



Inspiring Excellence

Internship Report On

“Towards an Efficient Distribution System (Project Outreach) of Philip Morris Bangladesh Limited”.

Course Title: Internship

Course Code: BUS 400

Submitted To:

Iftekhar Ghani Chowdhury, PhD

Professor and Dean

BRAC Business School

BRAC University

Submitted By:

MD. Nazmus Sakib Rafi

ID-14104169

BRAC Business School

BRAC University

Date of Submission:

17th December, 2018



PHILIP MORRIS INTERNATIONAL

Internship Report

On

Philip Morris Bangladesh Limited

Letter of Transmittal

17th December, 2018

Iftekhar Ghani Chowdhury, PhD

Professor and Dean

BRAC Business School

BRAC University

Subject: Submission of the Internship report on “Towards an Efficient Distribution System (Project Outreach) of Philip Morris Bangladesh Limited”.

Dear Sir,

I am glad to notify you that I have successfully accomplished my internship at Philip Morris Bangladesh Limited. My internship period started from 1st August 2018 to 31st October 2018. Now I am submitting my internship report with the title “Towards an Efficient Distribution System (Project Outreach) of Philip Morris Bangladesh Limited”. I have experienced different kind of things as well as involved into various activities throughout my internship program. I tried to portray all those things within limits while preparing the internship report.

I really appreciate all the supports, instructions and recommendations from you at the time of making this report. I anticipate that you will get to know all of my hard works and efforts during my internship period from the report. I have comprised all of my leanings as well as experiences in this paper which that I achieved from working in this company.

Regards,

MD. Nazmus Sakib Rafi

ID-14104169

BRAC Business School

BRAC University

Acknowledgement

I would appreciate all the efforts of the people around me while making this report. I am afraid I could not be able to prepare this without their support and cooperation.

First of all, I would show my gratitude to Almighty Allah for giving me strength and patience to make my efforts successful.

Some individuals from Uttara Distribution Point and the company Philip Morris Bangladesh Limited did help me a lot within their boundaries with necessary materials as well as information, which helped me analyzing the situation as well as making the paper properly.

I would also love to pay my gratitude to my academic supervisor Iftekhar Ghani Chowdhury, Professor and Dean at BRAC Business School, who has supported me with all his supervision and guidance from the beginning of my internship period.

Afterwards, I would thank all the personnel of Philip Morris Bangladesh Limited, especially Mr. Abdullah Hossain, Distribution Executive, Philip Morris Bangladesh Limited who used to be my supervisor at the company. Also, all the Territory Sales Executives, especially Razib Karmaker, Mahfuzul Alam Echo and Md. Imran Hossain and Area Sales Manager Mr. Mehedi Hasan Maruf, all were very much helpful and guided me for the last three months. As a fresh graduate, working in sales department was really challenging for me as well as I was not familiar with such workforce. However, all the people around me helped me a lot to cope up with the system.

Furthermore, I would thank all other interns from different distribution points for sharing their thoughts and experiences with me which were helpful to some extent.

Finally, I would thank the Office of Career Services and Alumni Relations (OCSAR) of BRAC University for delivering updated news and support to complete my internship report.

Executive Summary

The report has been done based on my three months internship experiences at Philip Morris Bangladesh Limited as a supervisor of the DR (Distribution Representative) project which is known as “Project Outreach” as well. Philip Morris Bangladesh (PMB) has started their business in Bangladesh since 2008 and they introduced “Project Outreach” in 2016 to increase their sales in terms of volumes and to make sure maximum market coverage/numeric distribution in the projecting territories. The project is targeting challenging area and working as a supporting tool to those areas to increase numeric distribution as well as to ensure product availability along with minimizing Out of Stock. It is a team consisting Distribution Representatives (DR) to support “Akij Corporation Limited” ACL team to boost up the availability of PM brands. The objective of DR project is to boost up the availability of PM brands & minimize Out of Stock (OOS). PMB assign DRs (Distribution Representative) to potential routes to increase numeric distribution. The project is helping PMB to increase its market share as well as to contribute to enhance numeric distribution. During my internship period, I noticed that this DR tool from PMB have accessed to some of the routes where PMB was not able to enter in the previous years. Hence the DR project indicates that the company wants to build and supervise their own sales team in near future rather than using the sales force of Dhaka Tobacco Limited (DTI).

Table of Contents

Contents

Organization Impression	1
Brands	1
Performance	2
Workforce	2
Investment in Harm Reduction	3
Promise to Uprightness and Sustainability	3
History of PMI	4
SWOT Analysis According to History and Present Market	5
Introduction to the Project	6
Rationale/Explanation of the Study	6
Statement of the Problem.....	7
Scope and Delimitation of the Study	8
Objectives of the Study	8
Methodology of the Study	10
Respondents and Sampling.....	10
Measurement Instruments.....	10
Analysis and Discussion	11
Challenges to Setup the Route Plan Among the Sales Representatives.....	11
Challenges to Set and Meet the Sales Target of the DRs.....	12
Recruiting Employees for Sales Team.....	13
Satisfying the Sales Team with Basic Pay Scale	15
Difficulties in Generating Successful Numeric Distribution	15
Findings of the Study	17
Dividing the Routes Among the Distribution Representatives	17
Sales Target and Achieving It.....	17
Challenges in Recruiting New DR (Distribution Representative)	18
Satisfying Sales Force with Their Pay Scale	19
Generating Successful Numeric Distribution	19
Recommendation	21
Division of Routes Amongst the Sales Team	21

Setting Up Sales Target and Achieve It	21
Hiring New DR	21
Challenges of Generating a Successful Numeric Distribution.....	22
Conclusion	23
References	24

