



**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	<b>X0122</b>
Max. Time	<b>2 hours</b>	Max. Marks	<b>40 MM</b>

**INSTRUCTIONS:**

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

1. Vending machines have existed as a mechanical channel for distributing a variety of products for many decades. Traditionally the typical products found in vending machines were soft drinks, candy, cigarettes, and snack foods. But in recent years the variety of products sold through vending machine channels has broadened dramatically. Consumers can now buy digital cameras, DVDs, iPods, baby diapers, and in Germany, even solid gold bars for which the price charged changes every two minutes with the ups and downs of the price of gold.

From a channel design standpoint, discuss the key variables to consider in determining whether vending machines could be a feasible channel choice for any given product of your choice? (10 Marks)

2. Airports may be where the real action is in retailing. At least this is the impression one might get by observing some recent developments. Bloomingdale's was one of the first major retailers to open a branch in an airport when its clothing and gift boutique opened at JFK International Airport in New York. Now FAO Schwartz, a famous toy retailer, has opened branches in several airports, while McDonald's and Burger King are also moving in. A number of other major retailers may follow in airports throughout the United States. Does this make sense?

Discuss in terms of the relevant market dimensions that might underlie such developments. (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. Apple CEO Steve Jobs has been quoted as saying: "We don't know how to build a sub-\$500 computer that is not a piece of junk." Job's disdain for the under \$500 price point for personal computers reflects his belief that price should not be the driver of product developments. Through much of its history, Apple has pursued a premium pricing strategy to complement its reputation for offering more innovative and superior products. So, even if Apple resellers were to uproar for Apple to offer lower-priced computers (as well as other products) to compete at price points that Apple is missing, Apple is likely to say no. Discuss Apple's pricing strategy in terms of its future implications for the company's channel strategy. (10 Marks)