

Internal Assessment Test – I

Sub:	Retail Management					Code:	18MBAMM302		
Date:	14-10-2019	Duration:	90 mins	Max Marks:	50	Sem:	III	Branch:	MBA

		Marks	OBE	
			CO	RBT
<b>Part A - Answer Any Two Full Questions (20*02=40 Marks)</b>				
1 (a)	What is retail market strategy?	[03]	CO1	L1
(b)	Explain the role played by any three 'core dimensions of a retail store' in creating an image to the store.	[07]	CO2	L4
(c)	Recommend various pricing strategies and practices to be followed by retailers.	[10]	CO1	L5
2 (a)	What are the 7 rights of merchandising?	[03]	CO2	L2
(b)	Divide the 'market area' into three, based on the level of competition.	[07]	CO2	L5
(c)	Infer how the price-setting activity is determined by various factors.	[10]	CO2	L2
3 (a)	How do you calculate Sales activity Index?	[03]	CO1	L2
(b)	Classify the elements of store exteriors	[07]	CO2	L4
(c)	Discuss the three main roles of visual merchandise and explain various visual merchandising techniques used by retailers.	[10]	CO1	L5
<b>Part B - Compulsory (01*10=10 marks)</b>				
4.	Imagine that after completion of your MBA, you have decided to start a retail outlet of your own dealing in fashion merchandise for families in your locality. You know that strategy is a critical element for the success of your business. In the light of the above answer the following.			
(a)	Make a list of at least ten areas of your retail business that require a strategy.	[05]	CO2	L4
(b)	Choose any two from the above list and explain separately, the kind of strategies you would consider for each of them.	[05]	CO2	L4

Course Outcomes		PO1	PO2	PO3	PO4	PO5
CO1:	To develop an understanding of the contemporary retail management, issues, strategies and trends.	1a 3b 4a	1b, 1c,		3a 3c	
CO2:	To highlight the importance of retailing and its role in the success of modern business.		2a 2b		2c	
CO3:	To acclimatize with the insights of retailing, key activities and relationships.	3b				4b

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 – Theoretical Knowledge; PO2 – Effective Communication Skills; PO3 – Leadership Qualities; PO4 – Sustained Research Orientation; PO5 – Self-Sustaining Entrepreneurship***

**CMR Institute of Technology**  
**Department of Management Studies and Research Centre**

**Answer key**

**2<sup>nd</sup> Internal Assessment Test (IAT-2) – III Semester MBA (2018-20 Batch)**

**Subject:** Retail Management

**Sub Code:** 18MBAMM302

**Date:** 14-10-2019

**Time:** 10.00-11.30 am

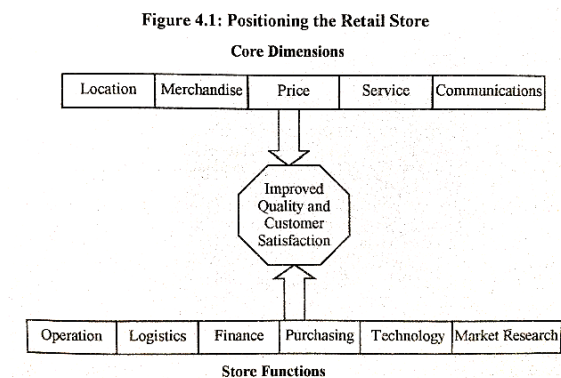
**Duration:** 90 mins

**Part A - Answer Any Two Full Questions (20\*02=40 Marks)**

1 (a) What is retail market strategy?

- The orientation of a retail firm towards its target market
- The format it is proposing
- The retail mix variables it wishes to chose
- Retail strategy must incorporate customers and competitors

(b) Explain the role played by any three 'core dimensions of a retail store' in creating an image to the store. Influenced by various factors



- **Location**
  - Two factors are important
    - Having drawing power or
    - Positioning in a location which has traffic
- **Merchandise Mix**
  - Total range of products
  - This determines perception
  - For can maintain unique merchandise – low-price and bargaining patters are not necessary
  - Formulate a detailed merchandise plan
  - Make a choice between wide variety or deep assortment (opting for both would increase inventory costs and becomes uncompetitive)
  - But come manages like JC Penny and Sears
- **Price:**

- Relative strategic position is determined by margin-turnover proportion
- Difficult to manage
  - High turnover + high margins = drift to other retailers
  - Low turnover + low margins = can't sustain
- Two options
  - High-turnover with low margins (Discount stores)
  - Low turnover but high margins (Specialty stores)
- **Communication:**
  - Incomplete and ineffective without comm. Attempts
  - Strategic elements of communication:
    - **Reach:** num. of people who see an ad at least once.
    - **Frequency:** average num. of times a customer sees an ad
    - **Content:** image the retailer wishes to project
    - **Personalization:** ability to provide customized comm.

(c) Recommend various pricing strategies and practices to be followed by retailers.

