

VPM's
DR VN BRIMS, Thane
Programme: MMS (2017-19) (Mktg.)
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Subject	Sales Management		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	31.10.2018

Q1) 20 Marks (Compulsory)

AVON _ From Direct Selling to Direct Marketing

For years, Avon lady was a fixture in American neighborhoods. Selling door-to-door built Avon into the world's largest manufacturer of beauty products. Avon operates in 135 countries and besides the cosmetics it also sells jewelry, home furnishings, and baby care products. Avon pioneered the idea of hiring housewives for direct selling cosmetics in the neighbourhood. But in 1980s, as millions of women began to work outside the home, the cosmetics maker's pool of customers and sales representatives dwindled, and its sales faltered. By 1985, its profits were half what they had been in 1979.

Consumer research showed that many women thought Avon's make-up was "stodgy," its gifts products overpriced, and its jewelry old-fashioned. So the company created a more contemporary line of jewelry, lowered the prices of its giftware to offer more items under \$15, and expanded its lipstick and nail polish colours.

On the selling side, recruiting sales people had become problematic, much as it had for other direct sellers like Mary Kay Cosmetics and Premark International's Tupperware division. To attract sales representatives and boost productivity, Avon improved incentive-compensation plans and offered free training programmes for recruits. As a result, Avon's direct-sales business – which accounts for 70 per cent of sales and 85 per cent of operating profits – experienced a dramatic turnaround. Within a year sales rose 17 per cent, to \$2.9 billion, and profits jumped as much as 25 per cent.

Today more than 450,000 sales representatives work for Avon and fill out some 50,000 orders daily. Sales exceed \$3.5 billion a year. Nonetheless, Avon estimates that at least ten million women in the US who are interested in buying from Avon are unable because no sales representative is calling. To win back some of the customers and attract new ones, the company has begun mailing catalogues directly to potential customers nationwide. The move represents growing concern at Avon that its core market has matured. The growing number of women joining work force means that fewer of them have time to meet with Avon representatives. Although Avon remains the nation's largest direct seller of beauty products, supermarkets and discount stores are stealing market share. Avon hopes that mail-order catalogues will help to reach "stranded" customers.

The plan is to send catalogues to people who have moved or who no longer are active buyers. They can then order directly through the company or through a salesperson. Initial expectations are modest. Avon hopes catalogue sales will reach \$25 million the first year. In the long run, Avon hopes to penetrate major cities and suburbs, the places where much of the female work force is absent at prime selling times. Avon is also increasing the use of toll free numbers in conjunction with this strategy.

Source: Pat Sloan, "Avon Looks Beyond Direct Sales," Advertising Age, February 22, 1993.

Questions for Discussion

1. Explain Avon Business Model? Evaluate its relevance
2. Examine the significant issues in the case?
3. Do you think Avon's approach in response for changing conditions is right for products that need personal contact by saleswomen? Justify.
4. Suggest any other solution than what Avon is planning to do.

Attempt Any FOUR from the Remaining SIX Questions

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

- a) Explain the steps of personnel selling with the example of Eureka Forbes vacuum cleaner

- b) Examine "Sales Job Analysis"? Briefly describe its features.
- c) Discuss the external and internal sources of recruitment? If you have to recruit sales professionals for a highly technical product, Justify in brief choice of sources

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

- a) Explain the basic objectives of a good sales force monitoring system? List and briefly explain the parameters used to monitor sales-force of a company selling FMCG products.
- b) Discuss the various steps of Territory Planning? Do these steps remain the same irrespective of the product/market? Explain by taking the example of soft drink product category.
- c) Describe the sales promotion scheme for the following objectives:
 - i. Deflect customer attention from price
 - ii. New Product launch with examples in Indian context

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

Explain in Indian context

- a) Centralization versus Decentralization in sales organizations.
- b) Importance of sales quotas.
- c) Qualities of good Sales personnel

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

- a) Design a sales training program to improve productivity of middle-level sales managers of personal-care products like shampoos, creams and moisturizers etc. company. Describe the key features of the training program devised by you.
- b) Explain any two methods of Quantitative sales forecasting.
- c) Suggest two pull promotions for a brand of Bath soap. What are the advantages or disadvantages of these techniques?

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

- a) Explain territory planning? How does territory planning operate? How does territory planning help a salesman in performing his duties optimally? Explain with suitable examples in Indian context.
- b) What is trade Promotion? Give an example.
- c) Explain Sales Management & its importance in Indian context

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

- a) Explain the personal selling process. Discuss the importance of 'Sales Resistance' in the selling process. How do sales persons cope up with the same? Support your answer by citing example of a consumer durable good.
- b) Discuss "sales promotion"? Suggest a promotional strategy for any two of the following:
 - i. Refrigerator
 - ii. Branded edible oil
 - iii. Shampoos
- c) Examine Sales Organization & its importance