	Marketing channels	1	PPT
30.	Channel formats	1	PPT
31.	Relationship of flows to service levels, channel levels	1	Discussion
32.	Service channels - retailer as sales man, trading formats – e tailing	1	PPT
33.	Trading formats - e tailing	1	Presentations
34.	Wholesalerr- functions, classifications, decisions, distributors, dealer	1	PPT
35.	Unit review and discussion,case	1	Discussion and activity
36.	Total	9	
37.	Unit V: Designing channel system: Channel design factor	1	Chalk and board
38.	Channel planning process	1	Activity
39.	Ideal channel structure, training, motivating and evaluating channel members	2	PPT
40.	Channel design comparison, implementation	1	PPT
41.	Vertical integration, channel management, power and conflict	1	Chalk and board
42.	Principles of channel management, channel information system	1	Chalk and board
43.	International sales and distribution management	1	PPT
44.	Unit review and discussion	1	Discussion
45.	Total classes	9	
46.	Total	47	

Minutes of Course Review Meeting

Details of Meeting No -	
Date of Meeting	
Member's Present	
Signature of Members	
Remarks	
Details of Meeting No -	
Date of Meeting	
Member's Present	
Signature of Member's	
Remarks	
Details of Meeting No -	
Date of Meeting	
Member's Present	
Signature of Member's	
Remarks	

Unit Wise Questions

SALES AND DISTRIBUTION MANAGEMENT

Unit I:

1. Explain why sales management is considered as an important function. – L2
2. How is relationship selling different from transaction oriented selling? Discuss. – L4
3. Describe how sales managers and distribution channels work together in planning the sales operations. – L2
4. Explain the changing role of a sales force in the current market situation. – L2
5. Discuss about the evolution, nature and importance of sales management. – L2
6. Explain the various stages of personal selling process. – L2

Unit II

1. What are sales quotas and why it is important for a sales manager to set quotas for sales people? – L4
2. Describe briefly the common types of quotas set by companies for sales people? – L2
3. Explain the methods used by companies for setting sales quotas? – L2
4. What is sales territory? How can sales manager use IT in territory management? – L2
5. Describe the position of personal selling strategy with tint marketing communication mix and the role of IMC. – L3
6. Describe methods of sales forecasting and indicate the advantages and disadvantages. – L4
7. What is a sales budget? What is the typical process followed by a company to prepare its sales budget? – L2

UNIT III

1. Describe various sales organization structures. – L2
2. What are the methods used to determine optimum size of the sales force? Explain any one of these methods. - L2
3. What are the major stages in sales force staffing process? - L2
4. What are the methods used for assessing training needs of sales people? Describe briefly the setpes involved in designing and executing a sales training programme. – L2
5. Which of theories of motivation you would recommend for motivating salesforce. Why? – L4
6. Explain beifely the setps involed in designing an effective compensation plan. – L2
7. If you pay a sales person enough, you will have a well motivated sales person. Comment. – L4
8. What is the difference between marketing audit and sales audit? Describe the evaluation process of a sales audit. – L4

Unit IV:

1. Describe the role of distribution management in the marketing mix. – L2
2. Explain all the functions of intermediaries. – L2
3. Enumerate some of the principles for developing distribution for rural markets. – L3
4. What are the functions of retailer? What are the major retail formats in India. Explain their characteristics. – L2
5. Explain the different channel flows performed by wholesalers. – L2
6. Explain the major whole sale functions and decisions.
7. How do you choose channel and parameters used to evaluate channel alternatives. – L4

Unit V

1. What are the main areas that give rise to channel conflicts. Explain them in brief. – 12
2. What is channel conflict. What are the four stages in which it evolves.- 12
3. Explain the steps in channel management. – 12
4. What are the steps involved in developing a channel information system. – 12
5. How does the use of IT system help create a competitive advantage – 14
6. Compare the merits of using local brands vs international brands with examples in India – L4
7. What is international distribution management. A number of Indian manufacturing companies are now establishing their presence overseas either directly or by way of joint ventures. Discuss why. – L4

CASES:

