



NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF MARKETING

RETAIL MARKETING MANAGEMENT

CBU 2206

Second semester examination paper

April 2015

This examination paper consists of 8 pages

Time allowed: 3 hours

Total Marks: 100

INSTRUCTIONS TO CANDIDATES

Answer **All** questions in **Section A** and any other **three** questions from section B.

INFORMATION TO CANDIDATES

- (i) **Section A** carries **25 marks**
- (ii) Questions may be answered in any order.
- (iii) As much as possible, use relevant examples.
- (iv) This paper contains **seven** questions.

MARK ALLOCATION

Question	Mark Allocation
Section A	25
1	25
2	25
3	25
4	25
5	25
6	25
Total – (For four Questions)	100

SECTION A (Compulsory)

1. What key aspect does a retail strategy identify?
 - a) The retail trade areas
 - b) The advertising campaign
 - c) Output measures
 - d) The target market
 - e) Retail partnerships

2. Which of the following statements concerning electronic data interchange (EDI) is incorrect?
 - a) EDI can be viewed as the replacement of paper-based transactions (orders, schedules, invoices and advice notes) with a computer –readable format, communicated via electronic media.
 - b) EDI reduces sales (due to lower stock availability)
 - c) EDI reduces errors
 - d) EDI reduces costs
 - e) None of the above

3. New retail formats are created and evolve because _____
 - a) Consumers lose interest
 - b) Large retailers have undertaken stronger marketing campaigns
 - c) Consumer needs and competition change
 - d) Private brands dictate new fashion
 - e) All of the above

4. The part of the supply chain process that plans, implements, and controls the efficient, effective flow and storage of goods, services, and related information from the point of origin to the point of consumption in order to meet customers' requirements.
 - a) Data warehouse
 - b) Logistics management
 - c) Quick response
 - d) GMROI
 - e) EDI

5. _____ refers to the number of different merchandise categories a retailer offers.
- a) Inventory mixture
 - b) Product measurement
 - c) Product depth
 - d) Product Width
 - e) Product Assortment
6. What does the acronym SKU stand for?
- a) Style Kept Utility
 - b) Stock Keeping Unit
 - c) Selling Keyboard Utility
 - d) Stored and keyed Unit
 - e) None of the above
7. How can supermarkets differentiate themselves from other food retailing formats?
- a) Emphasize fresh perishables
 - b) Target health conscious and ethnic consumers
 - c) Provide a better value with private-label merchandise
 - d) Provide a better shopping experience
 - e) All of the above
8. A retailer that carries a broad variety and deep assortment, offers low prices, and is organized into separate sections for displaying merchandise is called a _____
- a) off-price retailer
 - b) department store
 - c) discount retailer
 - d) convenience store
 - e) specialty retailer
9. _____ are products that have minor blemishes to the fabric or errors in the construction.
- a) Close-outs
 - b) Irregulars
 - c) Third-degree items
 - d) Undergrounds
 - e) Value items

10. Value reflects the sum of customer costs and perceived _____.
- a) tangible and intangible benefits
 - b) tangible and intangible needs
 - c) tangible and intangible intrinsic needs
 - d) reliability and dependability
 - e) customer expectations
11. GMROI is _____
- a) Gross Margin Return On Investment
 - b) Gross Margin Retail Of Inventory
 - c) Gross Margin Return On Inventory
 - d) Gross Margin Retail On Investment
 - e) None of the Above
12. All of the following are advantages of High Inventory Turnover except
- a) Increase in Cost of Goods Sold
 - b) Increased Sales Volume
 - c) Increased Money for Market Opportunities
 - d) Increased Salesperson morale
 - e) Increased Asset Turnover
13. Keeps track of the merchandise flows while they are occurring so buyers don't spend too much or too little
- a) Category system
 - b) Assortment Plan
 - c) Category Management
 - d) Merchandise Management
 - e) Open to Buy System
14. Employee productivity is
- a) The retailer's sales or profit multiplied by the number of employees.
 - b) The retailer's sales or profit divided by number of employees
 - c) The retailer's sales or profit added by the number of employees.
 - d) The retailer's sales or profit subtracted by the number of employees.
 - e) None of the Above
15. Which of the following is incorrect?
- a) Own brands receive a lower proportion of management attention within retail companies than their turnover would indicate
 - b) For many retailers, own brands have played a key role in the development of their brand equity
 - c) Own brands tend to receive special emphasis in retailers advertising
 - d) Own brands tend to receive special emphasis in space allocations
 - e) None of the above

