



**K. K. Wagh Institute of Engineering Education and Research,
Nashik**

(An Autonomous Institute from A. Y. 2022-23)

Model Answer	
End-Sem Examination- Winter 2025	
Academic Year: 2025-26	Sem: III
Class: PG II	Program: MBA
Branch Code: 10	Pattern: 2022
Name of Course: Sales & Distribution Management	Course Code: MBA223106

Q. No.	Model Answer
Q.1	<p>a) Explain the given below Principles of Personal Selling in detail . 1) Professionalism 2) Negotiation 3) Relationship Marketing (2 marks for each) (6 marks)</p> <p>Ans</p> <p>1) Professionalism: The modern professional approach to salesmanship is customer oriented. The act of selling is projected as aimed at solving the problems of the customers. Such an approach is satisfying the customers more thereby making sales activity more and more effective.</p> <p>2) Negotiation skills are one of the most important skills of a salesman: The two parties need to reach an agreement on price and other terms of sale. A good salesman wins the order without making deep concessions that will hurt his profitability. Also, he must not unduly extract the customer because such an approach will be detrimental in the long run.</p> <p>3) Relationship Marketing: As the salesman becomes close to the customers, the transactional nature of the selling approach gives way to the relationship approach. The transactional approach is deal to deal approach centered on short-term gains. The relationship approach is long-term and establishes a relationship between the buyer and the seller. So modern salesmen work with a long-term perspective, establishing close customer associations. Such a practice is most evident in banking, airlines, <u>insurance</u>, and <u>investment</u> industries.</p>
Q.2	<p>a) Explain in detail the personal selling process with examples. (6 marks) (1 mark for each point)</p> <p>Ans. Personal Selling Process:</p> <ol style="list-style-type: none"> 1. <u>Prospecting</u> 2. <u>Pre-Approach</u> 3. <u>Approach</u> 4. <u>Sales Presentation</u> 5. <u>Handling Customer Objections</u> 6. <u>Closing Sales Calls</u>



	<p style="text-align: center;">7. Post Sale Service</p> <p>1.Prospecting:Prospecting refers to locating prospective buyers. Good salesmen do not entirely rely on existing customers, but seek out new ones. They constantly search for ‘prospects’ or potential customers and rope in as many of them as possible. Prospecting is the step in the selling process whenever new customers are sought. Prospecting can be carried out in the following ways:<u>Identifying prospects and gathering leads:</u> Although the company may supply some leads, the salesman must have the skill to develop their own leads.</p> <p>2.Pre-Approach:Pre-approach consists of planning and preparation. <u>The salesmen have to meticulously plan the sales presentation.</u> They must go through customer characteristics and the sales context as part of the preparation.The salesperson should know how to greet the buyer to get the relationship off to a good start.The sales presentation has to be detailed with the exact needs of the customer.<u>Securing appointments/sales interviews</u> from the customer is also a part of the preparation.</p> <p>3.Approach:The approach refers to the <u>preliminaries and the initial part of the interaction</u> in sales interviews before the substantive sales presentation commences. In particular, it includes the <u>opening remarks in the presentation and the opening style adopted by the salesman in selling to the given customer.</u>In general, a consultative style of selling is superior to a totally controlled one. The approach should facilitate this requirement.</p> <p>4.SalesPresentation:The salesperson has now to tell a product story to the buyer. The salesman has to make the actual delivery of the sales story/message/demonstration. The salesperson should try to gain attention, hold interest, arouse desire, obtain action, and enduring satisfaction. In short, this method is called <u>AIDAS</u>.Listening, probing, use of questions, and persuasive interceptions are integral elements in the process.</p> <p>5.Handling Customer Objections:Consumers always pose objections during the presentations or at the time of ordering the product. Psychological resistance includes resistance to interference, preference for established supply sources or brands, reluctance to new ideas, dislike of making independent <u>decisions</u>, and so on.Logical resistance might consist of objections to the price, delivery schedule, or certain product or company characteristics.</p> <p>6.Closing Sales Calls/Follow up:The salesperson now attempts to close the sale. Some salespeople do not get to this stage. They lack confidence or feel uncomfortable about asking for the order.Many a time they fail to recognize the right psychological movement to close the sale.Salespersons need to know how to recognize closing signs from the buyer, including physical actions, statements or comments, and questions..</p> <p>7.Post Sale Service:Post-sale service to the customers is another important element. Salesmen must promptly respond to service requests from customers and follow them up with concerned individuals/departments of the company. In his article titled, ‘After the sale is over’, Professor Levitt says that salesmen have to go beyond the immediate goal of the sale.</p>	
Q.3	a)What is Sales Budget?Discuss the importance of Making a Sales Budget.Also write down 3 points on Purpose of Sales Budget.	