- **Everyday Low Pricing**
  - Keep costs low – Sell more merchandise; Lower further – sell even more
- **High-Low Pricing**
  - Higher than EDLP – Occasionally reduce deeply
- **Coupons**
  - Induce first-time consumer
- **Rebates**
  - Increases the sales volume but not the cost
- **Leader Pricing**
  - Selling a leader product at a substantially low price to generate traffic
- **Price Bundling**
  - Distinct items are offered together at a special price
- **Multiple-Unit Pricing**
  - Price of each unit in the pack is less than the price of each unit if bought individually
- **Price Lining**
  - Specific number of price points for each merchandise classification
- **Odd Pricing**
  - Ending in odd number

2 (a) What are the 7 rights of merchandising?

- Right product
- Right place
- Right time
- Right price
- Right quantity
- Right appeal
- Right service

(b) Divide the 'market area' into three, based on the level of competition.

**1. Isolated Stores**

- **Freestanding outlet**
- **On a street or highway**
- **No much variety**
- **Have shallow assortment**
- **No other retailer in vicinity**
- **Not suitable for small retailers**

**2. Unplanned Business District / Downtown Area**

- **Two or more stores situated together or closely**

- **Not planned in the initial long-range planning**
- **Selected what suits them best but not what suits the district**
- **Over a period of time, group of stores may sell similar or related products**
- **Central Business District** – traditional center in a city
- **Neighborhood Business District** – stationary, bakery, vegetable
- **String** – Car accessory stores, jewellery stores

**3. Planned shopping centers**

- **Set of architecturally similar establishments in a same site owned and managed centrally**
- **Has one or more anchor stores and variety of small stores**
- **Balanced tenancy** – quality and range complements with each other
- **Regional Shopping Centers**
- **1 big deptl store and 50 small stores** – 1,00,000 pop – half-an-hour driving
- **Community Shopping Centers**
- **A branch of a deptl store, variety store, category killer etc.** – 20,000 – 1,00,000 pop – 10-20 mints drive
- **Neighborhood Shopping Center**
- **Convenience stores** – daily needs – super markets, drugstores, bakery, dry-cleaning – 3000-5000 pop – 10 mins drive

(c) Infer how the price-setting activity is determined by various factors.

Price-setting strategy is determined by various factors as explained below.

- **Demand factor**
  - Law of demand
  - Price elasticity
  - Cross elasticity
- **Competition factor**
  - Competitive position depends on
    - Retail mix, Loyal-base of customers and Image of the store
- **Cost factor**
  - Total cost = actual cost + cost of logistics and inventory
- **Product factor**
  - Perishability, Durability, Seasonal appeal
- **Legal factor**
  - Prevailing laws and regulations and other influences
    - Deep discounts offered by Food delivery partners and e-commerce platforms

3 (a) How do you calculate Sales activity Index?

$$\text{Sales activity index (SAI)} = \frac{\text{Area's \% of India's retail sales}}{\text{Area's \% of India's Population}}$$

(b) Classify the elements of store exteriors

- Elements for store exteriors
  - Marquee
    - Carries store name, trademark etc.
  - Entrances
    - Number of entrances, their designs
  - Door types
    - Regular, revolving, electric, self-opening, push-pull, climate controlled
  - Walkways
    - Wide and rich vs narrow and constrained
  - Display windows
    - Creates moods, contemporariness, price displays, catchy display of goods, concern for society
  - Colors and materials

- Theft prevention
  - Control on employees and customers, theft-prevention systems at entrance, exit and inventory receiving doors

(c) Discuss the three main roles of visual merchandise and explain various visual merchandising techniques used by retailers.

While the overall purpose of visual merchandise is to create visually appealing shopping environment which increases sales, there are three main roles played by VM. They are:

- Informing about products
- Adding value to store's atmosphere
- Acting as a significant promotional tool

Now, the various techniques used in VM are explained below.

- Idea-oriented presentation
  - Visualize the use of the product at homes
- Style or item oriented presentation
  - Finds all product in that category at one place
- Color presentation
  - Appropriate color combination (Ex, apparel store)
- Price lining
  - Arranged s per the price points
- Vertical merchandising
  - Displaying on walls and high gondolas
  - Buying patters – left-right, top-bottom
- Tonnage merchandising
  - Displaying huge quantity of merchandise at a time
- Frontal presentation
  - Exhibiting as much of merchandise as it would require to draw attention
- Fixtures
  - Straight rack, rounder, four-way stands and gondolas

### **Part B - Compulsory (01\*20=20 marks)**

4. (c) Make a list of at least ten areas of your retail business that require a strategy. Give the ten areas where your retail business requires a strategy to implement in likes pricing, merchandise planning etc.

(d) Choose any two from the above list and explain separately, the kind of strategies you would consider for each of them.

Give your own explanation on what specific aspects the above functions of retail require strategic planning and execution and give the strategies that you consider there.