Institute of Management Technology
Centre for Distance Learning, Ghaziabad

Subject Code: IMT-76

Subject Name : Industrial Marketing

Objective:
To formularize with the prerequisites, methodology and application of material requirement planning

Contents :

INTRODUCTION
Inventory Management – Material requirement planning – the paradox of inventory management – order point versus MRP – Inventory: Asset of Liability.
PREREQUISITES OF MRP
Perspective-Bills of Material-Master Production Schedules – lot sizes – Data Integrity – MRP Assumptions – Essential Data – Inventory status – Programme Design features
METHODOLOGY
Master Production Scheduling – Explosion of requirements – Handling common components – Handling multi level items – Determining gross or net requirement – External components demand.
LOT SIZING AND SAFETY STOCKS
Lot sizing technologies – least unit cost – least total cost – lot size adjustments – evaluating Lot sizing Technologies – Practical considerations in Lot sizing.
DATA REQUIREMENTS AND MANAGEMENT
Files and Database – updating inventory records – Bills of material – Modular Bill of Material – Modularization of Bill of Material – Modularization Technologies – Manufacturing Bill of Material.
APPLICATION
Developing valid inputs – sources of inputs – input data integrity – lead time – Resources Requirement Planning; Making outputs useful – uses of MRP outputs – planning valid priorities – uses of allocations – Determining capacity requirements – MRP program health monitors; Planning versus Execution – Planning phase – closing the planning/execution loop – keeping master production schedules valid. Role of Inventory Planners; Future of MRP.

Notes:

a. *Write answers in your own words as far as possible and refrain from copying from the text books/handouts.*
b. *Answers of I^st Set (Part-A), II^nd Set (Part-B), III^rd Set (Part – C) and Set-IV (Case Study) must be sent together.*
c. *Mail the answer sheets alongwith the copy of assignments for evaluation & return.*
d. *Only hand written assignments shall be accepted.*

A. First Set of Assignments: 5 Questions, each question carries 1.5 marks.
B. Second Set of Assignments: 5 Questions, each question carries 1.5 marks.
C. Third Set of Assignments: 5 Questions, each question carries 1.5 marks. Confine your answers to 150 to 200 Words.
D. Forth Set of Assignments: Two Case Studies : 7.5 Marks. Each case study carries 3.75 marks.

ASSIGNMENTS

FIRST SET OF ASSIGNMENTS **Assignment-I = 5 Marks**

PART– A

1. What is industrial Marketing ? Some people maintain that the distinction between consumer and industrial marketing are unjustified and that the similarities between the two markets are more useful in developing marketing knowledge ? Discuss ?
2. Using a product with which you are familiar illustrate the concept of joint demand .How this concept impact the firm selling to resellers ?How are industrial customers categorized ?
3. Marketing to industrial firms is enhanced through the understanding or value analysis ? Do you agree or disagree ? Explain why .Differentiate between government purchasing and purchasing by commercial organisations .
4. "In selling to a committee it is definitely more effective to make an initial presentation to the group as a whole and then handle objections and problems in separate individual sessions" Agree or Disagree with this statement and explain why
5. a. Current trend is in industrial marketing .
   b. Various types of industry structure

SECOND SET OF ASSIGNMENTS **Assignment-II = 5 Marks**

PART– B

1. What are the major role of industrial sale persons ? How can a sales compensation plan be designed to consider both managements and the sales force objectives ? Explain the importance of training salespersons ?

2. What differences must be considered in developing marketing strategy for an original Equipment manufacture (OEM) firms versus a user firms ?

3. How industrial market segmentation is different from consumer market segmentation ? What factor need to be considered in industrial market segmentation ? Explain customer dispersion and product differentiation .

4. Industrial marketers must be aware of real differences in rapid it of market acceptance and of the consequent differences in product life cycles when developing product strategies " Discuss these differences and how they affect industrial marketing strategy .

5. a. Approaches to judge vendor performance
   b. Buy grid analyse framework for various industrial buying situation

THIRD SET OF ASSIGNMENTS **Assignment-III = 5 Marks**

PART– C

1. Which is more important: creating a constant. Blow of new product is or continually updating and improving the current product line ? Explain why relationship between new product development should precede the strategic planning? Discuss .

2. The Proper identification of costs is the first step toward making a profitable pricing decision . Do you agree or disagree with this statement ? Why ? Does the learning curve concept influence the setting of price ? How ?

3. How does industrial advertising differ from consumer advertising ? Which media is most appropriate for industrial advertising . “Industrial advertising and sales promotion are support activities for personal selling” comment .

4. A. What are the task involved in industrial marketing research . Give present status of industrial marketing research in the country
   B. Why is the determination of channel objective so important in setting up channels of distribution in industrial markets .

5. a. Market testing Methods .
   b. Leasing becoming increasingly important in the marketing of capital goods .why ?

FOURTH SET OF ASSIGNMENTS **Assignment-IV = 2.5 Each Case Study**

CASE STUDY - I

PRENTICE MACHINE TOOLS

Prentice was a moderate-size, regional producer of consumer hand tools, such as planes, hammers, screwdrivers, saws, chisels., hand drills, and bits. Competition came from a number of large national competitors, such as Rockwell; Sears, Roebuck; and Black and Decker; and many small specialty producers. Low-cost imports were a growing influence in the American market and represented about 10 percent of total sales.

