

Internal Assessment Test - I

Sub:	Retail Management	Code:	17MBAMM302
Date:	19.09.2018	Duration:	90 mins
		Max Marks:	40
		Sem:	III
		Branch:	MBA

		Marks	OBE	
			CO	RBT
Part A - Answer Any Two Full Questions (16*02=32 Marks)				
1 (a)	Define Retail management	[02]	CO1	L1
	(b) Discuss the Components of the Retail Mix	[06]	CO3	L2
	(c) Explain the various types of Retail format	[08]	CO1	L4
2 (a)	List Multichannel retailing with examples	[02]	CO2	L1
	(b) Summarize the trends in retailing	[06]	CO2	L2
	(c) Analyze the factors influencing retail business in India	[08]	CO2	L4
3 (a)	Mention the characteristics of retailing	[02]	CO1	L1
	(b) Discuss briefly Retail Management Process	[06]	CO2	L2
	(c) Illustrate any two theories of Retailing in detail with diagrams	[08]	CO1	L3
Part B - Compulsory (01*08=08 marks)				
4	In August 2011, Tesco Home Plus in South Korea, introduced the world's first virtual store in Seonreung subway station, in down town Seoul. The wall of the subway station come to life with virtual display of over 500 of the most popular product with bar codes which passersby can scan using the home plus app on Smartphone and get it delivered to their home. The beauty of the innovative ideas is giving busy connection the opportunity to do their grocery shopping "on the go". South Koreans are known to be hardiest workers in the world with working hours stretching up to 16-18 hours of day and hence they have very less time for themselves and shopping. While waiting for their transport, commuters can buy their groceries, by scanning the bar code or GR displayed to each product, if the orders were place before 1pm they would be delivered the same evening to wherever they are. In fact same Tesco Home plus has expanded its award winning virtual stores to more tahn20 bus stops in South Korea.			
(a)	Discuss the importance of technology in today's retail business with reference to above case?	[04]	CO2	L2
(b)	Summarize the draw backs of the home plus retail format	[04]	CO1	L2

Course Outcomes		PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9
CO1:	students will be able to Find out the contemporary retail management, issues, and strategies.	1a 1b 3a					1c			
CO2:	Evaluate the recent trends in retailing and its impact in the success of modern business.		2a 2b 3b				4a 4b			
CO3:	Relate store management and visual merchandising practices for effective retailing.			3c			2c			

Cognitive level	KEYWORDS
L1	List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.
L2	summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend
L3	Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.
L4	Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.
L5	Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize.

PO1: Knowledge application: PO2: Analytical and logical thinking: PO3: Team Work: PO4: Leadership PO5:Life-Long Learning: PO6: Analyse and practice aspects of business: PO7: Personal and Societal Growth:

PO1: Knowledge application: Apply knowledge of management theories and practices to solve business problems. **PO2: Analytical and logical thinking:** Cultivate analytical and logical thinking abilities for rational and data-based decision making. **PO3: Team Work:** Function effectively as an individual as well as empathetically as a member in diverse teams and in multi-cultural. **PO4: Leadership:** Ability to develop value-based leadership qualities environments with effective communication skills. **PO5:Life-Long Learning:** To engage in 'life-long learning' approach towards managing challenges of global business environment and economic changes. **PO6: Analyse and practice aspects of business:** To analyze and practice global, economic, legal and ethical aspects of business. **PO7: Personal and Societal Growth:** Potential to lead oneself as well as others in pursuit of personal and societal growth.

Solutions

- (a) Retail management** is an art and facilitates employing several tools of logistics management for a complete end user satisfaction, typically involving many products, suppliers and volumes of sales and demands on financial management and control of business.