Chapter 1

Organization Impression

Philip Morris International (PMI) is one of the Multinational Organizations (MNC) which is working in Bangladesh since 2008 (PMI, 2017). It started operating its business in Bangladesh as Philip Morris Bangladesh Limited. In the Fast Moving Consumer Goods Industry (FMCG) of Bangladesh, Tobacco products are considered to be a vital constituent in case of altering the market as well as the demands of such products is always so high. PMB (Philip Morris Bangladesh Limited) is playing influential part for determining market demands of tobacco. Along with that, it is serving the premium quality of tobacco items in the market. Notwithstanding, Bangladesh government set so much rules, regulations and restrictions to the tobacco companies to discourage tobacco smoking, PMB is trying to spread their market by concentrating on the potential customers who consume premium cigarette brands (Ariful Hoque Rahat, 2017). As The Tobacco Laws of Bangladesh in case of manufacturing, promoting, distributing as well as selling tobacco products are strict. Therefore, the companies have to follow the tobacco control act sensibly. From the beginning, PMB follows all the laws set up by Bangladesh Government with concentrations as well as it has its own set of laws principles and values while doing their operations in over 180 countries. From the very beginning of its journey, Philip Morris International (PMI) is an obedient company which strictly follows the local laws, policies, rules and regulations. In Bangladesh, it is supplying the best quality of premium tobacco products to the Legal Aged Smokers (LAS). The whole marketing approach of PMI in terms of pricing, sales, distribution and promotion is set up in compliance with the law and taxation policy of the local government (Abid Arman, 2017).

Brands

PMI produces the world's leading brands in the tobacco industry including Marlboro, world's top selling tobacco brand since 1972. Along with that PMI is holding L&M, the world's third highest selling cigarette brand. It owns Chesterfield, the fifth largest brand of Philip Morris with a volume of 46 billion over the world. It also has some other popular brands like Parliament and Bond Street, world's 11th and 12th best-selling cigarette brands correspondingly. Apart from these brands, PMI has particular widespread local brands for example- Apollo-Soyuz and Optima in Russia; Champion, Fortune, and Hope in the Philippines; Dji Sam Soe, Sampoerna and U Mild in

Indonesia; Boston in Colombia; Morven Gold in Pakistan; Belmont, Canadian Classics and Number 7 in Canada; Delicados in Mexico; f6 in Germany; Assos in Greece; Petra in the Czech Republic and Slovakia (Philip Morris International Management, 2017).

Performance

Philip Morris International is the leading tobacco company in the world. It holds the second position in terms of revenue at the tobacco industry. According to Gemstone Equity Research in 2014, PMI has 16% of market share in the global market (Gemstone Equity Research, 2014). China National Tobacco is holding 37.5% market share in the world tobacco industry till 2014. PMI is struggling to enter Chinese market because of the supremacy of China National Tobacco. However, it has 28.3% market share outside Chinese Market and PMI is expanding its market share every year. In 2013, the total revenue of Philip Morris International was 31.217 billion and the net income was worth of 8.576 billion.

Chart 1: Market Share of different Tobacco Companies around the world

Source: (Gemstone Equity Research, 2014)

PMI launched its new product IQOS in 2015 which is less detrimental to the other conventional cigarettes and the company is expecting of increasing market share in the end of 2017.

IQOS has already been launched in many parts of Asia and Europe and been chosen by over 3.7 million consumers who aim to switch from cigarettes to this product.

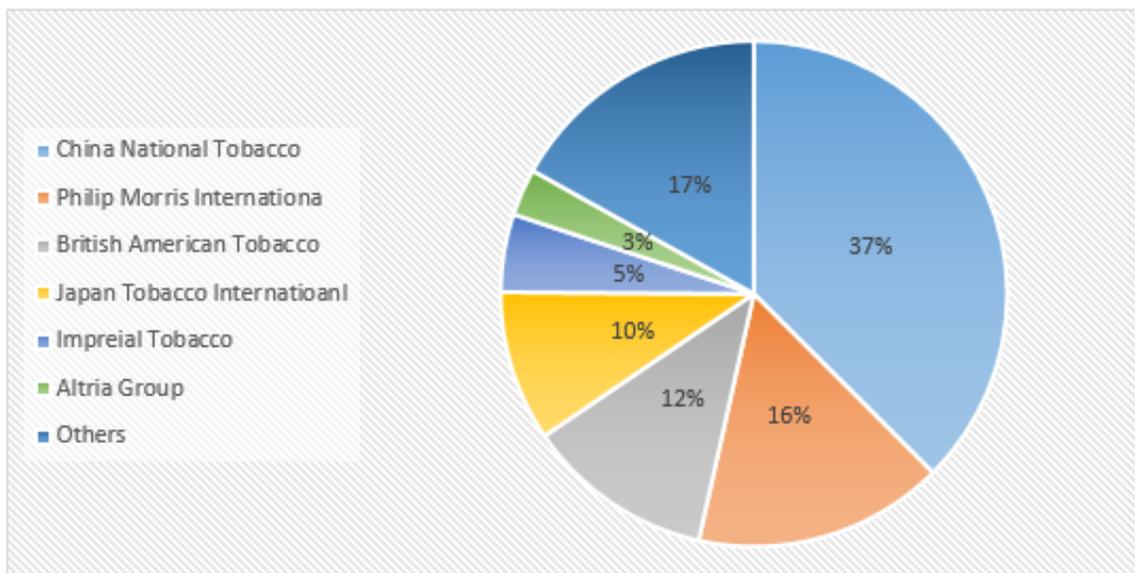
Workforce

The greatest strength of PMI is its people in case of achieving the market growth in more than 180 countries in the world. More than 91,000 employees are working in PMI from 80 different language speaking group. Workplace diversification is one of their key sources of success (Philip Morris International, 2017). PMI has expertise talent pool in the workforce assigned for the operational activities of the organization. PMI believes in encouraging its workforce by giving proper training, arranging career development programs, giving proper motivations and finally rewarding the individuals as well as teams for the achievements.

Investment in Harm Reduction

Smoking is the prime reason of several kinds of health damages such as cancer, emphysema, cardio-vascular diseases and so forth. All these diseases affect the smokers along with the non-smokers who are called second hand smokers. In this regard, PMI invented less harmful tobacco alternatives as well as it is focusing on minimizing the destructive effects of tobacco smoking (Tribune, 2016).