Case Study 1

Mephisto Products 'Yet another poor year,' reflected the senior executive of Mephisto Products Ltd. 'Profits down by 15 per cent, sales and turnover static in a market that was reckoned to be growing at a rate of some 20 per cent per annum. It cannot go on.' These were the thoughts of Jim Bullins, and he contended that the company would be out of business if the next year turned out to be as bad. Jim Bullins had been senior executive at Mephisto for the past three years. In each of these years he had witnessed a decline in sales and profits. The company produced a range of technically sophisticated electromechanical control devices for industry. The major customers of Mephisto were in the chemical processing industry. The products were fitted to the customer's processing plant in order to provide safety and cut-out mechanisms, should anything untoward happen in the manufacturing process. The products were sold through a UK salesforce of some 12 people. Each represented a different area of the country and all were technically qualified mechanical or electrical engineers. Although some 95 per cent of Mephisto's sales were to the chemical industry, there were many more applications for electromechanical control devices in a wide variety of industries. The reason that sales were concentrated in just the one industry was historical, in that the firm's founder, James Watkinson, had some 30 years earlier married the daughter of the owner of a major detergent manufacturer. As an engineer, Watkinson had seen the potential for such devices in this type of manufacture and, with the aid of a small loan from his father-in-law, had commenced manufacture of such devices, initially for his father-in-law's company and later for wider application in the chemical industry. Watkinson had long since resigned from active participation in Mephisto Products, although he still held a financial interest. However, the philosophy Watkinson had brought to the business was one that still pervaded business thinking at Mephisto. The essence of this philosophy was centred on product and production excellence, backed by strong technical sales support. Watkinson had believed that if the product was right, i.e. well designed and manufactured to the highest level of quality, there would be a market. Needless to say, such a product then needed selling (because customers were not necessarily aware that they had a need for such safety mechanisms) and salespeople were encouraged to use what may be described as high-pressure salesmanship, pointing out the consequences of not having such mechanisms in a manufacturing plant. They therefore tended to

emphasise the negative aspects (of not having such devices) rather than the positive aspects (of how good they were, how time-saving during a plant breakdown, etc.). Needless to say, in Watkinson's day, such products then needed selling and, even though sales were to industrial purchasers, it was felt that such selling techniques were justified. This philosophy still pertained, and new salespeople were urged to remember that, unless they were pressed, most customers would not consider updating their control equipment. Little advertising and sales promotion was carried out by the company, although from time to time, when there was a little spare cash, the company did purchase advertising space in *The Chemical Processors' Quarterly*. Pricing was done on a cost-plus basis, with total costs being calculated and a fixed percentage added to account for profits. Prices were thus fixed by the accounts department, and sales had no say in how they were established. This led to much dissent among the salespeople, who constantly argued that prices were not competitive and that if they were cut, sales could be increased substantially. Delivery times were slow compared with the industry average, there were few discounts for large order quantities, and all discounts had to be cleared with accounts before the salesperson could agree them with the customer. Again, Watkinson's old philosophy still prevailed: If they want the product badly enough, they will wait for it. And why offer discounts for large quantities? If they did not want that many, they would not order them. During the previous five years, from being a relatively successful company, market share for Mephisto Products dropped substantially. The market became much more competitive with many new entrants, particularly from EU countries coming into the UK market, which had traditionally been supplied by UK manufacturers. Many of these new entrants had introduced new and updated products to the market, exploiting recent advances in electronics. These new products were seen by the market as being technically innovative, but the view taken by Mephisto management was that they were faddish and once the novelty had worn off, customers would come back to their superior products. Unlike many of his colleagues, Jim Bullins was worried by developments over the past five years and felt there was a need for many changes. He was aware that the more successful new entrants to the industry had introduced a marketing philosophy into their operations. Compared with ten years ago in this type of business, it was now common practice for companies to appoint marketing managers. Furthermore, he knew from talking to other people in the industry that such companies considered sales to be an integral part of marketing. At a recent meeting with his senior staff, he mentioned to the sales manager the possibility of appointing a marketing director. The sales manager, who was shortly expecting to

be made sales director, was scathing about the idea. His view was that marketing was suitable for a baked bean manufacturer but not for a company engaged in the manufacture and sale of sophisticated control devices for the chemicals industry. He argued that Mephisto's customers would not be swayed by superficial advertising and marketing ploys. Although Jim Bullins always took heed of advice from his senior managers, recent sales figures had convinced him that the time had now come to make some changes. He would start, he decided, by appointing a marketing manager in the first instance. This person would have marketing experience and would come, most probably, from the chemical industry. The person appointed would have equal status to the sales manager, and ultimately either the new appointee or the existing sales manager would be promoted to the board of directors.

