

and career developments for sales forces and key account managers serving different retailers and geographic markets. What will satisfy customer and employee requirements? Finally, can the new structure that is evolved be successfully applied to MD's operations across Europe?

Questions :

1. Why does MD Foods rely on a sales force to sell its products?
2. What are the key considerations that MD Foods needs to take into account in setting its sales force's objectives, strategy, structure and compensation? Identify the trade offs involved in each of these decisions.
3. What are the key challenges facing MD Foods in developing and implementing an organisational structure that will satisfy both customers and employees (sales force, marketing and key account managers)? Recommend and justify a strategy for MD Foods.

MB-201(M1)

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Roll No.

MB-201(M1)

M. B. A. (SECOND SEMESTER)

MID SEMESTER

EXAMINATION, April, 2023

**SALES FORCE AND CHANNEL
MANAGEMENT**

Time : 1½ Hours

Maximum Marks : 50

Note : (i) This question paper contains two Sections—Section A and Section B.

(ii) Both Sections are compulsory.

(iii) Answer any *two* sub-questions among (a), (b) and (c) in each main question of Section A. Each sub-question carries 10 marks.

(iv) Section B consisting of Case Study is compulsory. Section B is of 20 marks.

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Section—A

1. (a) What is Relationship Strategy in Sales ?
Use suitable examples to explain.

(CO1, CO2)

- (b) What is Prospecting ? What are the various steps followed in Prospecting ?

(CO1, CO2)

- (c) Explain the nature and role of Sales Management.

(CO1, CO2)

2. (a) Explain the steps followed in selection of Sales Personnel.

(CO3)

- (b) Differentiate between Hard Sales and Soft Sales Strategy. Give suitable examples.

(CO3)

- (c) Discuss various steps followed in Sales Process.

(CO3)

3. (a) Compare different methods of Presentation used in Sales Process.

(CO4)

(3)

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- (b) After your fantastic presentation, prospective client said, sounds-excellent, you certainly have a good range of products, but I am not willing to buy now. How you should deal with this situation ?

(CO4)

- (c) Strategize and create a sales strategy for selling Smart Boards to a school.

(CO4)

Section—B

4. **Case Study :** (20 Marks)

MD Foods AMBA, owned by over 8,000 Danish farmers, is Denmark's largest dairy cooperative. Production facilities are spread across the country. Through MD Foods International (MDI), MD operates its production and distribution facilities in England.

Cooperative arrangements with counterparts such as Arla's in Sweden and Arla's sales force in Finland enabled MD to establish a strong presence in the Scandinavian markets, in milk tonnage terms, MD is now the fourth largest dairy in Europe. MD also has sales subsidiaries

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in England, France, Germany, Greece, Italy, Poland, Norway, Sweden and the Middle East. Europe's dairy industry is dominated by national producers. Generic products are typically marketed by product type, such as brie, feta, camembert and so forth, which are internationally known. MD faces increasing competition not only from national and local producers but also from international companies with a track record in product development and branding.

A number of important changes have occurred in the European market environment in the past decade. These include the withdrawal of EU subsidies to the export of dairy products to non-EU countries in 1996, the increasing concentration of food retailers in Europe and the increasing centralisation in retailers' buying decision making as well as product mix planning. MD accounts for a third of total EU exports of feta cheese. The end of subsidies to exports to markets such as the Middle East has had a big impact on MD's profits, putting

heavy pressure on the company to shift milk used for feta production to other products (such as milk powders and yellow cheeses) for EU customers. Apart from deciding which product group(s) to emphasise, another major problem confronting MD is how to develop a more effective sales and marketing structure to compete cost effectively in these market situations. In the past, MD has based its sales organisation on geographical and national considerations. Moreover, the focus of the sales force was on individual stores rather than retail chains or key accounts. With the emerging retail concentration and centralisation of buying and planning functions in customers' organisations, MD recognises the need to respond to these pressures and to consider the options for managing the sales function, from analysing sales to managing key accounts. The time was right for dramatic action. A key opportunity arose when one customer — a large international retailer —

introduced the idea of key account management to MD.

This one customer's European turnover from MD exceeded the turnover of many of MD's subsidiaries, making it more important than some of MD's geographic markets. MD decided to introduce key account management in its sales and marketing organisations, starting in Denmark, where retail concentration is high and MD has a dominant market position. Essentially, three key account managers were appointed to serve specific key accounts, divided into FDB, the Danish cooperative; DS, a private retail group together with Aldi, part of a German retail group; and other retailers. The key account managers worked as a team with three trade managers (who have in-store marketing and space management expertise) in relation to the specific key accounts.

The Sales Director coordinated the key account managers, while the trade managers reported to the national trade marketing manager. In this

way, MD could achieve optimisation of the sales force, while also ensuring that know-how is shared through coordination of trade marketing. The organisational change piloted in Denmark was later introduced in Sweden, but reactions from both MD's subsidiary and major Swedish retailers were less positive. At headquarters, MD is contemplating what steps to take next. What should MD's sales force strategy and organisational structure for sales be ? Should the key account management format be applied in other markets ? Should the key account managers be responsible for the sales force assigned to their key account ? Existing sales forces also vary in size, from 15 to four people. Large sales forces dealing with stores with more autonomous management see to tasks such as sales, merchandising, displays, placing signs and posters and new campaigns. Smaller sales forces serve the highly centralised retailers and handle merchandising and displays. New developments must also take into account different workloads, skills