In addition to that, PMI introduced a new product named IQOS in 2015, which tastes like conventional tobacco, nevertheless, this product is less harmful to health. Numerous research works have been conducted and huge investment has been made to PMI's technological division to produce IQOS which is a less harmful tobacco substitute (Philip Morris International, 2017). PMI is also alarmed of the second hand smokers, people who don't smoke. PMI conducts promotional activities and sets up marketing strategies are based on its standard corporate policy which is highly regulated and compliant of the regulations set by the local government. PMI doesn't advertise its products to the non-smokers and under aged people. All of the promotional activities are scrutinized strictly and its target audience is only the legal aged smokers who consume premium brands cigarettes.



Promise to Uprightness and Sustainability

Philip Morris International leading its business all over the world with integrity and sustainability with their long term vision of designing a Smoke-Free Future (Designing a Smoke-Free Future,

2017). PMI is very much concerned about the raw material used to manufacture cigarettes. In this regard, PMI always ensures good quality of tobacco as well as the filter (Firm Filter) that is used in Marlboro cigarettes causes less harm to health than any other cigarettes in the world (Speccomm, 2016). Furthermore, the company is demonstrating its global standards, policies, regulation throughout the world over years. Along with that, PMI is conscious about environmental impacts on the earth and trying to contribute to social welfare to make the world a better place for living (Philip Morris International, 2017).

History of PMI

Philip Morris International Company started in 1847 by Mr. Philip Morris. This person initiated a single sole shop in London's Bond Street, which was supposed to sell ready-made cigarettes and tobacco. The business was occupied by his wife Margaret after the death of Mr. Morris. The Company became public, incorporation of Leopold Morris with Joseph Grunebaum to create Philip Morris & Company the Company first became public, incorporation of Leopold Morris with Joseph Grunebaum to create Philip Morris & Company and Grunebaum, Limited since 1881. Eventually this partnership came to an end in 1885 and the Company changed its name to Philip Morris & Co. Ltd after few years.

The Company ultimately left the founding family's control in 1894, when William Curtis Thomson and his family overtook the rights of the company. The company had been appointed as tobacconist to King Edward VII in 1902 and also expanded their business in New York, by Gustav Eckmeyer, under the ownership of the Thomson (Referenceforbusiness.com, 2017). This partnership was alienated at 50-50 percentage amid the American shareholders and British founders. Mr. Eckmeyer performed the role of a sole agent for Philip Morris in the United States since 1872, by importing and selling English made tobacco and cigarettes. 1919 was an important year for the Philip Morris International. It introduced the Philip Morris coronet logo. The acquisition of the Philip Morris Company was held in the USA by a new firm owned by American people and its incorporation in Virginia under the name of Philip Morris & Co. Ltd. Inc. The Company started to produce cigarettes in its factory in Richmond, Virginia in 1924. Its most famous brand, Marlboro was introduced at that time period. In the mid-1950, the company became significant part of the American culture (About Philip Morris USA, 2017).

SWOT Analysis According to History and Present Market

Strength:

- Globally popular brand and also the number one cigarette brand.
- Provide much higher quality than its competitors

Weakness:

- Higher competition from its competitor
- Only premium product line

Opportunities:

- Potential market
- Growing young generation

Threats:

- Diversified product line of the competitors
- Production and supply chain

Chapter 2

Introduction to the Project

Philip Morris International is one of the world's biggest multinationals. It has market shares in more than 180 countries. PMI has the top six brands of cigarettes among the top 15 international tobacco brands (Philip Morris International 2017). PMI owns one of Marlboro's highest - selling tobacco brands, with a brand value of up to \$ 24.1 billion. Marlboro is the 25th most valuable brand in the world, according to Forbes (Forbes 2017).

PMI aims to deliver the best tobacco quality in the world. For adult smokers, it produces less harmful products. PMI offers its investors maximum income through the development of sustainable markets in various regions. In addition, their research on harm reduction contributes to concepts for less harmful products such as IQOS and other cigarette alternatives that give their business sustainable growth and competitive advantage (Philip Morris International, 2017).

This study will analyze this organization's sales force management system (Project Outreach) and how this tool helps the company increase its numerical distribution and reduce out of stock.

Rationale/Explanation of the Study

I have been working at the distribution point of Uttara Distribution House in Philip Morris Bangladesh Limited (PMB) for the last three months. The house covers the area of Uttara according to the map of the Uttara PMI area. As an intern, I should also monitor and coordinate the DR project, also known as the "Project Outreach."

My job responsibilities include setting the sales target of the Uttara Territory's Area Sales Manager and dividing the sales into DR (Distribution Representative) according to their channels. Currently, I supervise six distributors, all of whom are supposed to increase their numerical distribution and ensure the availability of products at the maximum level to reduce out of stock (OOS). Along with that, I supervise my subordinates to achieve the sales target, maintain the rapport with head-office personnel and keep them updated with monthly, half-monthly reports. Also, I have to disburse the salaries to the salesmen (DR). Moreover, I am supposed to take full responsibilities of entire DR project in Uttara Territory.

Furthermore, Philip Morris Bangladesh needs to create “The Outreach” fruitful with this DR program by guaranteeing extreme market access with their premium goods.

In tobacco industry of Bangladesh, all the tobacco firms must maintain the foundations and regulation also as restrictions set by the govt. below the Tobacco Law imperishable by all their principles and policies whereas running their business (Hossain S. A., 2017).

Philip Morris Bangladesh has magnificently been serving to the native market with their premium merchandise to the legal aged smokers with compliance with government rules and guideline.

Moreover, they're going to extend their business in close to future which is why they need introduced “Project Outreach” as a run to investigate the opportunities and barriers in respect to initiate own channel together with the complete sales department.