Questions

- 1 Criticise Mephisto Products' approach to sales and marketing.
- 2 Comment on the following as they exist now at Mephisto Products: (a) marketing orientation, (b) the marketing mix, (c) the product life cycle.
- 3 What problems can you anticipate if Jim Bullins appoints a marketing manager?
- 4 If appointed, what problems can you foresee for the new marketing manager?
- 5 What general advice can you give to the company to make it more marketing oriented?

Case 2.

Sumit products limited is a company that produces and markets steel cups, tea spoons, knives and forks for the catering industry. The company was established in 1958 in response to the changes that were taking place in the catering industry. The growth of the fast-food sector was seen as an opportunity to provide disposable eating utensils which would save on manpower and allow for speedy provision of utensils to cater to the fast customer flow. In addition, Sumit products has benefited from the growth in super markets and sells consumer packs through four large supermarket groups.

The expansion of sales and outlets has led Rakesh, the sales manager, to recommend Santhosh, General manager, that the present sales force of two regional representatives be increased to eight. Rakesh believes that the new recruits should be experienced in selling fast-moving consumer goods since essentially that is what his products are. Santosh believes that the new

recruits should also be familiar with steel products since that what they are selling. He favours recruiting from within the steel industry, since such people are familiar with the supply, production and properties of steel and are likely to talk the same language as other people working at the firm.

Questions:

1. What general factors should be taken into account when recruiting sales men?
2. Do you agree with Rakesh or Santhosh or neither?

Source: Sales and Distribution Management, S.L. Gupta

Case : Compensation and motivation

Martin corporation, the manufacturers of calculating machines, had offices located in Delhi, Mumbai, Calcutta and Chennai. Its sales were quite substantial. Martin Corporation was a small compared to other giants in the calculating machine industry. The calculating machines were sold in the range of ten thousand to third thousand rupees. The higher cost machines were very sophisticated and were used by banks and other governmental institutions. They offered storage, memory, separate key boards for calculation and automatic balancing of rows and columns of large tables.

This company also had a sales force of its own and was selling to industrial distributors, wholesales of electronic machines and also directly to customers. It had four sales managers covering all the four metropolitan cities as given above. The machines were also popular in Bangladesh and the agency was managed by Abdul Rahman Enterprises, who were booking orders from Bangladesh as well as asking the company to ship the good to Bangladesh. The commission earned by Abdul Rahman Enterprises was 50% on the sales made by them. However, when the order was placed to Martin Corporation and the company had to ship the goods, the commission given was only 10%. The marketing manager of the company was not satisfied with the sales made by the agency. Their sales men were busy in domestic territories and could not give marketing support to the agency. Their sales were busy in domestic territories and could not give marketing support to the agency. He, however, felt that the agents had a very big territory to themselves with very good sales potential. He, therefore, tried to make an indepth study of the causes of the low sales. He came to know that agents also had a

subsidiary plan for repairing machines. The old machines were repaired at a low cost ranging from 5,000 – 109,000 rupees and these repaired machines performed very well and were in great demand.

The agents wanted the company to share advertising expenses in Bangladesh and also wanted a long term agreement with the company rather than a contract on two-year renewals which was existing at the time.

- 1., What should Martin Corporation do to motivate the agents?
2. What do you see as the main problem and how would you solve it?

Case Study: Alice's Dressings

Distribution systems may evolve over time as a business grows and changes. Consider a small one-store family restaurant named *Alice's*, with delicious, unique, homemade salad dressings (e.g., Pomegranate Vinaigrette, Rum-Raisin-Orange Ranch, Blue Cheese Catalina). Initially, the dressings were only available to customers eating at *Alice's*. Then customers begin requesting bottles to buy. Initial sales and distribution of *Alice's Salad Dressings* were from the restaurant to walk-in customers. The product was packaged in a 32-ounce canning jar with a handmade label.

New distribution channels cause packaging and pricing changes. Then *Alice's Dressings* were sold to a local grocery store at a discounted wholesale price, 28 percent less per ounce than the retail restaurant price, packaged in a smaller, 26-ounce bottle. As local demand grew, Alice decided to have the dressings made in an independent packing facility and sold to other stores in the area, which initially raised the cost of making the dressings. Alice's husband, brothers, and a sister-in-law divided up initial sales responsibilities to call on local and regional stores in their spare time.