16. Amount of time between recognition that an order needs to be placed and when it arrives in the store and is ready for sale
- Review Time
 - Order Point
 - Lead Point
 - Review Point
 - Lead Time
17. Inventory shrinkage is _____
- Inventory reduction that is caused by shoplifting by employees or customers
 - Merchandise being misplaced or damaged
 - Poor Bookkeeping
 - Difference between what you have and should have
 - All of the above
18. This analysis utilizes the general 80-20 principle that implies that approximately 80 percent of a retailers sales or profits come from 20 percent of the products
- Multi-Attribute Analysis
 - ABC Analysis
 - Sell-through Analysis
 - Gross Margin Analysis
 - GMROI Analysis
19. Calculate the GMROI for a Christian Bookstore that has annual sales of \$20,000 for T-Shirts,
Gross Margin of 45%, and Average Inventory (at cost) of \$75,000.
- 14.67 %
 - 12%
 - 8%
 - 10%
 - None of the Above
20. GMROI is a financial ratio that
- Measures how many gross margin dollars are spent on every dollar of inventory investment.
 - Measures how many gross margin dollars are earned on every dollar of inventory investment
 - Measures how many gross margin dollars are earned on every 100 dollars of inventory investment at retail
 - Measures how many gross margin dollars are earned on every 100 dollars of inventory investment at cost
 - None of the Above
21. Which of the following is incorrect?
- Retail design has become a prominent element of retail marketing, as retailers have sought new forms of differentiation

- b) Design will seek to achieve basic ,functional requirements, while providing a pleasant shopping experience, conducive to making purchases
 - c) Shoppers’ experiential motives and social needs are better satisfied by electronic shopping alternatives, whilst store design focuses more on the basic, functional requirements
 - d) Objectives of the retail environment include creating a stage for lifestyles, entertainment and experience
 - e) None of the above
22. Which of the following is not used as a retail location technique?
- a) Evaluation checklists
 - b) Viability
 - c) Analogue technique
 - d) Regression analysis
 - e) Experience
23. Which of the following statements is FALSE regarding Internet retailing?
- a) Internet retailing is a booming and increasingly competitive business.
 - b) Apparel is one of the largest sales categories on the Internet and one of the fastest growing.
 - c) Research has shown that consumers shop online for reasons different to those for shopping from catalogs.
 - d) Catalogs and the Internet appear to work in a complementary fashion.
 - e) With respect to apparel, lack of touch can be a major barrier for non-store retailers.
24. The major reason people give for not shopping on the Internet is _____.
- a) Lack of “touch”
 - b) Security concerns
 - c) Too difficult to use
 - d) Unfamiliar merchants
 - e) None of the above
25. Which of the following is not correct concerning quick response (QR)?
- a) Quick response adds value in terms of customer satisfaction, sales and cost reductions
 - b) QR production and distribution techniques are a way of using the supply chain to increase marketing effectiveness as well as efficiency
 - c) With more stock in stores, a more specialized assortment can be carried
 - d) There is less old stock, meaning fewer markdowns at season end
 - e) QR is a form of Just in Time system for retailing

SECTION B

Question 1

‘The future of retailing is evolving from the traditional physical store concept to the use of non-store forms of retailing’. Discuss any **five** types of the non-store retail formats, giving reasons behind their rise in popularity. **(25 marks)**

Question 2

“You can be the best retailer in the world, but if you set up your shop in the wrong place, you will never do much business, if you operate from the wrong properties, you start with your hands tied behind your back” (Clarke and Rowley, 1995).

(a) Assess the implications of this statement for a specialty clothing store intending to set up shop in Bulawayo. **(15 marks)**

(b) Explain the **four** steps owners go through in selecting the location for shop? **(10 marks)**

Question 3

Compare and contrast the use of the grid store layout, the free flow layout and the race track layout assessing the pros and cons of each of these types of store layout. **(25 marks)**

Question 4

‘To avoid stock outs and overstocking, retail buyers use various factors in deciding how much of particular merchandise to order at any specific period.’ Discuss. **(25 marks)**

Question 5

(a) Illustrate how the understanding of the financial structure would help a supermarket retailer appreciate the major issues that would impact on overall profitability of the business. **(16 marks)**

(b) Discuss **three** item level profit measures that the supermarket could use to assess the profitability of its individual product categories. **(9 marks)**

Question 6

Discuss the various inventory control methods that a retailer could use to manage and control inventory within a store. **(25 marks)**

END OF EXAMINATION