Statement of the Problem

Philip Morris International started its business in the country on behalf of Philip Morris Bangladesh Limited since 2008. It has been trying from the beginning to expand its local market by competing with British American Tobacco Bangladesh Limited. They are the world's leading tobacco company (Philip Morris International, 2017) and never compromise their quality. According to the AC Nelson report, from June 2016 to June 2017 in Bangladesh, PMB (Philip Morris Bangladesh Limited) increased its market share from 1.8 percent to 2.8 percent. Another AC Nelson report indicates that the share of the PMI segment is 20.9 percent in the territory of Uttara by June 2017.

The aim of the DR program is to ensure and increase numeric distribution. The project helps PMB to increase sales, increase product availability and minimize out of stock (OSS). During my internship at Philip Morris Bangladesh Limited as project coordinator since August 2018, I supervise the whole project in Uttara Territory, where I face challenges and obstacles of different kinds. I discussed the challenges, findings and recommendations from my three - month experience in Philip Morris Bangladesh Limited in this report.

Scope and Delimitation of the Study

The purpose of this report is to illustrate my three - month experience in Philip Morris Bangladesh Limited. The goal of the internship program was to learn from the workplace and to know how things work in distribution.

PMB tries to expand its market share rapidly in Bangladesh. The authority leads the team to develop effective strategic plans, programs and compliance in order to improve its operations in the Dhaka region in particular.

The whole report focuses on the lessons and findings of the DR project that I have experienced during my internship. Since PMB operates in the tobacco industry throughout the world and is a compliant company, there have been some confidential issues in the report due to legal restrictions on the use of the information required. It was therefore challenging to make the report informative.

Furthermore, most of the information concerning PMB's operations and strategies in Bangladesh is new and difficult to disclose, as the company has only been operating in this country for the past 9 years. PMB currently operates in the City of Dhaka, Narayangonj, Chittagong, Cox's Bazar, Narsingdi, Savar and Jessore area. The company is currently planning to increase the workforce, compliance and availability of products in the business sector instead of expanding the business in more areas. This report is illustrated in the context of the Dhaka City PMB business.

Objectives of the Study

The broad objective of this study is to solve the challenges of supervising a sales team in the tobacco industry in Bangladesh by analyzing Philip Morris Bangladesh's sales force management system.

Specific Objectives:

- Challenges to assign sales target and set up the route plan.
- To know the obstacles of recruiting employees for the sales team.
- Challenges to achieve the sales target in monthly basis.
- To satisfy the sales team with their pay scale
- To distribute trade marketing offers.

- To sort out the difficulties to make successful numeric distribution
- To control and nurture new retail stores/numeric points.

Chapter 3

Methodology of the Study

This is an exploratory research aim to analyze the sales force management system of Philip Morris Bangladesh Limited. Primary data from this research are gathered through expert interviews, group discussions with land sales managers and the sales manager of the Uttara Territory. Secondary information has been collected from a number of sources, including journal papers, conference proceedings, the company's internal database and various websites.

Respondents and Sampling

The research follows the judgment / purposive sampling method under non probability sampling procedure. In judgment, the researcher selects the sample on the basis of who they believe would be appropriate for the study. A researcher may intend to draw the whole sample from a “representative” city, although all cities are included in the population (Simple Random Sampling and Other Sampling Methods, 2017).

The study collects the necessary information on “Project Outreach” and the company overview from all the Territory Sales Executives and the Uttara Territory Area Sales Manager. Appropriate information is also collected from all distributors in the distribution house. Expert opinions from industry experts and a number of academics based on accessibility have been collected.

A focus group discussion was conducted with five Philip Morris Bangladesh Limited Territory Sales Executives, who presented their views, experiences, suggestions and recommendations during the discussion session. The information gathered from personal interviews was cited in the report with appropriate references.

Measurement Instruments

The tool for the analysis of Philip Morris Bangladesh Limited's sales force management system is taken from previous research studies based on tobacco industry practices in Bangladesh.

In addition, the study refers to different survey data in different countries and discusses different case studies from different institutions.

Chapter 4

Analysis and Discussion

Challenges to Setup the Route Plan Among the Sales Representatives

Companies must focus more on creating effective distribution channels in order to deliver the products to consumers. Distribution channels play a vital role in ensuring product availability according to customer demand (Mulky, 2013). Most of the big companies around the world use effective and proficient distribution channels to deliver the products to their customers. Organization should invest their money, time and considerable efforts for creating the distribution pathways (Babar A. Khan, 2017).

There are more than nine and half million retail outlets in Bangladesh which comprises traditional tea stalls, grocery stores and general stores (Syed Masud Ahmed, 2017). Distribution channels work to connect manufacturers to retailers and wholesalers who are supposed to supply the products to their customers. In the tobacco industry in Bangladesh, promotional activities are prohibited for any kind of tobacco advertising. The only way to promote their products by retailers and wholesalers is therefore the tobacco companies.

The first thing to design “DR Plan” is to set the routes according to the PMI area map of Uttara. To set up the routes, the number of premium cigarette segments is sold in an area and the number of Marlboro sales outlets is considered. PMB uses a number of specialists to measure the possibilities and lack of routes. The DR Project follows the “4 Box Matrix Tool” specified to compare one route to another and to select the appropriate route for assigning DRs in those routes. The planning process is very interesting, but due to the confidentiality and regulations of the company it is not possible to include the whole process.

I'll try to illustrate the scenario within the border. In our previous route plan, three of the DRs had two routes for the sale of cigarettes and the rest of the salesmen had only one route between six DRs. The DRs that have 2 routes have to cover each route 3 days a week. It is called the 3W route plan, meaning that on Saturday, Monday and Wednesday they should cover route “A” and route “B ” is covered on the other working days. Seven other DRs will be included in the 6W route plan, meaning that they will be on the same route every time they work to increase the numerical distribution. Some routes are consistently poor in terms of sales volume compared with other

routes. The sales team is responsible for ensuring the availability of products in each outlet of these routes. I must visit the routes to check the availability of products and, depending on that, I must deploy / discontinue the DRs on the various routes.