The popularity of *Alice's Dressings* caused Alice to consider the possibility of selling large pallet quantities to distributors in other states. The distributors needed another 25 percent discount from wholesale price, along with free shipping. Sales brokers were also recommended, at 5 percent commission on net distributor sales, since the family could no

longer call on everyone. A separate company would have to be set up to market the salad dressings; an enterprise requiring full-time management.

Distribution channels are key to pricing and packaging decisions. In this case, a separate business, new distribution channels and sales representation grew out of Alice's initial one-store restaurant. *Alice's* restaurant was initially able to sell the salad dressings at \$5.00 per 32-ounce jar (15.6 cents per ounce) directly to customers. However, once a decision was made to sell *Alice's Dressings* as a shelf-stable item in grocery stores, the bottles changed to a standard 26-ounce size to compete with other dressings sold in this size.

Alice was concerned that grocery consumers, unfamiliar with the restaurant, would not pay over \$3.99 retail per 26-ounce bottle when competing brands ranged from \$1.29 to \$2.69 for the same 26-ounce size. Wholesale prices were 28 percent less than retail, at \$2.89 per bottle. However, the cost of ingredients was substantially more than competing brands, at \$1.00 per bottle, and packaging and processing costs added another \$0.50 per bottle. Profits were reduced from restaurant sales per bottle, but still acceptable (i.e., from \$3.50 a bottle, or 11 cents per ounce, to \$1.39 per bottle, or five cents per ounce), since the total amount of sales and profits were expected to be substantially greater through grocery sales.

Further research with marketing experts in the industry and sales brokers indicated a further 40 percent reduction in delivered distributor price (including brokerage commissions and shipping costs). Alice would net \$1.73 per bottle at delivered distributor price with brokerage commissions of 5 percent, leaving an unacceptable gross margin of only 23 cents per bottle (13 percent), even at the higher retail price of \$3.99 per bottle.

Alice finally decided to upgrade the bottle and label to a unique, tall, triangular, Italian glass bottle and cork, with gold and black labels and recipe hang-tags by a local design studio. She sold the dressings directly to upscale specialty and grocery stores. Distributors would not be used. Specialty brokers were hired to aid in selling directly, at a 10 percent commission on net sales. The premium pricing was also retained in this [non-elastic](#), low-price- sensitivity market segment, with the new bottles retailing at \$4.99 each. Final net factory sales per bottle were \$2.69 after deducting 10 percent brokerage commissions, with net factory profits of

\$1.10/bottle. Specialty food stores took a 40 percent gross margin, but paid for shipping.

Packaging and pricing decisions are intimately related to [distribution and sales force decisions](#): *Alice's* restaurant could have made several different distribution decisions, with different packaging and pricing results:

- **Sell the salad dressings only from the restaurant** in 32-ounce jars with handmade black and white labels at \$5.00 each. This distribution and sales decision requires the least amount of extra resources, spending, and risk. This also provides the smallest potential sales return.
- **Sell the dressings directly to all consumers** through mail order or other marketing channels with family members handling both marketing and sales. This distribution and sales decision is a variation on selling only from the restaurant and may require additional resources to manage and grow, but it delivers better returns than selling only to local restaurant customers.
- **Sell through DSD (Direct Store Delivery) distributors.** This distribution and sales decision requires financial resources, management time, personnel, higher margins, and spending support, but may be the fastest way to grow the business.
- **Hire brokers for store and/or distributor sales.** This sales decision depends upon scope of operations and geographic and distribution channel expansion plans.
- **Combine several distribution channels simultaneously.** This distribution and sales decision calls for the largest amount of resources, time and personnel, with the objective of growing the business as fast as possible.
- **License the formulas and restaurant name to another manufacturer** and receive a 4 percent to 5 percent royalty on net sales. This distribution and sales decision is also low-risk, with low-resource requirements. The long-term potential return is much higher than selling out of a single restaurant.
- **Sell a different size bottle or jar directly to stores only,** as Alice finally decided to do. This distribution and sales decision preserves higher gross margins and eliminates discounts to distributors and possibly sales commissions to brokers, but requires more financing, management personnel and time.

Retrieved from: http://www.toolkit.cch.com/text/P03_6040.asp

Use the above case synopsis, along with your own marketing research (select a target market per your research), and the following questions as a guideline for your case analysis:

1. What should Alice's have done?
2. Based on your personal research, what distribution approach(es) would you use if you Alice's was your company? Why?
3. How do your ideas relate to your target market(s), does your research change the approach to the channel(s)? Why/why not?

