**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

**FIFTH TRIMESTER (Batch 2020-22)**

**END TERM EXAMINATION, JAN-2022**

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| --- | --- | --- | --- |
| Course Name | **Distribution and Channel Management** | Course Code | **MKT 501** |
| Max. Time | **2 hours** | Max. Marks | **40** |

**INSTRUCTIONS:**

Answer to all questions.

**Questions.1**

Shravan, a TSI of a cosmetics company is developing a distribution strategy for a new brand of premium shampoo in India. His options are to go by intensive distribution through almost all type of retail formats, Selective distribution through hyper markets, or Exclusive distribution through D-Mart only. The market response for this shampoo can be good, average, or poor. The probabilities for these three possibilities are 0.25 for a good market, 0.4 for an average market, and 0.35 for a bad market. The estimated profit for the various modes of distribution under different market condition are given in the following table:

|  |  |
| --- | --- |
|  | Outcomes |
|  | Good Market | Average Market | Poor Market |
| Intensive Distribution | ₹86000 | ₹35000 | -₹40000 |
| Selective Distribution | ₹98000 | ₹40000 | -₹60000 |
| Exclusive Distribution | ₹96000 | ₹36000 | -₹60000 |

What do you recommend? A market research agency from Noida approached Shravan to assist in his decision making process at a nominal consultation fees of ₹7000. Shall Shravan hire this Market research agency? Justify your answer.  **(5+5 Marks)**

**Questions.2 (10 Marks)**

RadioShack, with over 6,500 locations worldwide, has been struggling for a number of years with an image of being “old-fashioned” or “out of touch” with new technologies. RadioShack was viewed by tech-savvy consumers as a place to buy odds-and-ends electrical items, such as adaptors and cables, but not the place to buy smartphones. But by the latter part of the first decade of the twenty-first century, RadioShack, which started to refer to itself in advertisements as “The Shack,” began selling what is arguably the most iconic example of high-tech, cool products—the Apple iPhone. Apple Inc., which is known for being very selective about who qualifies to sell its products, nevertheless decided to let RadioShack sell the iPhone.

Why do you think Apple decided to use RadioShack as a channel member for selling iPhones? Do you think the product life cycle played a role in Apple’s decision? Justify your answer.

**Questions.3 (10 Marks)**

A retailer for women hosiery is planning to buy merchandise to be sold during the summer season that will generate retail sales of ₹150,000. The buyer wants to have a maintained markup of 34% on retail for summer hosiery sales. Reductions will be very small and can be ignored. The retailer has already spent ₹53,250 for merchandise that will generate ₹75,450 at retail. What markup does the buyer need to have on the remainder of the planned purchases to realize the overall markup of 34%?

**Questions.4 (10 Marks)**

“To maintain exclusivity, premium brands should not sell online”. In light of this statement illustrate how brands can overcome the fear that their brand will become less exclusive when they sell online.