



**ASSIGNMENT 1<sup>ST</sup> SEMESTER : DISTRIBUTION & LOGISTICS  
MANAGEMENT (DLM)**

**MODULES COVERED : MODULES 1 AND 2**

**DUE DATE : 3:00 p.m. 20 MARCH 2012**

**TOTAL MARKS : 100**

#### **INSTRUCTIONS TO CANDIDATES FOR COMPLETING AND SUBMITTING ASSIGNMENTS**

The complete 'Instructions to Students for Completing and Submitting Assignments' must be collected from any IMM GSM office, the relevant Student Support Centre or can be downloaded from the IMM GSM website. It is essential that the complete instructions be studied prior to commencing your assignment. The following points highlight only a few important notes.

1. You are required to submit ONE assignment per subject.
2. The assignment will contribute 20% towards the final examination mark, and the other 80% will be contributed by the examination, however the examination papers will count out of 100%.
3. Although your assignment will contribute towards your final examination mark, you do not have to earn credits for admission to the examinations; you are automatically accepted on registering for the exam.
4. Number all the pages of your assignment (e.g. page 1 of 4) and write your name and surname, student number and subject at the top of **each** page.
5. The IMM GSM requires assignments to be presented in a typed format, on plain A4 paper. Unless otherwise specified, this assignment must be completed within a limit of 1500 words, excluding the bibliography. Students who exceed the word limit may find that only part of the submitted assignment will be marked.
6. A separate assignment cover, which is provided by the IMM GSM, must be attached to the front cover of each assignment.
7. Retain a copy of each assignment before submitting, in case the original does not reach the IMM GSM.
8. The assignment due date refers to the day up to which assignments will be accepted for marking purposes. The deadline is 3:00 p.m. on 20 March 2012. Late assignments will be accepted, but 25 marks will be deducted from the maximum mark, if received after 3:00 p.m. on 20 March 2012 and up to 5:00 p.m. the following day after which no assignments will be accepted.
9. If you fail to follow these instructions carefully, the IMM Graduate School of Marketing cannot accept responsibility for the return of the assignment. It may even result in your assignment not being marked.

Results will be available on the IMM GSM website: [www.immgsm.ac.za](http://www.immgsm.ac.za) on 4 May 2012.

**Answer ALL the questions****QUESTION 1 [25]**

Wrigley is the world's leading manufacturer of chewing gum, producing literally millions of packages of gum every day. Its manufacturing technology for producing gum is state of the art, and it is a large and financially strong company. It sells its products to millions of gum-chewing consumers all over the world, including South Africa. Still, Wrigley has never attempted to sell its chewing gum directly to consumers, but instead uses a wide variety of intermediaries at the wholesale and retail levels.

Why do you suppose Wrigley has chosen to use intermediaries rather than sell direct to consumers? Explain the underlying distribution strategy of the company's policy by referring to:

- The flows associated with its marketing channels
- The tasks performed by wholesalers
- The distribution tasks performed by retailers.

Consult Wrigley's South African and International websites to substantiate your answer.

**QUESTION 2 [40]**

Peter Julies, the owner of Newtown Suppliers, a medium-sized wholesaler of plumbing supplies, was furious. He had gotten off the phone with the sales manager of Plumb-It Industries, the manufacturer of a very profitable line of high-quality taps that Newtown had been selling for several years. "That guy is now going to sell the big home centre accounts directly", fumed Peter Julies to his son Simon. "We've worked real hard to establish this line and then, when it finally gets going with some real volume, Plumb-It wants to cut us out", he continued.

- 2.1 Discuss **five (5)** possible underlying causes of the conflict that seem to be emerging in this situation. **(5 x 5 = 25 marks) [25]**
- 2.2 Discuss the approaches available to Peter Julies to manage the conflict. **(15)**

**QUESTION 3 [25]**

Giant pharmaceutical manufacturers such as Pfizer have traditionally relied on the doctor-to-patient channel to promote their products. In essence, this channel structure focuses attention on reaching doctors through extensive use of the drug makers' outside salespeople, often referred to as 'detailers', who call on medical professionals with plenty of free samples and other incentives such as expensive gifts, office supplies, and offers of free stays at plush resorts. But this channel is being threatened by more powerful and knowledgeable buyers, especially the large hospitals and health maintenance organisations that are increasingly using MBA's rather than MD's to make decisions about what drug products they buy or prescribe. One industry observer, summing up the change, remarked that "schmoozing between salesperson and doctor is being replaced by hard data and analysis presented to buying committees".

How might the new approaches by the more knowledgeable buyers affect the channel design decisions of the major pharmaceutical producers? Explain in terms of the relevant stages of the channel design process.

**PRESENTATION [10]**

**ASSIGNMENT TOTAL: 100**