Exercises:

Suggest a compensation plan which will be appropriate for a) sales person employed with a bank and selling credit cards b) Sales person selling air conditioners to company dealers c) sales person selling generators to industrial houses d) Sales person employed by a hotel, selling hotel services.

Previous Question papers

Tutorial Sheet

Unit-I Topics Revised
Topic Name

Unit-I Topics Revised
Topic Name

Unit-III Topics Revised
Topic Name

Unit-IV Topics Revised
Topic Name

Unit-V Topics Revised
Topic Name

Course Assessment Report

Batch:

Academic Year/Sem:

Course Name:

Course Number:

Course Attainment (75% of Direct + 25% of Indirect) on a scale of 1 to 3.

Remarks and suggestions:

Course Coordinator

Direct Course Assessment Sheet (As per IonCudos)

a) Internal Examination

Course assessment sheet Ass1

Hall Ticket No	S1	S2	TOT
1			
2			
3			

Course assessment sheet Mid1

Hall Ticket No	S1	S2	S3	S4	S5	L1	L2	L3	L4	L5	TOT
1											
2											
3											

Course assessment sheet Ass2

Hall Ticket No	S1	S2	TOT
1			
2			
3			

Course assessment sheet Mid2

Hall Ticket No	S1	S2	S3	S4	S5	L1	L2	L3	L4	L5	TOT
1											
2											
3											

b) External Examination

Hall Ticket No	Total Marks

CSP Rubric

		CSP RUBRIC	
S.No.	Criteria	LEVEL (Level: 3-Excellent Level: 2-Good Level: 1-Poor)	
1	Oral Communication	3	Student speaks in phase with the given topic confidently using Audio-Visual aids. Vocabulary is good
		2	Student speaking without proper planning, fair usage of Audio-Visual aids. Vocabulary is not good
		1	Student speaks vaguely not in phase with the given topic. No synchronization among the talk and Visual Aids
2	Writing Skills	3	Proper structuring of the document with relevant subtitles, readability of document is high with correct use of grammar. Work is genuine and not published anywhere else
		2	Information is gathered without continuity of topic, sentences were not framed properly. Few topics are copied from other documents
		1	Information gathered was not relevant to the given task, vague collection of sentences. Content is copied from other documents
3	Social and Ethical Awareness	3	Student identifies most potential ethical or societal issues and tries to provide solutions for them discussing with peers
		2	Student identifies the societal and ethical issues but fails to provide any solutions discussing with peers
		1	Student makes no attempt in identifying the societal and ethical issues
4	Content Knowledge	3	Student uses appropriate methods, techniques to model and solve the problem accurately
		2	Student tries to model the problem but fails to solve the problem
		1	Student fails to model the problem and also fails to solve the problem
5	Student Participation	3	Listens carefully to the class and tries to answer questions confidently
		2	Listens carefully to the lecture but doesn't attempt to answer the questions
		1	Student neither listens to the class nor attempts to answer the questions
6	Managerial and analytical Skills	3	The managerial analysis process and presentation is well organized with appropriate use of technologies and methodology. Concept is easy to understand and well documented.
		2	The managerial analysis process and presentation is well organized with appropriate use of technologies and methodology. Concept is difficult to understand and not well documented. Analysis is accurate.
		1	The managerial analysis process and presentation is not well organized with mistakes in usage of appropriate technologies and methodology. Concept is difficult to understand and student is not able to explain the decision making process.
7	Practical Knowledge	3	Independently able to understand and relate the managerial concepts covered in theory to contemporary business environments.
		2	Independently able to understand the concepts covered in theory but not able to relate the concepts to contemporary business environments.

		1	Not able to understand the concepts and not able to relate concepts to contemporary business environments.
8	Understanding of Management Science	3	Student uses appropriate methods, techniques to model and solve the problem accurately in the context of multidisciplinary managerial concerns.
		2	Student tries to model the problem but fails to solve the problem in the context of multidisciplinary managerial concerns.
		1	Student fails to model the problem and also fails to solve the problem in the context of multidisciplinary managerial concerns.

Indirect Course Assessment Sheet

Tools:

- a) **Case Study**

S.No.	Hall Ticket Number	Rubric Assessment
1		
2		
3		

- b) **Course End Survey Report**

Add-ons (Guest Lecture/Video Lecture/Certification/Training Program/Poster Presentation....
etc.)

Unit Wise PPT's & Lecture Notes

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