

Internal Assessment Test - II

Sub:	Retail Management	Code:	17MBAMM302
Date:	19.10.2018	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) What is merchandise management	[02]	CO1	L1
	(b) summarize the responsibilities of a store manager	[06]	CO2	L2
	(c) Explain the different types of retail locations	[08]	CO1	L4
2	(a) List the criteria for selecting a supplier	[02]	CO2	L1
	(b) Discuss briefly the retail promotion strategies	[06]	CO1	L2
	(c) Describe the steps of the merchandising process?	[08]	CO2	L2
3	(a) State various factors affecting modern store management	[02]	CO3	L1
	(b) Examine the visual merchandising Elements	[06]	CO3	L3
	(c) Explain the different types of store layouts	[08]	CO3	L4
Part B - Compulsory (01*08=08 marks)				
4	KFC restaurants are doing an about-face abroad. The KFC global design team has been working to overhaul and modernize the brand's visual appearance to the public. All new and remodeled stores there are being based on a sleek design concept that encourages patrons to linger. KFC certainly hopes their customers spend long hours in their restaurants, and that it is reflected in sales growth. As a result, KFC tries to keep renewing their concepts in this direction, satisfying customers' preference for spending time at places where they feel relaxed, where they perceive the place as part of their daily lives with the materials, colors and lighting.			
(a)	Identify the key elements that have contributed in enhancing the visual appeal of KFC. What visual merchandising techniques does KFC follow?	[04]	CO3	L1
(b)	Discuss some of the factors affecting the exterior and interior layout of a store.	[04]	CO2	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.	1c	1a				2b			
CO2:	Evaluate the recent trends in retailing and its impact in the success of modern business.	2c	2a				1b			
CO3:	Relate store management and visual merchandising practices for effective retailing.	4a 4b	3a		3c		3b			

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.

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Internal Assessment Test 2 – Oct 2018

Subject:	Retail Management						Code:	17MBAMM302			
Date:	16/10/2018	Duration:	90 Mins	Max Marks:	40	Semester:	3	Branch:	MBA		
Solutions- Ans key											

1 a). What is merchandise management?

“Advertising moves people toward goods; merchandising moves goods toward people.”- Morris Hite (American Advertising Expert).

Merchandising is the sequence of various activities performed by the retailer such as planning, buying, selling and controlling of products to the customers for their use. It has to balance the financial requirements with a strategy for merchandising purchasing.

It is an integral part of handling store operations and e-commerce of retailing.

1 b). What are the responsibilities of a store manager?

1. Creating Store Policy
2. Educating Staff
3. Protecting Customer Information
4. Report Security Breaches
5. Securing Cash

Responsible for the following duties:

- Maintaining cleanliness in the store.
- Ensuring adequate stock of merchandise in the store.
- Appropriate planning, scheduling, and organization of staff, inventory and expenses, for short and long-term success.
- Monitoring the loss and taking preventive measures to protect the company’s assets and products in the store.
- Upgrading store to reflect high profitable image.
- Communicating with head office/regional office when required.
- Conducting constructive meetings with staff to boost their morale and motivate the staff to achieve sales goals.
- Communicating with customers to identify their needs, grievances, and complaints.
- Ensuring that the store is in compliance with employment laws regarding salary, work hours, and equal employment opportunities.
- Writing performance appraisals for assisting staff.

1 c). Describe the different types of retail locations

A trade area is an area where the retailer attracts customers. It is also called catchment area. There are three basic types of trade areas:

1. **Planned Shopping Areas** These are retail locations that are architecturally well-planned to provide a number of outlets preferably under a theme. These sites have large, key retail brand stores (also called “anchor stores”) and a few small stores to add diversity and elevate customers’ interest. There are various types of planned shopping centers such as neighborhood or strip/community centers, malls, lifestyle centers, specialty centers, outlet centers.

- Shopping Malls : enclosed, climate controlled lighted shopping centers with retail stores on one side or both sides of an enclosed walkway.
 - Lifestyle centers : are shopping centers that an open-air configuration of specialty stores, entertainment and restaurants with design ambience and amenities such as fountains and street furniture
 - Mixed used developments (MXD): combine several different uses into one complex, including retail, office, residential, hotel recreation or other functions
 - Outlet centers: are shopping centers that contain mostly manufacturers and retailers out stores. On an average the rents are lower
 - Theme festival Centers: employ a unifying theme carried by the individual shops in the architectural design and to an extent in their merchandise. A desi haat
 - Omni center: represents a response to several trends in retailing including the desire of tenants to lower common area maintenance charges by spreading the cost.
 - Pop Up Stores/ other temporary locations
 - Store within a store : Retailers have leased space to other retailers such as jewelry or designer brands.
 - Merchandise store: are small selling spaces typically located in the walkway of airports, college campus, or office building and malls.
2. **Unplanned Shopping Areas:** These are retail locations that have evolved over time and have multiple outlets in close proximity. They are further divided as:
- Central business districts such as traditional “downtown” areas in cities/towns.
 - Secondary business districts in larger cities and main street or high street locations.
 - Neighborhood districts.
 - Locations along a street or motorway (Strip locations).

