MBMM 3003

M.B.A. DEGREE EXAMINATION, JUNE 2014.

Third Semester

Marketing

INDUSTRIAL MARKETING

Time : Three hours   Maximum : 100 marks

SECTION A — ($5 \times 6 = 30$ marks)

Answer any FIVE questions.

1. What are the characteristics of industrial marketing?

2. What are the changes in industrial product strategy?

3. What are the stages of new product development process?

4. What are the classification of industrial new product?

5. Explain marketing of industrial services.

6. What are the nature of industrial channels?

7. What are the factors influence industrial pricing decision?

8. What are the hierarchy of marketing strategic planning?

SECTION B — ($5 \times 10 = 50$ marks)

Answer any FIVE questions.

9. Explain classification of industrial products and services.

10. What are the differences between industrial and consumer marketing?

11. Briefly explain the industrial buying-decision process.

12. Explain the scope of industrial marketing research.

13. Explain industrial product life cycle and strategies.

14. Explain the tasks of physical distribution.

15. Explain the role of advertising in industrial marketing.

16. Describe the industrial pricing strategies.

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 Bangalore to Chennai.

Questions :

(a) What decision would you take if you were in place of Mr. Nathan?

(b) 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?

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He had discussed this matter at length with the sales manager, Mr. Nathan realized that some tightrope walking was needed if he had to steer and clear this problem. Mr. Nathan was, however, anxious to do somethings about it and one idea was to open an office at Chennai, 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 factual 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 Chennai, which would look after TN 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 Bangalore office this ratio was 50 in the previous year when the sales were Rs. 2 crore and expenses Rs. 4 lakh. Of this, the sales in TN were Rs. 50 lakh. The proposal stated that a sales forecast of Rs. 60 lakh could be expected in TN at next year and estimated expenses of the Chennai sub-office at Rs. 1.2 lakh, then achieving a ratio of Rs. 50 sales per rupee of expenses. Among other things, the

SECTION C — (1 × 20 = 20 marks)

Compulsory.

17. Case study :

Industrial Marketing

Apex Electrical Company Ltd.

Mr. Nathan, sales manager of Apex Electrical Co. Ltd. received a proposal from his regional manager at Bangalore for opening a sub - office in Chennai 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 horse power that could be used as a prime mover in numerous applications. The company factory and head office were situated in Mumbai and it had branch offices at New Delhi, Kolkatta and Bangalore, each headed by a regional manager.

The regional office at Bangalore was responsible for sales in Karnataka. Tamil Nadu and Kerala. The company also maintained a godown at Bangalore, which, was used as the stocking centre for feeling 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 Karnataka, 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 were 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 Bangalore and Mysore, there were 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 Tamil Nadu and Kerala, however, the arrangement was quite different. Due to some historical reasons, all the sales in this territory were channelled through one distributor. This distributor in turn had appointed his our dealers to cover the cities of Chennai and Kochi and other district 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 TN and KL only when requested specifically by the distributor. Their independent visits were generally objected to by the distributor, as it would mean by passing 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 thus 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.