Challenges to Set and Meet the Sales Target of the DRs

Another challenge of “Project Outreach” is to set the monthly sales target according to the geographic position and the number of outlets in a route. During my internship, I had to set the sales target for the DRs on the basis of sales data from previous months and I had to visit several routes in the area map of Uttara PMI to get an idea of the sales performance of the route. TSEs should monitor the DRs in the marketplace. We therefore sit down at a meeting at the end of each month to set the target based on analyzes and market data. After the completion of all the information in the “4 box matrix, “routes and sales targets for the next month are set for individual routes. Eventually the plan is sent to the territory's sales manager for approval. The plan is implemented after the approval of the Sales Manager of the area.

Philip Morris Bangladesh currently does not have a distribution channel. You use the channel of distribution of DTI (Dhaka Tobacco Industry) owned by Akij Corporation Limited. The DR Project is essentially introduced as a pilot project to analyze the proximity of the market and to visualize future possibilities for starting a distribution channel. Distribution representatives are only PMB sales tools.

DTI’s sales force is called Sales Representatives (SR) and is responsible for the sale of three different cigarettes by companies, including Philip Morris Bangladesh Limited (PMB), Japan Tobacco International (JTI) and Dhaka Tobacco Limited (DTI). PMB sells three categories of premium cigarettes, including Red Marlboro, Advance Marlboro and Gold Marlboro.

Most of the PMB sales come from the sales team of DTI. PMI launched this DR project, where sales are generated instantaneously by SR and DR and the DRs are supposed to cover routes not covered by the SR. In addition, DRs are not permitted to sell products on an SR route until the SR has done its job on that route, depending on its time. The SR or sales representatives generate most of the sales.

The monthly target of a DR is accelerated after the sales target of SRs has been set. SRs are primarily responsible for achieving sales targets in accordance with this policy. After setting the sales target of the sales representatives, TSE and the project coordinator for the “DR Project” jointly analyze data from previous months and forecast the sales target for DRs. It's not always the easy job to do. Due to various types of uncertainties, sometimes it is difficult to set the sales target. For example, all workplaces and universities are closed during the Eid Festivals and the demand for cigarettes could fall by that time. Therefore, it seems hard to forecast and meet up the sales target sometimes.

The main challenge begins with the starting of a month. A DR is always pushed to the monthly target of sales. The project coordinates must motivate and nurture the DRs, visit all the routes regularly and arrange for a DR briefing mid - month to inform them about the individual performance. Eventually, the overall performance is evaluated by different application tools at the end of the month.

Recruiting Employees for Sales Team

The recruitment of efficient sales forces has an important role to play in ensuring maximum profitability. Sales teams play a vital role in increasing a company's market share. Every company tries to hire the best sales persons who have greater convincing power, good communication and interpersonal skills, good bargaining skill and ability to achieve the sales targets (Resource People Inc., 2013).

In the event of hiring a Distribution Representative, Phillip Morris Bangladesh has set some instructions and basic principles. The candidate must first of all be able to read and write English as well as Bengali. He must be able to ride a bike. The person should be acquainted with sales works. The candidate must have a guarantor who is a government holder of work or resides permanently in Dhaka City. Finally, the applicant should be able to operate a smartphone since the DR will be delivered to smartphone devices this November and all sales data will be imputed directly to the system via smartphone application software.

Recruiting the right sales representative is always challenging. When there is a vacancy and it is time to select right candidate for DR position, as a Project Coordinator, I have to announce the

Vacancies in various channels, review the abstracts and screen applicants for interviews. After the final selection, an onboarding session is arranged for a new DR and sent to the routes for training with another DR. Finally, a TSE (Territory Sales Executive) visits the chosen route with the DR to inform him of the work assigned. The DR then starts its daily activities in accordance with the intended route and sales target. Another important task for DR is to ensure five numerical retail outlets every day at work.

When hiring a new DR, experienced people are always preferred to be not worthy. A DR's responsibilities include the sale of products and better relationships with retailers. He is not encouraged to sell to wholesalers. As stated above, the DR must ensure the availability of products, minimize out of stock (OOS) and increase the number distribution. As a DR, the person must have this type of personality to cope with the pressure and must deal with various situations and act quickly. He ought to have the confidence to do whatever his task is. A salesperson's job is not only to sell the products, but also to comply with any situation.

As a DR is supposed to supply the product only to retailers, it needs to be able to negotiate and convince retailers. Interpersonal skills are required to maintain relationships with retailers with different ways of thinking. DRs should maintain good relationships with retailers in order to ensure regular sales are continued.

The equipment, automated equipment and DR products are expensive. A guarantor is therefore required to confirm the job. The guarantor must be someone who does government work or is a permanent resident living in Dhaka City in order to be responsible for any events.

While the recruitment of perfect employees is always challenging, PMB always tries to recruit the right employee according to its policies and regulations. Furthermore, the company complies with all the restrictions to avoid possible conflicts. The company is also aware of the age limit in the event of recruitment. In accordance with Bangladesh's labor law 2006, the minimum legal age for employment is 14 (14) (Siddique, 2017). PMB is therefore always a law - abiding company that adheres to local laws established by the Government.

Satisfying the Sales Team with Basic Pay Scale

During the month a DR has a lot of work to get the expected salary. Compensation for employees includes fixed pay and variable pay. The variable pay is determined by the number of different variants sold, the Cash memo number and the daily attendance allowances. In addition, the DRs receive various kinds of incentives for monetary and marginal benefits in order to appreciate their performance. A salesman's pay scale is not always that satisfactory, but because of the saturated labor market in our country, they have to be satisfied with what they can earn.

The PMI sales team receives TK 8,000 individually and TK 2,000+ based on their performance. In order to motivate the sales force to increase sales, they are given certain incentives, such as a festival bonus, the “Salesman of the month “reward and so on. Also, there are other incentives based to three months performance (i.e., Buffet Coupon for best three performers). These kinds of incentives are very useful in boosting their energy for better performance, increasing sales and numerical outlets, and so on.

