

VPM's
DR VN BRIMS, Thane
Programme: MMS (2016-18) (Mktg.)
MMS Semester III Examination October 2017

Subject	Sales Management		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	24.10.2017

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

Scenario 1:

Julie has been concerned about the profitability of the various items in her line of potato chips. According to her potato suppliers, the recent drought caused a 35 percent reduction in the potato crop compared to one year ago, resulting in a 25 percent hike in potato prices to large buyers like Julie's company. Potatoes accounted for almost all of the content of her chips (which also consisted of vegetable oil, one of three different flavoring spices, and salt), plus there were packaging costs. To hold the line on margins, which of late had been slim at only about 5 percent due to fierce competition from several other local and regional brands, Julie would need to raise potato chip prices about 15 percent. On her most popular 7.5 oz. size, which had a price spot of \$1.59 on the package, this would require a price hike of \$.24, bringing the price up to \$1.83. Julie wondered what would be the appropriate strategy to deal with this unfortunate circumstance. She was very reluctant to raise the price to maintain the margin. First, she feared incurring the bad will of her loyal customers; it wouldn't be perceived as fair by them. Moreover, she was worried about competitive responses; her other larger competitors might be willing to incur a loss in the short-run to keep their customer bases and to attract price-hiking rivals' customers. Julie couldn't afford such a strategy since she was evaluated solely on the basis of monthly net profits. Historical data in this industry revealed another possible competitive maneuver in the face of rising ingredient costs: hold the line on prices and package size while reducing the net weight of the package.

Analyze the scenario and explain what Julie should do to resolve the issue?

Scenario 2:

Mark is a sales representative for a large life insurance company. He has been with the company for about 18 months. Things have been going well, or so he thinks. One concern he has is about the product he sells most. This product is an insurance and savings plan bundled together. It provides protection for premature death, savings that can be used for retirement, or an emergency fund that can be accessed quickly without hassle. The problem Mark faces is that this insurance product is more expensive to purchase, and for young families it provides the least amount of protection in case of premature death of the breadwinner. Another drawback is the low return on savings, somewhere between 3 percent and 6 percent net. The company pushes sales of this product because it is more profitable. The commission Mark earns is 110 percent of the first year's annual premium, so it is very profitable for him and his family. Mark also has another product that is considerably cheaper, that can provide much greater insurance protection, and at the same time would let the insured invest the difference in another product (i.e., an annuity) that provides a greater return. But the commissions paid by the company are very low, and management frowns on too many of these policies being sold. The quandary is: If Mark does what is right for the consumer, he can't provide for his own family; if he sells the more expensive insurance product, then the protection doesn't come anywhere near meeting the needs of the family should the breadwinner die prematurely.

What should Mark do?

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) “Sales is 90% Conviction and 10% Communication” Comment
- b) Explain Order Takers Vs Order Getters
- c) Explain types of tenders

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) 1) -----, 2) Communicate 3) Convince. Explain 1) -----
- b) Write a note on Personnel Selling Process.
- c) What do you mean by assumptive close? Explain with example.

Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What do you sell- Features or Benefits? Explain the difference between Features and Benefits with relevant example.
- b) What do you understand by the payment Term “100% against the proforma invoice”
- c) “Any Sales Quotation should have validity” Why?

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Write a note on distribution Channel Design.
- b) What is offer register? Why it is maintained?
- c) Draw a format of Sales Quotation.

Q6) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Draw the format of Sales Weekly Report.
- b) Who are C2S customers? Which factors you will consider while planning sales visits for them.
- c) Explain the terms EMD and LOI in industrial sales/purchase

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) The demand for a product in each of the last five months is shown below.

Month	1	2	3	4	5
Demand ('00s)	13	17	19	23	24

- Use a two month moving average to generate a forecast for demand in month 6.
- Apply exponential smoothing with a smoothing constant of 0.9 to generate a forecast for demand for demand in month 6.

- b) Explain the concepts “Face Value in sales” and “Types of negotiations”
- c) Explain different types of questions a sales person should ask during personal selling process. Explain with relevant examples.