**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

**FOURTH TRIMESTER (Batch 2021-23)**

**END TERM EXAMINATION, NOV-2022**

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

**INSTRUCTIONS:**

Answer all questions.

**Questions.1 (10 Marks)**

With the widespread use of e-books, such as Amazon.com’s Kindle, book publishers are faced with a tough channel decision: should they introduce the conventional hardcover and the ebook versions simultaneously or delay release to the e-book channel until after the hardcover has had a chance to generate sales through the conventional channels? HarperCollins, the publisher of former vice presidential candidate Sarah Palin’s book, Going Rogue: An American Life, opted for the delay strategy. The publisher chose to wait over a month after the release of the hardcover before making the book available via e-book. The publisher had produced 1.5 million copies of the hardcover version, which were available for sale in book stores and online in mid-November. But the e-book version was not made available until December 26, the day after Christmas. Apparently HarperCollins was worried about the ebook cannibalizing sales from the hardcover version.

In your opinion did HarperCollins make the right channel decision? Why or why not?

**Questions.2 (10 Marks)**

In June 2022, an area sales manager at Nutri-pick India, a multinational company dealing with fast-moving consumer goods, had to find a way to match the success of his predecessor in increasing retail outlet coverage in Indore. The sales data of it’s different product line with respect their category and revenue generated by 10 stores are given in table-1 and table-2 respectively. Based on your understanding of distribution metrics suggest a distribution strategy for all the four brands of Nutri-pick in Indore region.

Table-1, Brand vs. Category sale for Nutri-pick

|  |  |  |
| --- | --- | --- |
| **Nutri-Pick India Ltd.’s Brands** | **Brand Sale ‘21** | **Category sales‘21** |
| (INR billion) | (INR billion) |
| NutriPower | 3.97 | 26.96 |
| NutriJams | 1.37 | 10.00 |
| Glucolin | 1.28 | 3.20 |
| Honeybeez | 0.87 | 2.60 |

Table-2, Sales performance of 10 outlets in Indore

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Outlets** | **Sales Value (in million)** | **NutriPower** | **NutriJams** | **Glucolin** | **Honeybeez** |
| **Outlet-1** | 10 | Available  |   |   | Available  |
| **Outlet-2** | 20 |   |   |   |   |
| **Outlet-3** | 30 |   | Available  | Available  |   |
| **Outlet-4** | 40 | Available  |   |   | Available  |
| **Outlet-5** | 10 |   | Available  | Available  | Available  |
| **Outlet-6** | 36 | Available  | Available  | Available  |   |
| **Outlet-7** | 22 | Available  |   |   |   |
| **Outlet-8** | 10 | Available  | Available  |   |   |
| **Outlet-9** | 8 |   | Available  |   |   |
| **Outlet-10** | 12 |   | Available  |   | Available  |

**Questions.3 (2+8 Marks)**

The cost of manufacturing’s a new CD album is ₹88.75. The manufacturer plans to make an initial markup of 25 percent on the retail price. What should the retail price be? Please refer to the following efficiency template and calculate the amount of margin (in rupees) to be paid to the channel partners while serving to the end user through the retailers.

|  |  |  |
| --- | --- | --- |
|  |  | Contribution of the Channel partners (in %) |
| Channel function | Cost | Manufacturer | Distributor | Retailers |
| Physical possession | 20 | 25 | 60 | 15 |
| Promotion | 35 | 70 | 15 | 15 |
| Risking | 10 | 0 | 70 | 30 |
| Ordering | 10 | 40 | 30 | 30 |

**Questions.4 (2+4+4 Marks)**

Please refer to the consolidated balance sheet and income statement of Johnson & Johnson and subsidiaries attached as annexure-1 to this question and calculate the credit age provided by the company to its channel partners in 2021 and compare it with 2020. How this change in credit age can affect the working capital management of the company in 2021? Also suggest some corrective measures to reduce the credit age provided by the company to its channel partners in 2021 and the consequences of it.