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(1 mark definition),(1 mark for importance),(2 marks each for purpose)
(8 marks)

Ans.A budget is a financial plan and tool of control.In a sales budget, resources are allocated to achieve the sales forecast.It states what and how much each salesperson will sell.It also spells out what and how much will be sold to the different classes of customers. A budget is an estimate of sales, either in units or value and the selling expenses likely to be incurred while selling.Once the budget is accepted in terms of estimated sales, expenses and profit figures, the actual results are measured and compared against the budgeted figures.It is an instrument of planning that shows how to spend money to achieve targeted sales.

Importance of a sales budget:Sales budgets are crucial for managing expenses—no department wants to exceed their allotted budget—as well as setting sales goals.

Clear, specific goals drive teams forward as they work together to achieve growth, even if it's a simple 1-percent increase in sales productivity.

Purpose of Sales Budget is given below:

- **Planning Tool**
- **Instrument of Coordination**
- **A Tool for Control**

1)**Planning Tool:**In order to achieve goals and objectives, the sales managers plan by outlining essential costs to be incurred. This helps in profit planning and acts as a guide for achieving objectives.

2)**Instrument of Coordination:**The budget acts as an instrument of coordination. Selling is one of the functions of marketing and needs support from the elements of the marketing mix.Budgets also help in integrating other functions of like sales, finance, production, and purchase.

3)**A Tool for Control:**A comparison between budgeted and actual costs result in the analysis of factors causing variations and enables the sales manager to spot problem areas or plan better for expected outcomes.Variance analysis helps in improving insight of sales manager and enables to define and develop realistic sales budget in the future with minimal variance.

OR

b)What is Sales Territory?Elaborate all 4 Steps to Plan and define Sales Territory.
(2 mark for definition),(1.5 marks for each step)

(8 marks)

Ans.Sales territory is a designated geographical area or a group of customers which are assigned to a sales team or individuals in order to achieve allocated sales objectives and targets.This is where the sales teams would be spending their sales efforts. This sales territory is responsibility and accountability of that particular sales team. The sales team ensures that the sales in that area increase and meets sales targets every year. Any company creates a territory based on geographic area, population demographics, sales potential etc. This territory is assigned to sales persons as their operating territory.A sales person cannot go beyond the designated territory in an ideal scenario.

Following are the high level steps to start with defining effective sales territories:

1. Define Market and Groups:The first and foremost step in defining a sales territory is to define an overall market with potential.Until and unless the overall



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<p>population is not defined, finer sales territories would not be accurate. Also a company needs to see if they need to define by geographical borders or through customer demographics or groups.</p> <p>2. Evaluate Competition:The next step is to understand the market better along with the competitors and complementary services.It is good to see how the competitors in the market structured in terms of territories.If multiple competitors are already competing on a basis of a type of territory then either the company can also follow the same structure or may be try to differentiate through different type of sales territory formation.</p> <p>3. Define Sales Objectives:After the first 2 steps are completed, next step would be to define the size of the territory along with the sales objectives in terms of targets, budgets, team size and efforts to be put to make it profitable.</p> <p>4. Execute and Improve:The last step is to deploy sales force in the created territories and start monitoring the performance.If the team is able to achieve the objectives well while maintaining profits margins, the same can be continued and used across company and subsidiaries else proper analysis should be done to improve the issues through data and feedback.</p>	
<p>c)Explain the Quota Setting Process.Write a short note on Top Down and Bottoms Up Approach for setting Quotas with neat diagram. (4 marks for process),(4 marks for short note) (8 marks)</p> <p>Ans.The quota-setting process will ultimately vary by team make-up and organizational goals, but the following general steps can give you a framework for beginning the process</p> <p><u>Quota-Setting Process:</u></p> <ol style="list-style-type: none">1. Choose your quota type. Consider your industry, market size, company size, and organizational goals.2. Determine the right approach for your team. Will you use a top-down approach or a bottoms-up approach (more on these options in a minute)?3. Get a baseline. What is the minimum number of sales you need to generate in order to stay competitive? What about in order to stay in business? Consider your historical sales data, seasonal trends, and market conditions.4. Calculate sales quotas. Take into account your organization’s goals and forecasted growth.5. Define your time period. Most sales quotas are set on a monthly or quarterly basis.6. Communicate expectations. Make sure you take the time to go over sales quotas with each member of your team. Sales quotas work because they encourage transparency and accountability, so lead by example in this department and be forthcoming with your team about your expectations. <p>Top-Down Approach:In a top-down approach to setting sales quotas, sales managers first look at the company’s overall revenue goals, and then set individual/team quotas accordingly.For example, if a sales team has an overall sales goal of \$100,000 this quarter, each of the four sales reps on the team will be expected to sell \$25,000.A top-down approach can be effective for teams who want to ensure that everyone contributes equally, but some sales managers find that it doesn’t leave enough room to account for individual reps’ strengths and areas of need.</p>	