City or town location

- Central business districts (CBD): traditional downtown business area in a city or town. Draws more people and employees in the area during business hours.
 - Main Street: traditional shopping area in smaller towns or secondary business districts .
 - Inner city: refers to high density urban area that has a higher unemployment and lower median income than the surrounding area .
 - Shopping Centers: is a group of retail and other commercial establishments that are planned developed, owned and managed as a single property with common facilities such as parking, security, lighting, outdoor signage – an arrangement referred to as common area maintenance.
 - Neighborhood and community centers also called Strip shopping are attached rows of non enclosed stores, with on site parking usually located in format of the store – linear, l-shaped an inverted U shape layouts.
- Power Centers: consists of primarily of collections of big box retail stores, such as full line discount stores, ware houses and category specialists.

3. Freestanding sites / Solitary Sites

These are single, free standing shops/outlets, which are isolated from other retailers. They are positioned on roads or near other retailers or shopping centers. They are mainly used for food and non-food retailing, or as convenience shops. For example, kiosks, mom-and-pop stores (similar to kirana stores in India). Out parcel stores that are not connected to other stores in a shopping centre but are located on the premises, typically in the parking area. McDonalds

- City or Town locations : movement to downtown areas
- Gentrification : the renewal and rebuilding of offices, housing and retailers in deteriorating areas

2 a). List the criteria for selecting a supplier

Criteria

- Price
- Promotion support
- Warranty and repairs
- Exchange facilities
- Finance and credit services
- Training of sales personnel
- Accounting services
- Planning and controlling inventory
- Designing store facilities
- Providing display units fixtures and signs

2 b). Discuss briefly Explain retail promotion strategies

- i. Retail advertising – to inform potential buyers.
- ii. Retail Personal selling – face to face interaction with customers.
- iii. Retail Publicity – fostering a favorable image among the customers.
- iv. Retail Sales promotion - excellent demand generators.
- v. Retail Public relations – creates and maintains favorable relations with customers, employees, stock holders, government and society.
- vi. Retail Word of mouth – most effective mode of communication for prospective customers.

2 c). What are the steps of the merchandising process?

Merchandise planning is a strategic process in order to increase profits. This includes long term planning of setting sales goals, margin goals, and stocks.

step 1 - Define merchandise policy. Get a bird's eye view of existing and potential customers, retail store image, merchandise quality and customer service levels, marketing approach, and finally desired sales and profits.

Step 2 – Collect historical information. Gather data about any carry-forward inventory, total merchandise purchases and sales figures.

Step 3 – Identify Components of Planning.

- Customers – Loyal customers, their buying behavior and spending power.
- Departments – What departments are there in the retail business, their subclasses?
- Vendors – Who delivered the right product on time? Who gave discounts? Vendor's overall performance with the business.
- Current Trends – Finding trend information from sources including trade publications, merchandise suppliers, competition, other stores located in foreign lands, and from own experience.
- Advertising – Pairing buying and advertising activities together, idea about last successful promotions, budget allocation for Ads.

step 4 – Create a long-term plan. Analyze historical information, predict forecast of sales, and create a long-term plan, say for six months.

The steps in the merchandising management process are:

1	Forecasting category sales
2	Developing an assortment plan
3	Determining appropriate inventory level and product availability
4	Developing a plan for managing inventory
5	Allocating merchandise to store
6	Buying merchandise to store
7	Monitoring and evaluating performance and making adjustment

3 a). State various factors affecting modern store management

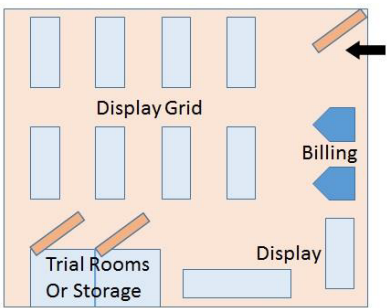
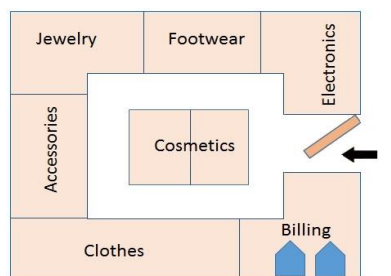
- Distance
- Purchase intention
- Customer satisfaction
- Customer loyalty
- Perceived value factors