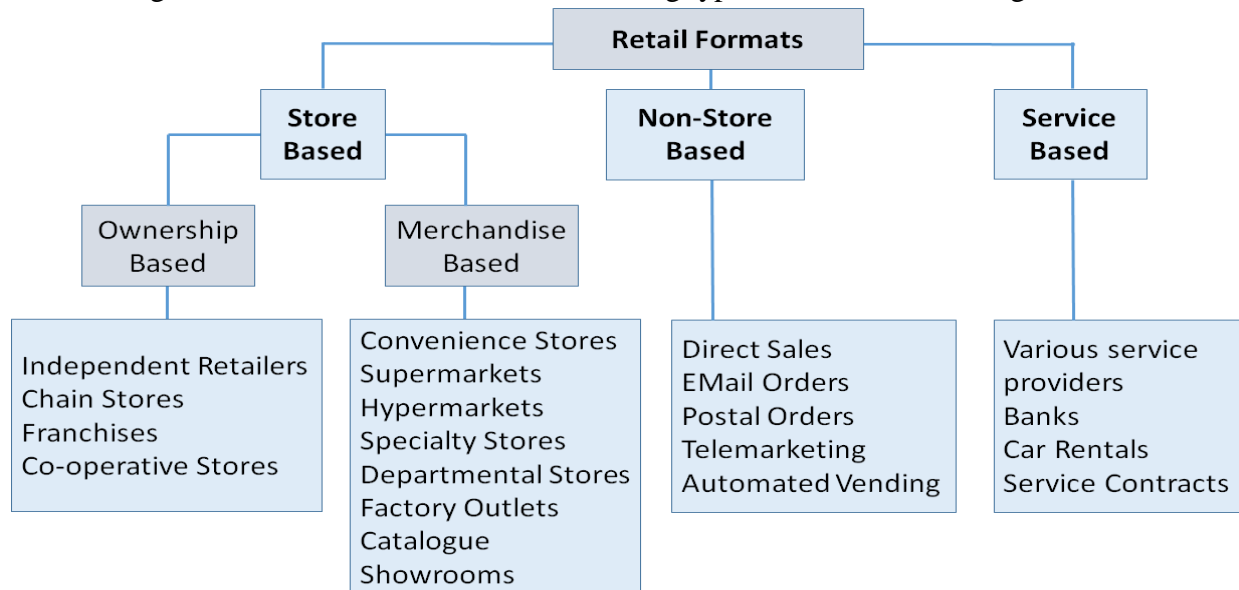
Retail management makes shopping a pleasurable experience and ensures the customers leave the store with a smile. In simpler words, retail management helps customers shop without any difficulty.

1. (b) Components of Retail Mix

- 1) Product
- 2) Price
- 3) Place
- 4) Promotion
- 5) Personnel
- 6) Presentation

1. (c) Classification of Retailing Formats

The retailing formats can be classified into following types as shown in the diagram:



Ownership Based Retailing

Let us see these retailers in detail:

- **Independent Retailers:** They own and run a single shop, and determine their policies independently. Their family members can help in business and the ownership of the unit can be passed from one generation to next. The biggest advantage is they can build personal rapport with consumers very easily. For example, stand-alone grocery shops, florists, stationery shops, book shops, etc.

- **Chain Stores:** When multiple outlets are under common ownership it is called a chain of stores. Chain stores offer and keep similar merchandise. They are spread over cities and regions. The advantage is, the stores can keep selected merchandise according to the consumers' preferences in a particular area.
For example, Westside Stores, Shopper's Stop, etc.
- **Franchises:** These are stores that run business under an established brand name or a particular format by an agreement between franchiser and a franchisee. They can be of two types:
Business format. For example, Pizza Hut.
Product format. For example, Ice cream parlors of Amul.
- **Consumers Co-Operative Stores:** These are businesses owned and run by consumers with the aim of providing essentials at reasonable cost as compared to market rates. They have to be contemporary with the current business and political policies to keep the business healthy.
For example, Sahakar Bhandar from India, Puget Consumers Food Co-Operative from north US, Dublin Food Co-Operative from Ireland.