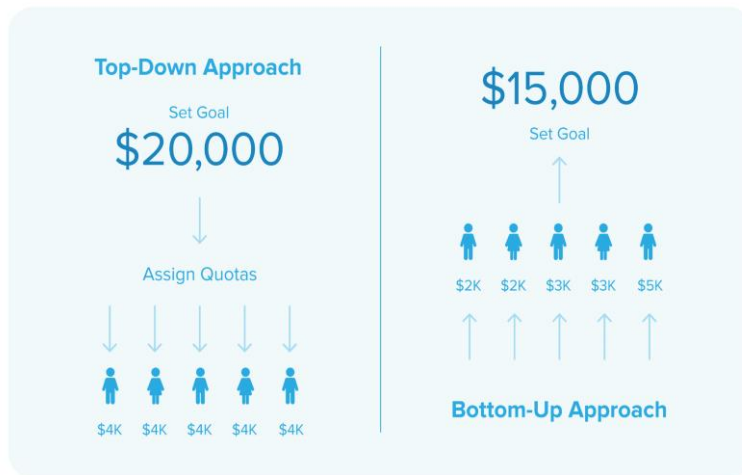


Bottom-Up Approach: With a bottom-up approach, sales leaders look at reps' past [sales performance](#) when they set quotas. They take into account reps' strengths, relationships, and historical trends when setting individual quotas. Larger sales targets and sales goals are then set based on individual quotas. In this model, a sales manager might look at each individual sales rep on their team and set the following quotas based on their strengths and pipeline opportunities:

- Sales Rep 1: \$28,000
- Sales Rep 2: \$22,000
- Sales Rep 3: \$30,000
- Sales Rep 4: \$20,000

The sales team is still working toward a \$100,000 sales target, but each rep has a unique quota.

Top-Down vs. Bottom-Up



Yesware

OR

d) Elaborate the Types of Sales Quotas with an example for each type.

(1.5 marks for each)

(8 marks)

Ans.

1. Volume Sales Quota : The quota is decided by the number of units a salesperson can sell within the specified period. The sales reps receive their [commission](#) when they hit the number of deals they are expected to meet. The volume sales quota can also be broken down for individual sales reps based on territories and different products.

2. Revenue Quota : In the revenue quota model, the quota is met when the salesperson hits a particular quarterly revenue benchmark. It doesn't depend on the number of deals. The revenue quota works all right for product-type businesses where the [sales cycle](#) is standard, and the product price is fixed. However, it prevents salespersons from offering a better price or a discount while closing. And this may lead to missed opportunities. This model also motivates salespeople to utilize all the options