Since the beginning of the DR project, there was no such rewarding program. As a project coordinator, I had the deal with the author and persuaded him to set goal / performance bonuses and incentives so that the sales steam is always encouraged. As mentioned earlier, the sales team received no satisfactory salary and nothing motivated them to do better, the level of motivation was below the expected level. When they received incentives, they began to feel motivated and to increase their performance.

When someone is motivated, it is said that the person should do more than expected. It is therefore always important to strengthen the sales team anyway in order to meet the target. In an interview, one from the territory of Uttara (Hossain M. F., 2017) said, “If the sales team falls, the company eventually falls.” The sales team must therefore be motivated against all odds.

Difficulties in Generating Successful Numeric Distribution

The number of outlets containing a product depends on the numeric distribution. In order to ensure numerical distribution, the outlet must have at least one SKU (Stock Keeping Unit) product (MBA Skool, 2017). Distribution metrics show the market access percentage of a brand for retail marketers (Paul Farris, 2010). One of the key tasks of “Project Outreach” is to successfully

distribute numbers where Marlboro cigarettes are not available and there is at least OOS (Out of Stock) in SKU. The DRs are assigned to routes where the premium brand's average daily sales (ADS) are quite correct, but Marlboro's sales outlet is at a minimum level. All distributors work to ensure the availability of the products on these routes. There is currently a significant change in the tobacco industry. PMI (Philip Morris International) has a diverse range of products. It shows the tendency to invest more in less harmful tobacco substitutes such as IQOS (Rapaport, 2017). Although the company earns most of its revenue by selling its existing cigarette portfolio, heat-not-burn cigarettes (OQOS) have been hit in Asia and Europe in many places (Speccom, 2016). In addition, PMI focuses on the quality of the existing product portfolio and delivers the best quality products. PMI's brand value is used to capture the new market. As already mentioned, PMI owns one of the best-selling tobacco brands named Marlboro with a brand value of up to \$ 24.1 billion. Marlboro is the 25th most valuable brand in the world, according to Forbes (Forbes 2017). Since 2008, Philip Morris has been doing business in Bangladesh. It achieved a market share of 2.8%, with British American tobacco accounting for 57.52% of the total market share. In Bangladesh, PMI only sells premium cigarette segments. In Uttara, PMB has a market share of 20.9 percent of premium cigarette segments in which BATB has a market share of 70 percent of premium cigarette segments and a numerical distribution of 58.7 percent (Nielsen Annual Survey Report 2016, 2016). BATB has been operating for over 67 years in Bangladesh since 1949 (BATB, 2017). It is therefore very difficult for PMB to increase the numerical distribution on the existing market of BATB. Therefore they introduced the "OUTREACH" project. In order to increase market share and numerical distribution, Phillip Morris Bangladesh has launched DR Project to enable this DR tool to increase product availability at more retail outlets and reduce out-of-stock. The DRs should successfully distribute numerically and monitor and nurture numerical outlets for at least a month.

Chapter 5

Findings of the Study

Dividing the Routes Among the Distribution Representatives

- The DR's routes are selected based on the ADS (Average Daily Sales) of the product in that particular route and the total Marlboro selling outlets.
- Routes are assigned to the DRs by analyzing their ability of selling products.
- Weighted distribution sometimes comes to consideration while making route plan.
- There are some "Super Outlets" in some routes where availability product is a must, DRs are assigned to such places to reduce Out of Stock.
- To the routes where BATB premium segment selling is right and Marlboro selling is quite low, DR are deployed to increase product availability and to make successful numeric distribution.
- It is more important to monitor and nurture the routes for at least one month than just making the numeric distribution.
- Short-term Trade marketing offers are created based on the clusters, size and availability of the products in particle route.
- Visiting new outlets and numeric outlets is a must job.
- After getting satisfactory level of numeric distribution in a route, the DR is discontinued from that route and deployed to a new route.

Sales Target and Achieving It

- Sales information for previous months, route information, average daily sales, route capacity are required to forecast the following month's sales target for DRs.
- It is essential to consult with the Territory Sales Executive to investigate and predict the area of opportunities.
- Before assigning a route to a DR, the approval of the sales manager is required.
- The reasoning and presentation shall be submitted to the ASM (Area Sales Manager) for authentication.

- Appropriate objectives can create difficulties and difficulties in achieving the monthly sales target.
- The realistic target for sales helps DRs achieve the target within a month.
- The sales team sometimes fails to achieve the sales target. Several analyzes and investigations are carried out to determine the rationale for failure.
- The achievement of the sales target is particularly challenging in public holidays, festival holidays, rainy seasons and political periods of instability.

Challenges in Recruiting New DR (Distribution Representative)

- The company offers poor salary for the salesperson. Therefore, sometimes it is tough the recruit eligible person in the sales team.
- Job turnover is pretty high. At that time, four representatives left the job in mid - month. It was therefore difficult to achieve the monthly sales target and to hire new people by the middle of the month.
- New candidates are supposed to sit for interviews with the Project Coordinator and the Territory Sales Executive. During the interview session, it is sometimes tough to select the right person for the job since most of the companies do not issue experience certificates the salesmen. Therefore, it is tough to verify their on job experience just in an interview session.
- Sometimes the right candidate is chosen, however, the problem arises when that person cannot manage a guarantor. The company does not allow any salesperson without guarantor since several equipment and large volume of products are given to the salesman on a daily basis. Without guarantor, it is uncertain to recover any damage.
- The candidates have to ride a bike. It's hard to transport large volumes of products and equipment in one bag only. A DR must therefore know how to ride by-cycles.
- Experienced people always have a preference when recruiting so that they can easily access the market and know how things work in the retail market. Underqualified people are banned from applying for this job.

Satisfying Sales Force with Their Pay Scale

- It is really tough to satisfy the salesmen with limited salary.
- Variable pay is not much satisfactory.
- Self-motivation is absent for the poor salary.
- It is hard to motivate and encourage the sales team with limited pay scale.
- Uncertainty in case of career growth is another obstacle.
- Commitment to the job responsibilities is less because of absence of good amount of money and uncertainty in career growth.
- Less motivation drives to give less efforts such as some DRs were terminated from the job for selling cigarettes to the wholesalers, working in different routes rather than assigned route, conflicting with SRs of DTI and there are some other issues.
- Monthly incentives worked very well to boost up the performance.
- The best three DR are rewarded with free buffet coupon for their last three months performance and they seemed motivated.
- Monthly increment for the best performer improved sales performance.

