

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2017-19) (Mktg.)
PGDM Trimester V Examination December 2018

Subject	Distribution and Supply Chain Management		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	24.12.2018

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

Q1) 20 Marks (Compulsory)

Scenario 1:

Sachin and Virag are two enterprising youth. They have passed out from IIM, Bangalore. They thought instead of doing a job, they will launch fresh vegetables in Indian markets. Having learnt of the future conventional foods, they decided to venture into cultivation of mushrooms. Mushrooms are known to be the best alternative food for vegetarians. For Sachin and Virag fund raising was a serious handicap for mass production. However, the first trial batch of mushrooms that they produced was bought by Star Hotel in Bangalore. Further, the hotel placed orders for supply of 20 kgs every day. Now mushroom industry is run by small entrepreneurs, like Sachin and Virag. Another big player M/s Ashtavinayak Mushrooms, equipped with cold storage facility was more interested in the export market. Sachin and Virag have set their sights high. They aim to sell mushrooms in a very big way all over India. Mushrooms have a great market potential and is a perishable food.

Discuss the market potential of Mushrooms. How will you segment this market?

What would be your suggestions for distribution channel for mushrooms taking all segments in to the consideration?

Scenario 2:

Pharmaceutical (drug/medicine) companies make a broad range of products. Some must be sold via chemists/pharmacies (such as medicines), whereas some can be sold in supermarkets (such as headache tablets). Obviously, supermarkets offer significantly greater sales potential. This channel conflict challenge revolves around the distribution of a range of popular vitamin tablets. Traditionally, they have been sold only in chemists. However, as the overall market has become more health conscious, the major supermarket chains have approached the pharmaceutical firm, as they now want to also sell this product.

The chemist's channel is not happy with this news. Obviously, the supermarket chains are in a position to under-cut them on price, which would mean that they would lose this profitable product line, as well as a number of their customers who only visit a chemist to buy this product. Therefore, the chemist's channel has indicated to the firm that they want to keep their exclusive arrangement in place; otherwise they will be less willing to distribute the firm's range of other products (that is, medicines).

Apply the principles of distribution management and Suggest how will you resolve this situation.

Attempt Any FOUR from the Remaining SIX Questions

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

a) Traditionally, most insurance products have been sold via agents and brokers. However, with the advent of call centres and the internet, it has become easier for insurance companies to sell their products directly to end-consumers. Clearly, by dealing direct and not paying commissions, the insurance firms can usually offer their products at much cheaper premiums. Naturally, insurance agent/brokers are not very happy with this situation.

The initial challenge for the insurance company is that most of their sales are achieved through insurance agents/brokers. These distributors find and sell to the customer and place the business with the insurance company. If they became unhappy with a particular insurance company, they would simply stop placing any business with them. Therefore,

how could an insurance firm start selling insurance directly to end-consumers without upsetting their traditional (and very important) insurance agent/broker channel?

b) A newly formed FMCG manufacturing firm has decided to establish Supply chain management as a different department. Create the list of objectives for this department.

c) "A" is a manufacturing company of Mineral water. They want to position themselves as competitor of "Bisleri". The company is in the process of designing the distribution channel. Design the distribution channel for them.

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

a) Discuss the supply chain delivery network used by Flipkart in India.

b) With suitable example explain the last mile delivery networks.

c) How warehouses do value additions apart from just working as storing houses?

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

a) ABC Ltd. is engaged in sale of footballs. Its cost per order is \$400 and its carrying cost unit is \$10 per unit per annum. The company has a demand for 20,000 units per year. Calculate EOQ

b) Which factors you will consider while designing the distribution channel? Why? Explain with suitable example.

c) Discuss the capacity options available under the following situations:

- If the Demand is slightly more than capacity,

- If the Demand is at higher side than capacity

- If the Demand is lower than capacity

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

a) How 4PL is different than 3 PL? Explain with suitable example

b) Design the format for quotation by taking the example of your choice.

c) ABC is the manufacturing firm for electrical equipments. They want to calculate the total cost associated with the inventory to evaluate the supply chain performance. Apply the principles of inventory management and create the list of different costs associated with the inventory.

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

a) We go to a Big-Bazaar store to purchase an item, say a detergent. Draw a basic supply chain for this.

b) What is Stock out situation? Explain the same with suitable example.

c) How to measure the performance of supply chain?

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

a) Walmart have set up special transport centers that allow trucks (coming from various manufacturers and going to various Wal-Mart stores) to meet efficiently. This exclusive arrangement is for the objective of decreasing the transportation cost. How does it save the cost?

b) Consider a scenario where a retailer has decided to provide a high level of variety while carrying low level of inventory but has selected suppliers based on their low price and not their responsiveness. Analyze the situation. What will happen? Which is that SCM concept applicable in this scenario?

c) Discuss the components of Purchase Order.