	<p>to upsell and cross-sell services and products, increasing the deal size. So, salespeople find a balance between discounts, upselling, and the number of deals to meet this quota which increases profitability for your business.</p> <p>3. Activity Quota: The saying “It’s about the journey, not the destination” is very apt for sales because you can’t close too many deals if you don’t abide by the sales process. Many stages come before closing a deal—storing lead information, notes from a meeting, follow-ups, and sharing pricing—are all important to close a deal successfully. But in the other quota models, a salesperson’s efforts are only validated once the sale is completed. The activity quota takes the other tasks into account to set quotas.</p> <p>4. Profit Quota: The profit quota plan is like revenue quota in terms of setting the goals, but it’s a step up. <u>The profit quota tracks and reports the profit benchmark that each salesperson must meet.</u> To calculate the gross profit quota, the cost to sell and other expenses—like showroom rent, telephone usage, advertising costs, discounts offered, etc.—and the cost of goods are subtracted from the revenue. By doing so, you can improve budgeting and overall profitability. Gross profits are a better way to represent the business’ growth trajectory.</p> <p>5. Combination Quota: Setting a single sales quota might be easy to set and track, but it is bound to get monotonous for your teams. Combining 2-3 plans to create an intensive quota for your team keeps them on their toes. You can also use gamification to make it more interesting. Each quota has its setbacks but pairing the ones that complement each other balances them out. For example, the profit model encourages higher value deals but can be met without contacting too many customers. Whereas the activity quota ensures that CRM hygiene is maintained, and salespeople log their talk time and the number of emails sent. Combining these two quotas results in a higher volume of profitable deals while maintaining a healthy sales pipeline. You help your salespeople develop and hone their sales skills by choosing a combination quota.</p>	
Q.4	<p>a) What is Channel Design? Determine detailed Process of Channel design. (1 mark for definition), (1.5 marks each step) (8 marks)</p> <p>Ans. Channel Design is a design or plan prepared for the distribution and movement of goods and services from the manufacturer to the customer. The goal is to design a channel system that efficiently and effectively connects the company with its target customers, ensuring the right product reaches the right place at the right time while also maximising customer satisfaction and achieving business objectives.</p> <div style="text-align: center; margin-top: 20px;"> <h3 style="color: #0070C0;">Process of channel design</h3> <pre> graph TD A[Defining the customer needs] --> B[Defining the channel objective] B --> C[Channel alternatives] C --> D[Evaluation of major alternatives] D --> E[Ideal channel structure] </pre> </div>	