Prentice estimated its regional market share at 5 percent, with the top four competitors accounting for about 60 percent of the total. The largest competitor was substantially bigger than any of the others.
Prentice's strategy had always been to price 10-15 percent below the level of the top four. The company spent almost nothing on advertising, relying instead upon price to generate sales in major retail outlets. Point-of-sale material was above average in quantity and quality. Prentice also had an active private-label program, which accounted for a growing 30 percent of total sales. It was not unusual in some outlets to find one of the majors, Prentice, and a Prentice-made house label.

Prentice realized a tight 3 percent profit on sales. This margin had been approximately the same over the past four years. Market share in the industry and in the region had not fluctuated much, although there seemed to be increasing price pressure from foreign competitors.

On January 15, 1979, one of the major competitors (the number three brand) announced a new national price program consisting of “permanent “ price cuts of 10-25 percent at retail, a multimillion-dollar pro-motion program, and a redesigned product line. The firm's objective seemed to be to buy market share. This company had recently followed a similar strategy in the United Kingdom and had picked up about ten share points. Whether the gain was profitable or not was not totally clear, although it seemed evident that prices had been lowered permanently.

Prentice's alternative seemed to be:

1. Do nothing—which might put the firm at a price disadvantage if the other majors moved to match the new schedules.
2. Immediately drop to match the new price, which could cause severe retaliation by some competitors and a major drop in profits.
3. Some combination of marketing effort which would provide the firm with some breathing time.
4. Try to reduce internal costs so as to be better able to handle any required price cuts. There were no obvious alternatives here, although some possibilities were to trim the line, to increase the private-label business, to postpone some planned product redesigning, to cut point-of-sale efforts, or to switch from a direct salesman

approach (the firm had six salesmen who worked with distributors and sold a few large private label accounts directly) to the exclusive use of reps who typically charged 5 percent on sales.

Question :-You bring prentice indicate your choice and why ?

CASE STUDY-II

SDC COPRORATION

SDC Corporation is a large, high-technology manufacturer of sophisticated electromechanical devices, Its current manufacturing operations are diversified between several major product lines. Recently, SDC developed a new, product line centered around the production of an electronic tracking device. The tracking device is placed in fleet vehicles such as taxi cabs, delivery trucks, and courier vans. During operation, it emits an electronic signal that is monitored at a central tracking console located near the dispatcher.

To facilitate a rapid entry into the market, SDC decided to rely on Hangsu Manufacturing Company in Japan to provide four critical electromechanical switching devices. Hangsu has a proven track record in supplying these components lor Japanese applications. Hangsu had produced 40,000 of these components used in a similar tracking device in Japan. At the time of the decision, the exchange rate was acceptable.

SDC had experience selling finished goods on the international market; however, this was the firm's first attempt to use foreign subcontractors. SDC decided to use MTC, a Japanese trading company, to negotiate the initial agreement with Hangsu. The agreement was negotiated, and Hangsu supplied the components in accordance with the SDC performance specification.

SDC has only one major competitor in the tracking device market. The total domestic market is estimated to be 100,000 units. SDC had already won one contract with Heetway Trucking for 2,700 units, contingent on a successful pilot test of 100 units. Unfortunately, Fleetway subsequently terminated the contract due to nonperformance of the test units. The operating problem was attributed to failure of the Japanese components to perform according to specification.

Another contract for 1,000 units was awarded to SDC by Nationwide Cab Service. Having heard about Fleetway's problem, however. Nation wide4rtaced the contract "on hold" pending the outcome of a more stringent pilot test to be performed bv SDC.

SDC deals directly with Hangsu on technical and production problems. MTC m operates as Hangsu's representative for all financial and contractual decisions. SDC feels that the device's operating problems are confined to the four components produced by Hangsu. To resolve the problem, SDC has requested that Hangsu rework the components contained in the original 2,700 units, and ensure that the next 1,000 units fully meet the performance specification.

Relations with MTC/Hangsu have deteriorated somewhat at this point in time. Hangsu feels that the SDC specification has been extensively modified and does not reflect the original design agreed on for the components. With over 40,000 similar tracking devices operating successfully in Japan—all using the Hangsu components—Hangsu is confident that it has met all specification requirements.

Frustrated by the inability to reach an agreement, Tom Decker, purchasing manager for SDC, has decided to withhold $1 million from MTC/Hangsu to establish a better negotiating position. In addition, deterioration of the yen/dollar exchange rate has made future dealings with Hangsu uncertain, at best. Tom Decker realizes that the Japanese will negotiate with a: long-term perspective (four to five years) in mind, while he is being pressure*! to address SDC's current bottom-line difficulties.

Questions:

1. How could Tom Decker have avoided the problems encountered with Hangsu? Discuss in detail.
2. What negotiation skills should Decker rely on to achieve SDC's objective:
3. How can Decker get the 3,700 units reworked to meet specification?