



JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

FIRST TRIMESTER (Batch 2024-26)

END TERM EXAMINATIONS, SEPTEMBER 2024

Course Name	Distribution and Channel Management	Course Code	X0122
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS:

- a. Attempt all questions
- b. All questions carry equal marks

1. Best Buy Co., the largest consumer electronics retailer in the world, is famous for its giant 40,000 square-foot “big-box” stores. This channel has served Best Buy well over the years as consumers wandered through the giant product displays in the cavernous stores, and competitors such as Circuit City were literally driven out of business by Best Buy’s dominant stores. But by the end of the first decade of the Twenty-first century, Best Buy made a channel design decision that focused on adding a retail channel consisting of much smaller 3,000 square-foot stores to its large-store channel. The new smaller stores will be located in shopping malls as well as in urban downtown venues. Best Buy designed this new small-store channel structure mainly to do a better job of reaching the still-growing market for mobile phones, especially smartphones. These smaller stores will sell almost one hundred different phones as well as the services of nine carriers.

Critically examine Best Buy’s channel design decision. Discuss other channel design options that might Best Buy have pursued to accomplish its distribution objective? **(10 marks = 5 marks + 5 marks)**

2. Avijit Mohan was really upset about the poor job the three department stores were doing with his line of fine brass products from India. “They just put the stuff out on the floor as though they were cheap trinkets that the customer buys on impulse. Don’t they realize that this merchandise has to be sold by knowledgeable salespeople who can show the fine details, the artistic engraving and the hand hammering?” he remarked to his wife in frustration. “These are supposed to be top-notch retailers but they don’t seem to know a thing about selling these products,” he lamented.

Discuss in terms of consumer buying patterns, the constraints on the department stores and Mohan’s choice of channel structure to sell these products. **(10 Marks)**

3. Private-label products sell in supermarkets typically for about 10 to 20 percent less than national brands, yet the profit margins realized by supermarkets are usually about 10 to 15 percent higher than for national brands—so, supermarkets like private-label brands. But in recent years, there has been a tendency for supermarkets to upgrade their private brands to compete more directly with high-price premium national brands on quality. Several supermarkets, for example, have developed their own version of the Dove super premium ice cream bar. Some observers believe that such trading-up of private-label products will undermine their appeal. Justify your agreement or disagreement. **(10 Marks)**

4. Tina Anderson talked to knowledgeable salespeople about the pros and cons of a variety of cameras, discussed the various features and handled the cameras to see how they felt while at the Camera Store, a full-service camera shop at a regional shopping mall. She decided to buy a Konica Minolta DiMAGE X50. But she did not buy it from the Camera Store. Instead she said thank you very much to the salesperson and left the store. She went over to the Starbucks across the street, ordered a tall Frappuccino and, while sipping the drink, ordered the Konica Minolta DiMAGE X50 using her Apple iPhone to find the lowest price online seller. Three days later, the camera was delivered by UPS to Tina's home. Tina was delighted—she had saved \$60 and the camera was exactly the same one she had tried out in the Camera Store. Tina could not have cared less whether the online dealer was authorized to sell Konica Minolta cameras.

Discuss this situation from the point of view of Tina Anderson, the Camera Store, the online dealer and the manufacturer. **(10 Marks)**