Generating Successful Numeric Distribution

- PMB numeric distribution is 58.7% and the segment share is almost 21% in Uttara territory by 2017 (Nielsen, 2017) compared to other PMB territories. Though the expected numeric distribution is more than 62%, the situation is getting better after introducing DR Project.
- Still 40% outlets are needed to be convinced to take the product.
- In Uttara territory, PMB has good opportunities to evolve because most of the private universities are located inside Uttara PMI area Map.
- Designing effective Trade Marketing offers work good in case of convince the retailer as well as make successful numeric distribution.
- Short term trade program are offered for numeric distributions.
- The main challenge is convincing the retailers to stock PMB products. Currently BATB is holding good position in market. Product availability of BATB products in the market is quite high. Hence it is always tough to make successful numeric distribution. Also, the

demand for BATB premium segment product is quite high. Furthermore, most of the retailers have not enough money to stock large volume of products. That is why the large portion of the retailers only stock BATB premium segment products because of high market demand.

- Lucrative and exciting trade marketing offers help to make successful numeric distribution. Distribution Representatives are supposed to convince the retailers to take PMB products so that they can get benefitted by various trade marketing offers.

Chapter 6

Recommendation

Division of Routes Among the Sales Team

- Previous months' sales information, average daily sales, route capacity are needed to be taken and updated to set new route plane
- Enough training should be given to each of the DR for better performance.
- DR must be aware of the route location.
- DRs are needed to be educated about the equipment and handhelds given to them to input the sales data to the network system.
- DRs should be educated about regular Trade Marketing Offers to deliver the message properly to their retailers as well as to convince them to make successful numeric distribution.

Setting Up Sales Target and Achieve It

- Previous months' sales information, average daily sales, route capacity are required to be collected and updated properly for forecasting.
- Adequate sales target is needed to be set to avoid conflicts and difficulties. There are cases of DR conflicts with SRs (Sales Representatives) of Dhaka Tobacco Limited due to inadequate sales target given to the DRs.
- Unavoidable circumstances such as Public Holidays, Festival Vacations, Rainy Seasons, and Political unstable periods should be in consideration while setting sales target. In those periods, it is better to lessen the monthly sales target in a little portion.
- Sales target should be set according to the route capacity as well as the route location. The location should be accessible to the DR
- Sales target should be realistic and achievable for DRs so that they can sell the products within the time limit.

Hiring New DR

- Applicants should be sorted out by a simple background check. Along with that, previous work place confirmation is needed to be confirmed to know where the candidate is really suitable for the job or not.

- Work experience should get more preference rather than bi-cycle riding capability. Also, having minimum level of academic and technological is a must since DRs are supposed to input the sales data to the online system through smartphones and handhelds.
- Criminal background should be checked before assigning to the job.
- Necessary documents such as Educational background, certificates, National ID card, and Parental details should be verified before confirmation of the job.
- The guarantor should be verified to diminish the risk of possible damages as well as occurrences.

Challenges of Generating a Successful Numeric Distribution

- The core objective of DR Project is to increase numeric distribution and reduce Out of Stock. In this regard, more focus should be on numeric distribution rather than daily sales.
- Regular incentive programs should be initiated and provided to the DRs to make them motivated to ensure five numeric distribution on a daily basis.
- Necessary information about Trade Marketing Offers and Programs should be given to the DRs to make them able to convince the retailers since Trade Marketing Offer is an effective tool to convince the retailers to take PMB products.
- Proper route plan is required to ensure successful numeric distribution. Route plan should be set according to “4 box matrix” tool.
- DRs should be allowed to offer certain amount of discount to the retailers as well.

Chapter 7

Conclusion

Since 2008, Philip Morris International has officially began operations in Bangladesh. Although they are new to the market when we compare PMB with BATB, PMB has nevertheless become one of the most outstanding names in the tobacco industry in Bangladesh for such a short time. The legal aged premium cigarette segment consumers in the country appear to be very welcome to Marlboro. Due to its premium product quality and less harmful “firm filtered “cigarettes, PMB has achieved a good market share over this short period of time. In addition, the company has a good reputation on the market by upholding all rules, regulations, local government restrictions and announcing its vision of “designing a smoke - free future”. The journey was not that easy at the beginning. The company had to fight hard to beat BATB on the market where BATB has more than 50 years of operation. Though Philip Morris International operates in more than 180 countries worldwide with different categories of products and brands, its focus is only on the premium cigarette segment Marlboro in Bangladesh. The geographical rear PMB focusing in is basically the prominent city areas of Bangladesh.

In 2016, Philip Morris Bangladesh (PMB) launched “Project Outreach” to increase sales volumes and ensure maximum market coverage / numeric distribution in the projecting regions. The project aims at challenging areas and acts as a support tool to increase numerical distribution and ensure product availability and minimize out - of-stock. It is a Distribution Representatives (DR) team that supports the ACL team of “Akij Corporation Limited” to increase the availability of PM marks. The main aim of the DR project is to increase the availability of PM brands and to minimize out - of-stock (OOS) products. PMB assign potential routes to DRs (Distribution Representative) to increase the number distribution. The project helps PMB to increase its market share and to improve numerical distribution. As a consequence, PMB’s DR tool has accessed some of the routes in which PMB was unable to enter in previous years. Accordingly, the DR project indicates that the company wants to build and supervise its own sales team in the near future rather than using the Dhaka Tobacco Limited (DTI) sales force and that is why it operates “Project Outreach” as a pilot project to build its own sales force in the future.