Merchandise Based Retailing

- **Convenience Stores:** They are small stores generally located near residential premises, and are kept open till late night or 24x7. These stores offer basic essentials such as food, eggs, milk, toiletries, and groceries. They target consumers who want to make quick and easy purchases.
For example, mom-and-pop stores, stores located near petrol pumps, 7-Eleven from US, etc.
- **Supermarkets:** These are large stores with high volume and low profit margin. They target mass consumer and their selling area ranges from 8000 sq.ft. to 10,000 sq.ft. They offer fresh as well as preserved food items, toiletries, groceries and basic household items. Here, at least 70% selling space is reserved for food and grocery products.
For example, Food Bazar and Tesco.
- **Hypermarkets:** These are one-stop shopping retail stores with at least 3000 sq.ft. selling space, out of which 35% space is dedicated towards non-grocery products. They target consumers over large area, and often share space with restaurants and coffee shops. The hypermarket can spread over the space of 80,000 sq.ft. to 250,000 sq.ft. They offer exercise equipment, cycles, CD/DVDs, Books, Electronics equipment, etc.
For example, Big Bazar from India, Walmart from US.
- **Specialty Stores:** These retail stores offer a particular kind of merchandise such as home furnishing, domestic electronic appliances, computers and related products, etc. They also offer high level service and product information to consumers. They occupy at least 8000 sq.ft. selling space.

For example, Gautier Furniture and Croma from India, High & Mighty from UK.

- **Departmental Stores:** It is a multi-level, multi-product retail store spread across average size of 20,000 sq.ft. to 50,000 sq.ft. It offers selling space in the range of 10% to 70% for food, clothing, and household items.

For example, The Bombay Store, Ebony, Meena Bazar from India, Marks & Spencer from UK.

- **Factory Outlets:** These are retail stores which sell items that are produced in excess quantity at discounted price. These outlets are located in the close proximity of manufacturing units or in association with other factory outlets. For example, Nike, Bombay Dyeing factory outlets.
- **Catalogue Showrooms:** These retail outlets keep catalogues of the products for the consumers to refer. The consumer needs to select the product, write its product code and handover it to the clerk who then manages to provide the selected product from the company's warehouse.

For example, Argos from UK. India's retail HyperCity has joined hands with Argos to provide a catalogue of over 4000 best quality products in the categories of computers, home furnishing, electronics, cookware, fitness, etc.

Non-Store Based (Direct) Retailing

- It is the form of retailing where the retailer is in direct contact with the consumer at the workplace or at home. The consumer becomes aware of the product via email or phone call from the retailer, or through an ad on the television, or Internet. The seller hosts a party for interacting with people. Then introduces and demonstrates the products, their utility, and benefits. Buying and selling happens at the same place. The consumer itself is a distributor.

For example, Amway and Herbalife multi-level marketing.

Non-Store based retailing includes non-personal contact based retailing such as:

- **Mail Orders/Postal Orders/E-Shopping:** The consumer can refer a product catalogue on internet and place order for purchasing the product via email/post.
- **Telemarketing:** The products are advertised on the television. The price, warranty, return policies, buying schemes, contact number etc. are described at the end of the Ad. The consumers can place order by calling the retailer's number. The retailer then delivers the product at the consumer's doorstep.

