



JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA  
PGDM / PGDM (M) / PGDM (SM)  
IV TRIMESTER (Batch 2021-23)  
END TERM EXAMINATION, NOVEMBER 2022

Course Name	Distribution and Channel Management	Course Code	MKT 20122
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS: Attempt all of the following questions.

1. Anheuser-Busch InBev and MillerCoors LLC control about 80 percent of the U.S. beer market. Most of the beer distributed by both companies is sold through independent beer distributors who, in turn, sell the beer to retailers, restaurants and bars. Anheuser-Busch InBev, which had been acquired by Belgium-based brewer InBev in mid 2008, soon after embarked on a cost-cutting program. One key cost focus was distributor margins: Anheuser-Busch distributors received about \$1.00 for each case of Budweiser distributed to retail channel members compared to \$.85 paid by MillerCoors to distributors. By eliminating that 15 cent difference in margin, Anheuser-Busch InBev estimated it could save about \$200 million per year! But Anheuser-Busch distributors, many of whom had decades-old relationships with the brewer, would not be happy with the lower margins.

**Discuss** whether Anheuser-Busch InBev should proceed with the margin cut? Why or why not. (10 marks)
2. **Discuss** the pros and cons of following promotional strategies from the manufacturer's and channel member's viewpoints: (a) cooperative advertising, (b) promotional allowances, (c) slotting fees, (d) displays and selling aids, (e) in-store promotions, (f) contests and incentives, and (g) special deals and merchandising campaigns. (10 marks)
3. Midas Inc., best known for its automobile muffler repair business, provides its products and services through hundreds of franchised dealers throughout the U.S. Although Midas offers other auto services, such as brake replacement and suspension system repair, mufflers still account for the majority of the firm's sales. Perhaps the most important reason for this is Midas's famous lifetime warranty on its mufflers. Consumers who have their muffler replaced at a Midas dealer are entitled to a free replacement if anything goes wrong or even if the muffler wears out for as long as the customer owns the car. Midas has traditionally relied on the honor system where the dealer's word alone was sufficient to get credit from Midas for

muffler replacements under the warranty. But Midas wants to change this system to a more stringent one requiring dealers to return the replaced mufflers to verify that they are indeed defective or worn out. The dealers are up in arms about the new policy because they think it will limit their flexibility in dealing with their customers and thereby undermine goodwill.

**Identify** the factors that might have triggered Midas's new policy? Do you think the new policy will affect dealer behavior? If so, **Elaborate?** (10 marks)

4. Coca-Cola Co. has not done so well in establishing strong marketing channels in India. Its flagship product, Coke, has only about 15 percent of the market compared to Pepsi's almost 25 percent. Coca-Cola is usually accustomed to dominating any foreign market it enters, but India has been a major exception. The potential is certainly there with over one billion consumers, a large middle class, and a hot climate. But several problems confronted Coca-Cola. First, it imported too much of the raw materials, which had high import duties and hence made Coke too expensive relative to the competition. Second, outdated bottling plants reduced efficiency and quality consistency. Finally, the company had not invested in the distribution network, including advertising and promotional support, to secure strong cooperation from both large and small distributors throughout the vast country.

Why do you suppose a company of Coca-Cola's stature and extraordinary marketing capabilities could stumble so badly in establishing a strong distribution channel for Coke in a developing country such as India? **Elaborate.** (10 marks).