JAIPURIA
INSTITUTE OF MANAGEMENT
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JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

FOURTH TRIMESTER (Batch 2024-26)

END TERM EXAMINATIONS, OCTOBER 2025

SET-1

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

INSTRUCTIONS:

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

Q.1. OfficeMax, with about 900 stores and annual sales of just under $10 billion, is the number two player in the office supply superstore channel. Holding first and third place are Staples and Office Depot. Even though OfficeMax has locations that are as good as or superior to those of its rivals, the same or better merchandise and prices and equally friendly and competent staff, it has lagged in logistical efficiency, especially in the area of inventory management. For most of its over two-decade history, OfficeMax had vendors ship products directly to individual stores. This resulted in inefficient order size levels, high shipping and order processing costs, and, worst of all, frequent stockouts because orders often came from distant manufacturers. OfficeMax's response was to build three giant distribution centers to which virtually all of OfficeMax's suppliers would ship their products. The three distribution centers would then redistribute the products to all of the company's 900 stores. The result is that 95 percent of all merchandise flows through the three giant distribution centers before going to the stores.
Discuss the logistical rationale for this two-step flow of merchandise: from manufacturer to distribution centers and then to stores. Doesn't it seem counterintuitive that an extra step in the chain of distribution would increase efficiency? **Explain.** (10 Marks)

Q.2. Amazon.com became the world's largest e-book seller by offering new best selling books for a fixed price of $9.99 regardless of the fame and popularity of the author or the prestige of the publisher. But some publishers have balked at Amazon's e-book pricing strategy. They believe that over time, the $9.99 price will create a ceiling for consumer price perception about the value of new books. If consumers believe new books from famed authors and top publishers are worth no more than $9.99, the publishers' ability to price their products at what they believe them to be worth will be undermined or destroyed completely. In early 2010, five publishers, including Macmillan, one of the largest and most prestigious book publishers, refused to offer their books through Amazon's Kindle e-books and instead decided to distribute their e-book list through Apple's iPad, which allows the publisher to set the price. Some of the e-books distributed through Apple will be priced at $14.99. Who do you think should control the pricing of e-book best sellers in the marketing channel? **Justify with Reason**? (10 Marks)

Q.3. RadioShack, with over 6,500 locations worldwide, has been struggling for a number of years with an image of being "old-fashioned" or "out of touch" with new technologies. RadioShack was viewed by tech-savvy consumers as a place to buy odds-and-ends electrical items, such as adaptors and cables, but not the place to buy smartphones. But by the latter part of the first decade of the twenty-first century, RadioShack, which started to refer to itself in advertisements as "The Shack," began selling what is arguably the most iconic example of high-tech, cool products—the Apple iPhone. Apple Inc., which is known for being very selective about who qualifies to sell its products, nevertheless decided to let RadioShack sell the iPhone. Why do you think Apple decided to use RadioShack as a channel member for selling iPhones? Do you think the product life cycle played a role in Apple's decision? **Justify** (10 Marks)

Q.4. Bill Harding, the national sales manager for a major appliance maker, realized that the company would have to add more wholesale distributors in at least a half-dozen major territories on the East Coast and in the Midwest to keep up with the growth in those markets. Bill knew he needed good distributors who were financially sound, with strong selling skills and offered high service capabilities. To zero in on these potential, new distributors, Harding decided to use the company's outside sales force covering those territories. He sent out memos to the district sales managers, who in turn informed the field sales force to call on potential distributors in their territories and send back written reports. One month later, Harding was very disappointed with the lukewarm response he got. The reports he received were skimpy and superficial. Harding was a little befuddled with the situation because all of the salespeople who were asked to prospect for new accounts were high producers. Why do you suppose Bill Harding did not get the enthusiastic response he wanted? **Explain** (10 Marks)