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	<p>OR</p> <p>b)Elaborate on the type of Intermediaries with suitable examples.Also write a note on Intensive,Extensive and Selective distribution. (4 marks for each intermediary),(4 marks for ID,ED,SD) (8 marks)</p> <p>Ans. Types of Intermediaries: Different types of intermediaries can be considered based on the nature of the product, target market, and distribution strategy. Some common types of intermediaries include:</p> <p>1.Retailers: These can include brick-and-mortar stores, online retailers, department stores, supermarkets, or specialty shops.</p> <p>2.Wholesalers: Wholesalers purchase products in bulk from manufacturers and distribute them to retailers or other businesses.</p> <p>3.Distributors: Distributors act as intermediaries between manufacturers and retailers, specialising in specific industries or geographical areas.</p> <p>4.Agents/Brokers: Agents or brokers facilitate transactions between buyers and sellers without taking ownership of the products. They earn commissions or fees for their services. A company has to identify the different types of channel members that are available for its channel work. Some companies use many channel members to provide their customers with their products.</p> <p>For example, earlier, Dell used to sell directly to its final consumers and businesses through internet marketing and its sophisticated phone.It also used to sell directly to large institutional, government, and corporate buyers through its direct sales force.</p> <p>Number of Marketing Intermediaries: The decision regarding the number of marketing intermediaries depends on various factors, such as the complexity of the product, target market coverage, and distribution efficiency. Options to consider include:</p> <p>Intensive Distribution: It involves placing products in as many outlets as possible to <u>maximise market coverage</u>.The basic aim of this strategy is to make the products available where and when the consumers want.This approach suits low-cost or convenience products.For example, toothpaste, candy, chips, etc. Companies like Coca-Cola, Hindustan Unilever, Nestle, etc., use this way to distribute their products.</p> <p>Exclusive Distribution: It involves granting exclusive rights to a single intermediary or a limited number of intermediaries in a particular geographic area or market segment.This strategy is often employed for luxury or specialised products.For example, Rolex watches are sold by limited authorised dealers.This strategy helps a business in enhancing its brand image and allows it for higher markups.</p> <p>Selective Distribution: It involves selecting a limited number of intermediaries based on their ability to effectively reach specific <u>market segments</u>.This strategy is often used for products with unique characteristics or targeted customer segments.For example, Television, Refrigerator, Home Appliances, Furniture, etc. Companies like Whirlpool, Sony TV, and General Electric uses this approach to sell their major appliances/products through selected large retailers and dealer networks.</p> <p>c)Illustrate the key metrics for Measuring Marketing Channel Performance. (1.5 marks for each) (8 marks)</p> <p>Ans.Measuring Marketing Channel Performance:To optimize your marketing efforts, it is essential to measure the performance of each marketing channel. By keeping a close eye on the following key metrics, you can gain valuable insights into the effectiveness of your marketing strategies and make informed decisions to</p>	
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	<p>improve your overall performance.</p> <p>1)Conversion Rate:The conversion rate is a vital metric that shows the percentage of visitors who take the desired action on your website. This action could be anything from making a purchase to filling out a lead form or subscribing to your newsletter. By tracking the conversion rate for each marketing channel, you can identify which ones are most successful in driving valuable actions from your audience.</p> <p>2)Return on Investment (ROI):Understanding your return on investment is crucial to evaluating the profitability of your marketing efforts. Calculate the revenue generated in relation to the amount spent on each marketing channel. This financial metric helps you see which channels are providing the best returns and where your resources are being used most effectively</p> <p>3)Customer Acquisition Cost (CAC):Determining the cost of acquiring a new customer through each marketing channel is essential to assessing the efficiency of your acquisition strategies. A lower CAC indicates that a particular channel is acquiring customers at a lower cost, making it more cost-effective for your business.</p> <p>4)Click-through Rate (CTR):The click-through rate measures the effectiveness of your ad campaigns by calculating the percentage of clicks on your ads compared to the total number of impressions. A high CTR indicates that your ad is compelling and relevant to your target audience, which can lead to increased engagement and potential conversions.</p> <p>5)Attribution Modeling:Marketing attribution modeling involves tracking a customer's journey and identifying which channels and touchpoints led to a conversion. It can provide valuable insights into how different channels work together and contribute to overall success.</p> <p>OR</p> <p>d)Explain term Physical Distribution.Elaborate all its 4 Elements. (2 mark for explanation)(1.5 marks for each) (8 marks)</p> <p>Ans. From the point of view of management, physical distribution has been described by Philip Kotler as “planning, implementing and controlling the process of physical flow of materials and final products, from point of origin to point of use, to meet customer’s ofneeds at a profit". In the opinion of W.Y. Stewart “physical distribution is the science of business logistics whereby the proper amount of the right kind of product is made available at the place where demand exists, viewed in this light, physical distribution is the key link between manufacturing and utility creation.” As stated by Cundiff and Still, “physical distribution involves the actual movement and storage of goods after they are produced and before they are consumed”.</p> <p>The task of distribution in any marketing organisation consists of the following major elements: 1) Transportation 2)Warehousing 3)Inventory carrying and handling 4)Interest on capital employed</p>	
<p>Q.5</p>	<p>a) Write Short note on 1)Merchant Wholesaling 2)Industrial Distributors 3)Truck Wholesaling 4) Limited Service Wholesaling (2 marks for each) (8 marks)</p> <p>Ans.1)Merchant Wholesaling:These are independent firms that take part in taking title to, storage, buying, and physically handling goods in very large quantities and then reselling them to retailers.These consist of Full-Service Wholesalers and</p>	