Chapter 8

References

FluidSurveys Team. (2014, June 3). 3 Types of Survey Research, When to Use Them, and How they can benefit your organization . Retrieved from fluidsurveys:

<http://fluidsurveys.com/university/3-types-survey-research-use-can-benefit-organization/>

Abid Arman, D. E. (2018, 12 10). Interview on Project Outreach. (S. M. Hasan, Interviewer)

About Philip Morris USA. (2017, 12 23). Retrieved from Altria.com: <http://www.altria.com/our-companies/philipmorrisusa/about-philipmorris-usa/Pages/default.aspx>

Ariful Hoque Rahat, T. S. (2018, 12 7). Interview on Project Outreach. (S. M. Hasan, Interviewer) Dhaka, Bangladesh.

Babar A. Khan, C. A. (2017). Finding the Distribution Channels for Effective Transitional Care Services. Journal of the American Geriatrics Society.

BATB. (2017, 12 24). About Us. Retrieved from British American Tobacco Bangladesh Limited: http://www.batbangladesh.com/group/sites/BAT_9T5FQ2.nsf/vwPagesWebLive/DO9T5K3S?opendocument

Exploratory Research Design. (2016, January 11). Retrieved from smstudy:

<https://www.smstudy.com/article/exploratory-research-design>

Forbes. (2017, 5). The World's Most Valuable Brands. Retrieved from Forbes:

<https://www.forbes.com/companies/marlboro/>

Gemstone Equity Research. (2014, August 6). A Rough Time For Philip Morris. Retrieved from Seekingalpha: <https://seekingalpha.com/article/2386185-a-rough-time-for-philip-morris?page=2>

Growth, long/short equity, research analyst, tech. (2014). A Rough Time For Philip Morris.

Retrieved from Seekingalpha.

Hossain, M. F. (2018, 12 6). Territory Sales Executive. (S. M. Hasan, Interviewer)

Hossain, S. A. (2018). Prevalence Tobacco Smoking and Factors Associated with the Initiation of Smoking among University Students in Dhaka, Bangladesh.

International, P. M. (2018, 12 7). Designing a Smoke-Free Future. Retrieved from Philip Morris International: <https://www.pmi.com/who-we-are/designing-a-smoke-free-future>

Jaideep, S. (2016). Research Design: Introduction, Contents and Types. Retrieved from yourarticlelibrary: <http://www.yourarticlelibrary.com/marketing/research-design-introduction-contents-and-types/48714/>

John Dudovskiy. (2017). Research Methodology. Retrieved from Research Methodology.net: <http://research-methodology.net/research-methodology/research-design/exploratory-research/>

M.K. William, D. D. (2017, August). Organizing Your Social Sciences Research Paper: Types of Research Designs. Retrieved from libguides: <http://libguides.usc.edu/writingguide/researchdesigns>

MBA Skool. (2017). Numeric Distributin. Retrieved from mbaskool.com: <http://www.mbaskool.com/business-concepts/operations-logistics-supply-chain-terms/16675-numeric-distribution.html>

Mulky, A. G. (2013). Distribution challenges and workable solutions. IIBM Management Review, 179-195.

Nielsen, A. (2016). Annual Survey Report 2016. Dhaka: AC Nielsen .

Nielsen, A. (2017, 10). Annual Survey Report 2017. Retrieved from AC Nielsen.

Paul Farris, N. B. (2010). Marketing Metrics: The Manager's Guide to Measuring Marketing Performance. New Jersey: New Jersey.

Philip Morris International. (2018, September). Retrieved from pmi.com: <https://www.pmi.com/who-we-are>

Philip Morris International. (2018, August). Our smoke free products. Retrieved from PMI.com: <https://www.pmi.com/smoke-free-products>

Philip Morris International Management. (2018, August). Building Leading Brands. Retrieved from PMI: <https://www.pmi.com/who-we-are/building-leading-brands>

Philip Morris International Management. (2018, August). Key Milestones. Retrieved from PMI: <https://www.pmi.com/who-we-are/key-milestones>

PMI. (2018, 12 23). PMI. Retrieved from Philip Morris International Official Website:
<https://www.pmi.com/>

Rapaport, L. (2017, 5 27). 'Heat-not-burn' cigarettes still release cancer-causing chemicals. Retrieved from Reuters.com: <https://www.reuters.com/article/us-health-tobacco-heatnotburn/heat-not-burn-cigarettes-still-release-cancer-causing-chemicals-idUSKBN18M2JB>

Referenceforbusiness.com. (2018, 12 23). Philip Morris Companies Inc. - Company Profile, Information, Business Description, History, Background Information on Philip Morris Companies Inc. Retrieved from Referenceforbusiness.com:
<http://www.referenceforbusiness.com/history2/72/Philip-Morris-Companies-Inc.html>

Resource People Inc. (2013). Strategic. Retrieved from Resource Select Group:
<http://www.resourceselectgroup.com/strategic/>

Siddique, N. (2018, 12 17). Child Labor Law. Retrieved from UNICEF Bangladesh:
https://www.unicef.org/bangladesh/children_4863.html

Speccom. (2016, 6 1). All eyes on IQOS. Retrieved from Tobaccoreporter.com:
<https://www.tobaccoreporter.com/2016/06/all-eyes-on-iqos/>

Speccomm. (2016, 8 1). Focus on the filter. Retrieved from Tobacco Reporter:
<http://www.tobaccoreporter.com/2016/08/focus-on-the-filter/>

Syed Masud Ahmed, N. N. (2018). Exploring the status of retail private drug shops in Bangladesh and action points for developing an accredited drug shop model: a facility based cross-sectional study. Journal of Pharmaceutical Policy and Practice.

Tribune, D. (2016, 12 1). Philip Morris looks beyond cigarettes with alternative products. Dhaka Tribune. Retrieved from <http://www.dhakatribune.com/business/2016/12/01/philip-morris-looks-beyond-cigarettes-alternative-products/>

University, T. P. (2018, 12 24). Simple Random Sampling and Other Sampling Methods. Retrieved from Department of Statistics Online Learning:
<https://onlinecourses.science.psu.edu/stat100/node/18>