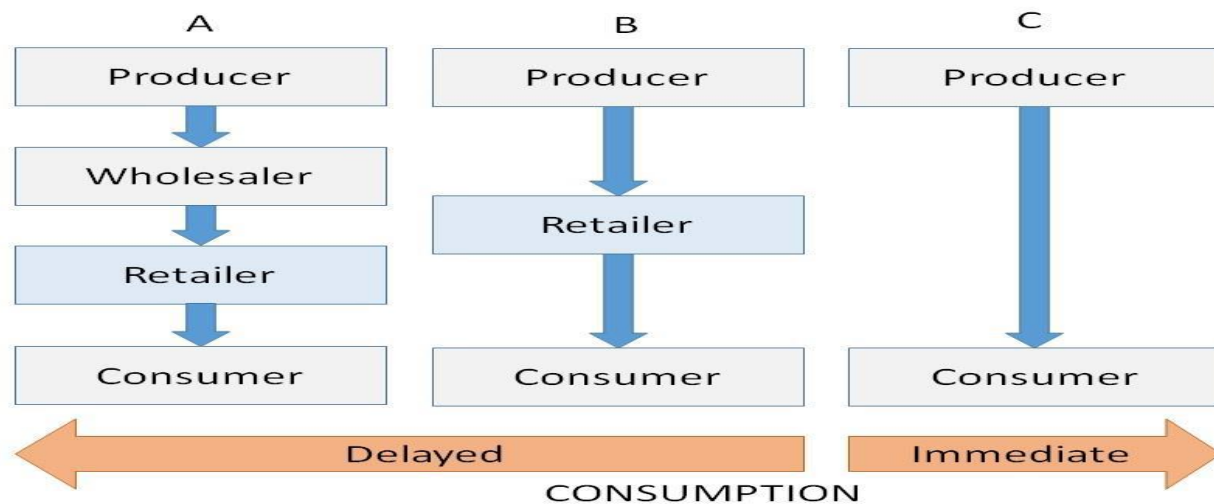
For example, Asian Skyshop.

- **Automated Vending/Kiosks:** It is most convenient to the consumers and offers frequently purchased items round the clock, such as drinks, candies, chips, newspapers, etc. The success of non-store based retailing hugely lies in timely delivery of appropriate product.

Service Based Retailing

- These retailers provide various services to the end consumer. The services include banking, car rentals, electricity, and cooking gas container delivery.
- The success of service based retailer lies in service quality, customization, differentiation and timeliness of service, technological upgradation, and consumer-oriented pricing.

2 (a) Marketing Channels in Retail



Type A and B: Retailers. E.g., Pantaloons, Wal-Mart.

Type C: Service Providers. E.g., Eureka Forbes.

2.b TRENDS IN RETAILING:

- 1) Retailers who promote product quality, transparency, & sustainability will flourish.
- 2) Stores providing unique in-store experiences will thrive.
- 3) Retailers across the board will adopt mobile payment solutions.
- 4) Smaller stores are in; larger stores are out.
- 5) Personalization will become increasingly important to consumers.
- 6) Retailers will continue to invest in Omni channel.
- 7) Specialty stores will be more productive than department stores.
- 8) Retailers will turn to apps, services, and third parties to fulfill the needs of modern shoppers.
- 9) Retail and technology will become even more inseparable.
- 10) Retailers who come up with smart, bold ways to personalize & elevate every aspect of the shopping experience.

Or

- Giants Personalize and localize

- Localized customer demand
- Entice customer with food
- Freemies” collaborate
- Improvement of online Retail

2. (c) Factors influencing Retail Business in India.

- 1) Rise in Income
- 2) Rise in Consumerism
- 3) Growth of middle class consumers
- 4) Increase in no of working women
- 5) Value for money
- 6) Emerging rural market
- 7) Entry of Corporate Sector
- 8) Entry of Foreign Retailers
- 9) Technological Impact
- 10) Media Explosion

3. (a) characteristics of Retailing

- 1) Direct interaction with customers
- 2) Point of purchase.
- 3) Small Average Sale – compared to manufacturers
- 4) Lower Average Amount of Sale – retail point
- 5) Impulse purchase.
- 6) Lager no of business Units.
- 7) Lower Average Amount of Sales Transaction
- 8) Popularity of the store.

3(b) Discuss briefly Retail Management Process

- 1) **Retailing**
 Introduction
 Types of retailers
 Multichannel Retailing
 Customer Relationship Marketing
- 2) **Retailing strategy**
 Retailing marketing strategy
 Financial strategy
 Retail locations
 Site locations
 Organizations structure and human Resource Management
 Customer Relationship Management
- 3) **Merchandising Management**
 Managing merchandising assortment