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<p>Limited-Service Wholesalers. They differ in the large variety of functions they provide. They are limited in their geographical reach and differ in the variety of functions they provide.</p> <p>2)Industrial Distributors:These are part of the merchant wholesalers who provide their goods and services to producers. Some of the services they provide include (but not limited to) delivery, credit, inventory, etc.Out of the available range of products they sell, these can either belong to a specific line or a general line. Some examples include equipment, operating goods, etc</p> <p>OR</p> <p>b)What is Retailing?Suggest atleast 7 Retailing Strategies. (8 marks) (1 mark for definition)(1 mark for each strategy)</p> <p>Ans. Retailing is a process of distributing goods where the seller buys products from the manufacturing firms or manufacture the goods themselves and sells goods to consumers directly.A retailer is somebody who buys goods from one organization and sells them directly to consumers at some percent of profit.The goods are sold from a single point of purchase. The single point of purchase can be a retail store made of brick and mortar, a catalog, an e-commerce website on the internet or mobile phone.<u>The retail is the end unit of the supply chain.</u> Retailers usually buy goods in large quantities from manufacturers and sell them in small quantities to consumers for final consumption and not to be sold further.</p> <ul style="list-style-type: none">• Enhance your store signage.• Optimize your store layout.• Focus on merchandising.• Appeal to impulse buys.• Empower your associates.• Offer modern payment methods.• Integrate a BNPL (Buy Now, Pay Later) offering.• Create buy-online-pickup-in-store options.	
<p>c)Write a note on Advantages and Disadvantages of E-tailing. (4 marks for advantages)(4 marks for disadvantages) (8 marks)</p> <p>Ans.E-tailing includes more than just e-commerce-only companies. More and more traditional brick-and-mortar stores are investing in e-tailing. Infrastructure costs are lower with electronic retailing versus operating brick-and-mortar stores. Companies can move products faster and reach a larger customer base online than with traditional physical locations. E-tailing also allows companies to close unprofitable stores and maintain the profitable ones.</p> <p>Advantages and Disadvantages of Electronic Retailing (E-tailing)</p> <p>E-tailing has transformed the retail industry, offering businesses and consumers numerous advantages and disadvantages. Here are some key points:</p> <p>Advantages :E-tailing typically incurs lower overhead costs than traditional brick-and-mortar stores, including reduced expenses for rent, utilities, and staff, enabling businesses to offer competitive pricing.</p> <ul style="list-style-type: none">• Online platforms provide businesses with a platform to display a diverse array of products and services, enhancing visibility and boosting sales potential.• E-tailing enables businesses to access a global customer base without the need for physical stores in multiple locations, thereby expanding their market reach.	



- For consumers, e-tailing offers the convenience of shopping anytime and from anywhere, eliminating the need to visit a physical store and saving time.

Disadvantages

- Returning or exchanging products bought online can be more complex and time-consuming compared to physical stores, potentially resulting in customer dissatisfaction.
- Unlike traditional stores, e-tailing lacks the personal interaction between customers and sales representatives, potentially lowering customer satisfaction and loyalty.
- E-tailing is vulnerable to security breaches, such as data theft and fraud, which can damage customer trust and result in financial losses for businesses.
- Customers may face additional shipping costs and possible delivery delays, impacting their overall shopping experience.

OR

d) Explain the Types of Electronic Retailing (E-tailing).

(1.5 marks for each)

(8 marks)

Ans. Types of Electronic Retailing (E-tailing) : Electronic retailing, or e-tailing, encompasses various types of online retail formats, each with its own unique characteristics and advantages. Here are some common types of e-tailing:

1. Online Marketplaces: Online marketplaces are platforms where multiple third-party sellers can list and sell their products. Examples include Amazon, eBay, and Etsy. These marketplaces offer a wide range of products, often at competitive prices, and provide sellers with access to a large customer base. Customers benefit from the convenience of shopping from multiple sellers in one place and can compare prices and reviews easily.

2. Branded Online Stores : Branded online stores are websites operated by individual brands or retailers to sell their products directly to consumers. Examples include Nike, Apple, and Best Buy. These stores allow brands to showcase their full product range and maintain control over the shopping experience. Customers benefit from accessing the latest products and exclusive deals directly from the brand.

3. Flash Sale Websites: Flash sale websites offer limited-time discounts on selected products. Examples include Groupon and Rue La La. These websites create a sense of urgency among customers, driving impulse purchases. Customers benefit from significant discounts on high-quality products, while businesses can quickly sell excess inventory.

4. Subscription-based E-commerce : Subscription-based e-commerce involves customers subscribing to receive regular shipments of products. Examples include Birchbox and Dollar Shave Club. These services offer convenience and personalized products based on customer preferences. Businesses benefit from recurring revenue and customer loyalty.

5. Social Commerce : Social commerce involves selling products directly through social media platforms. Examples include Instagram Shops and Facebook Marketplace. These platforms leverage social networks to reach a broader audience and facilitate seamless transactions. Customers benefit from discovering and purchasing products within their social feeds.