

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2018-20)
VSemester Examination in January 2020

Subject	Industrial Buying behaviour & B2b Marketing		
Roll No.		Marks	60 Marks
Total No. of Questions	11	Duration	3 HRS
Total No. of printed pages	2	Date	07/01/20

Part A: (Compulsory Question) marks 20

1. Case Study:

Alpha Electrical Company Ltd.

Mr. Sudarshan, Sales Manager of Alpha Electrical Co. Ltd, received a proposal from his regional manager at Mumbai for opening a sub - office in Indore, and was considering what the best decision would be in the company's short run as well as long-run interest. The company was in the business of manufacturing and marketing electronic motors of a wide range of horsepower that could be used as a prime mover in numerous applications. The company factory and head office were situated in Pune and it had branch offices at Delhi, Kolkata and Mumbai, each headed by a regional manager.

The regional office at Mumbai was responsible for sales in Maharashtra, Gujarat, MP and Karnataka. The company also maintained a godown in Navi Mumbai, which was used as the stocking centre for supporting sales to the entire region. The company's distribution network had grown several years and as such there was no one rule by which the arrangements could be explained. In Maharashtra, due to the proximity of the regional headquarters, the distribution network was closely controlled by the regional office. The company have general dealers covering sales and they all purchased goods directly from the regional office. All the dealers got a fixed discount. The ultimate price for the customers was fixed by the company. Each dealer covered a specific area, which was generally one to several districts and the company discouraged the inferences of one dealer in another's territory. However, in the cities of Mumbai and Pune, there was more than one dealer. They collectively covered the sales in the city. The company salesman regularly contacted the dealers and the office maintained good marketing information.

In the states of MP and Gujrat, however the arrangement was quite different. Due to some historical reasons, all the sales in these territories were channelled through one distributor. This distributor in turn had appointed his own dealers to cover the cities of Indore and Ahmedabad and other districts in these 2 states. The regional office, therefore had very little information on the exact marketing set-up in this territory and the distributor operated almost independently. On general occasions, the regional manager had attempted to bring the distributor under closer control. He had the impression that the company was not able to exploit the full potential of the region due to the authoritarian rule of the distributor.

He occasionally received reports that the distributor was not even aware of certain important tenders floated in the region and that on other occasions he had not bothered to submit quotations in time. There were also complaints from dealers that they did not get a fair deal and would instead prefer to deal with the company directly. The sales and service personnel of the regional office used to visit the states of MP and Gujarat only when requested specifically by the distributor. Their independent visits were generally objected to by the distributor, as it would mean bypassing him. The real problem behind this was that the distributor had, in the initial stages, given considerable financial help to the company. He was also an important shareholder, and this had connections at the highest level. This did not mean, however, that the top management was prepared to sacrifice the company's interests. But at the same time, they preferred to leave the distributor undisturbed.

The regional manager felt that the little prices of negative feedback he had received could be tip of the iceberg. However, in the absence of any information, he could not put up a convincing case against the distributor. He had always been helpless wherever some dealer working under the distributor complained to him. He felt it would seriously affect their morale if they realised that the company could not control the distributor.

He had discussed this matter at length with the sales manager, Mr. Sudarshan realised that some tightrope walking was needed if he had to steer and clear this problem. Mr. Sudarshan was, however, anxious to do something about it and one idea was to open an office at Indore, the headquarters of the distributor. While this would be for the declared purpose of helping the distributor in his marketing effort, it would also put an automatic check on undesirable practices. Moreover, the sub-office could collect more information that could be used to put up a convincing case against the distributor, if such a need arose. Accordingly, the regional manager had now submitted a detailed proposal for opening a sub-office at Indore, which would look after MP to start with.

The company had a strict policy of insisting on the regional office to achieve a fixed ratio of sales per rupee of expense. For the Mumbai office this ratio was 50 in the previous year when the sales were Rs. 2 crore and expenses Rs. 4 lakhs. Of this, the sales in MP were Rs.50 lakh. The proposal stated that a sales forecast of Rs.60lakh could be expected in MP at next year and estimated expenses of the Indore sub-office at Rs. 1.2 lakh, then achieving a ratio of Rs.50 sales per rupee of expenses. Among other things, the detail of the proposal stated the following splitting up of the expenses Rs. 40,000 towards salaries and Rs.30,000 towards travelling expenses of 2 sales personnel who would be transferred from Mumbai to Indore.

Questions:

1. What decision would you take if you were in place of Mr. Sudarshan?
2. Do you feel the proposal of New sub-office is economically justified against the stated policy of the company? If yes, why? If No, then how could it be made justifiable?

Part B:

Answer any 2 Questions.(10 marks each)

1. Discuss the nature of industrial marketing. How is it different from consumer marketing? Which of these is more challenging and why?
2. "Assessing market opportunities is the key to the formulation of industrial market strategy." Comment. Explain the process of industrial market strategy formulation.
3. Is determination of optimum price levels a difficult task in industrial markets? Explain and illustrate. How are pricing decisions taken in industrial marketing?
4. "Industrial advertising and sales promotion are support activities for personal selling." Compare and contrast the role of advertising role in the consumer and industrial markets.

Part C: (20 Marks)

Answer in brief any 4 Questions,5 marks each.

1. How do you classify Industrial products?
2. How do you formulate a segment strategy?
3. Explain industrial Product Life cycle.
4. Briefly explain the Industrial Buying-Decision.
5. Describe Industrial pricing strategies.