Merchandise planning systems
Buying Merchandise
Pricing
Retail Communication Mix

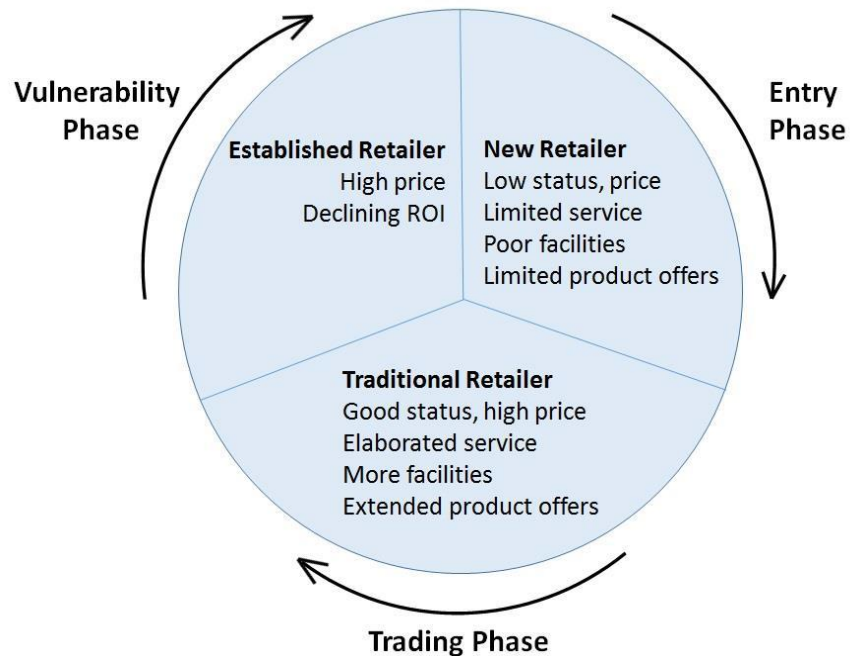
4) Store Management

Managing stores
Store layout
Design and visual
Customer services

3. (c) Cyclical Theory

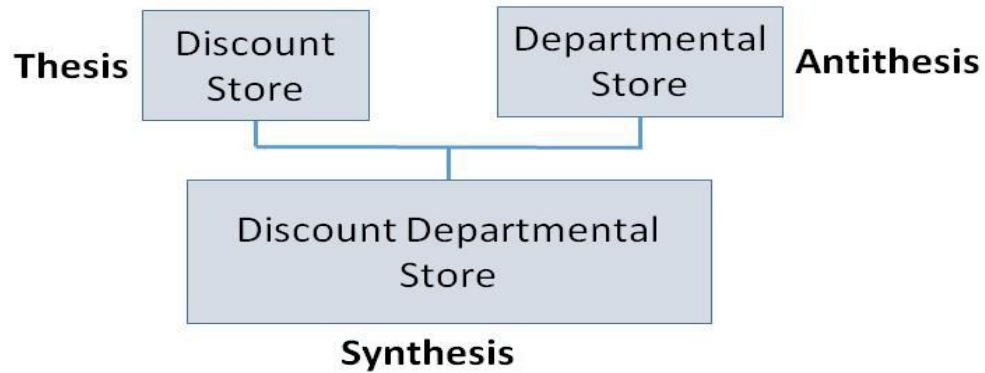
McNair represents this theory by **Wheel of Retailing that explains the changes taking place in retailing.**

According to him, the new entrant retailers are often into low cost, low profit margin, low structure retail business, which offers some unique, real benefit to the consumers. Over some time they establish themselves well, prosper, and expand their products with more expensive facilities, without losing focus on their core values.



Conflict Theories (Evolution through Dialectic Process)

Within a broad retail category, there is always a conflict between the retailing of similar formats, which leads to the development of new formats. Thus, the new retail formats are evolved through dialectic process of blending two formats.



e.g. Sansar, is a single retailer around the corner of the residential area. Hyper City is a large departmental store nearby the same residential area, which develops over some time in opposition to Sansar. HyperCity poses a challenge to Sansar. When there is conflict between Sansar and Hyper City, a new format of retail is born – More Mega.

- Digital marketing
- Branding
- Positioning
- Marketing – Customer Delight
- Convenience
- Wide coverage
- Advertising
- Cost cutting