3 b). Explain visual merchandising elements

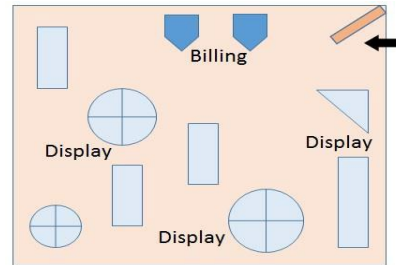
Elements of Visual	INFOGRAPHIC: 5 Key Elements of Visual Merchandising
Window display	Color: The Soul. The color palette is the essence of the display. ...
Signs and graphics	Landscaping: The Ups and Downs. The elevation of products is referred to as landscaping. ...
Lighting	Texture: The Touch and Feel. Contrast in texture can enhance a display. ...
Colours	Communication: The Storyteller. ...
Music	Decor: The Finishing Touches.
Props	INFOGRAPHIC: 5 Key Elements of Visual Merchandising
Mannequins	

3 c). Explain the different types of store layouts

Store Layout and Design

<p>Grid Layout: Mainly used in grocery stores</p>	 <p>The diagram shows a rectangular store layout with a grid of aisles. At the top, there are four blue rectangular display units labeled 'Display Grid'. On the right side, there are two blue rectangular units labeled 'Billing'. At the bottom left, there are two orange trapezoidal units labeled 'Trial Rooms Or Storage'. At the bottom right, there is one blue rectangular unit labeled 'Display'. An arrow points to the right from the top right corner, indicating the entrance.</p>
<p>Loop Layout: Used in malls and departmental stores.</p>	 <p>The diagram shows a U-shaped store layout. The top row contains 'Jewelry', 'Footwear', and 'Electronics'. The left side contains 'Accessories'. The bottom row contains 'Clothes' and 'Billing'. The right side contains 'Cosmetics'. An arrow points to the right from the top right corner, indicating the entrance.</p>

Free Layout: Followed mainly in luxury retail or fashion stores.



PART B

4. KFC restaurants are doing an about-face abroad. The KFC global design team has been working to overhaul and modernize the brand's visual appearance to the public. All new and remodeled stores there are being based on a sleek design concept that encourages patrons to linger. KFC certainly hopes their customers spend long hours in their restaurants, and that it is reflected in sales growth. As a result, KFC tries to keep renewing their concepts in this direction, satisfying customers' preference for spending time at places where they feel relaxed, where they perceive the place as part of their daily lives with the materials, colors and lighting.

Identify the key elements that have contributed in enhancing the visual appeal of KFC. What visual merchandising techniques does KFC follow? [04]

Discuss some of the factors affecting the exterior and interior layout of a store.[04]

4 (a) Identify the key elements that have contributed in enhancing the visual appeal of KFC? What visual merchandising techniques does KFC follow?

1. The decoration theme in KFC is closely related to their logo: the walls are painted in red and Mr. Colonel's image can be found everywhere in store. The store also provide easy accessibility for customers with disabilities. Usually around 4 to 5 cashiers to avoid long lines.
2. Such layout planning brought various advantages to KFC's business. The main advantage of design reduces bottlenecks in customer flows while utilizes labor efficiently. It's clear and neat layout also provide flexibility and ease for supervision.

4 (b) Discuss some of the factors affecting the exterior and interior layout of a store.

If you have Retail Store, Factory Outlet, or any store establishment you need to think of your inside arrangement which will refer to the display area, the counter, the furniture and other equipment, the shelves, etc. Convenience of

1. The Type of Customers – Will the store cater to a specific age group, race and gender, or national, international or will it be for general patronage?
2. The Type of Merchandise Sold– What type of merchandise will the store be selling? Dry goods, wet goods, school supplies, office supplies, electronics or services.
3. The Space/ Area Limitation of the Store – Does your store have big space? Small space? The area or space allotted for the store will affect the arrangement of goods, pieces of furniture, equipment, etc.
4. The Furniture and Equipment of the Store – Is there a need for the big pieces of furniture and equipment? These things should be limited only to the essentials. Those that are not important in the efficient management should not be included. It will only obstruct smooth flow of movement of both the customer and the seller.
5. Manpower – This refers to the person who will be managing the store. A bigger store would require more people to attend to the customer's needs.

