



END TERM EXAMINATION, 2015

MBA (Full Time Residential) Sem-IV
MM: 50 Marks

Course: Retail Management
Time: 3 Hours
Subject code: MBA MK 04

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q.1 (a) What are the factors that a large department store like 'Shoppers Stop' should consider before finalizing its location? **(5 Marks)**

(b) Explain various types of display fixtures commonly used at the following stores:

1. Grocery store
2. Independent apparel store
3. Franchised watch store
4. Independent watch store
5. Independent electronic goods store **(5 Marks)**

Q.2 (a) Compare the product assortment of

1. Two leading fashion stores
2. Two Grocery stores **(5 Marks)**

(b) Which of the store-based retail formats, is most vulnerable to competition from the Internet retailers? Why? Which is least vulnerable? Why? **(5 Marks)**

Q.3 Explain the factors that affect the buying behaviour of a retail shopper and their impact in the formulation of retail mix strategies. **(10 Marks)**

Q.4 (a) A buyer for kids toy is planning to buy for merchandise to be sold during the summer season that will generate retail sales of INR 2,50,000. The buyer wants to have a maintained markup of 30% on retail for summer toys sales. Reductions will be very small and can be ignored. The buyer has already spent INR 94,128 for merchandise that will generate INR 1,25,750 at retail. What markup does the buyer need to have on the remainder of the planned purchases to realize the overall markup of 30%? **(5 Marks)**

(b) At a gift shop for the financial year 2014 net sales were INR 1,17,900, net profit after taxes was INR 8200, total assets were INR 1,06,800 and net worth was INR 80,200. Calculate net profit margin, asset turnover, return on assets and financial leverage for the gift shop. **(5 Marks)**

Q.5 Write short notes on the following **(any two)**:

- (a) Role of technology in retail
- (b) Retail Audit
- (c) Human Resource management in retail
- (d) Retail Industry- a key contributor to the Indian economy

(5x2= 10 Marks)

Section B

Q.6 Read the given case study and answer all the questions.

Newspapers are the most important advertising medium, accounting for 25 percent of media spending. Eighty-five percent of all newspapers ads are placed in local markets, 15

percent in national markets. Newspaper advertising is particularly important for retailers due to its large readership, the local nature of circulation, and the attractive options that are available. Let's look at these factors.

Although 62 percent of adults read a daily newspaper, this number increases to 70 percent on Sunday. Men and women prefer different sections of a newspaper. The highest degree of readership among men is general news, followed by sports, editorial, and business sections. Among women general news is also the most read, followed by food, arts and entertainment, and home living.

Newspapers can be classified by frequency of publication, size, and circulation. There are 1600 daily newspapers and approximately 7500 weekly newspapers. There are two sizes of newspapers: the large broad-sheet and less popular tabloid.

In preparing newspaper media plans, retailers can choose among classified ads, display ads, and supplements. Classified ads are often used for employment, real-estate, and used car sales. Local display advertising generates the most advertising revenue for daily papers.

Newspaper advertising has several advantages over other media. These include geographic selectivity, extensive market coverage, flexibility, a short lead time, and the impact on stimulating consumers to act. Geographic selectivity is achieved through zoned editions whereby retailers target specific geographic regions. Thus, retailers can eliminate waste circulation. Newspapers offer high market penetration. Some newspapers even offer free versions to non-subscribers as a way of increasing market coverage. Flexibility is enhanced by enabling retailers to select among various ad sizes, colour alternatives, free-standing inserts, and supplement options. Many newspapers allow retailers to fax in their ads as close as one day prior to publication. Lastly, newspapers can induce consumers to buy through coupon-based offers. About 80 percent of all redeemed coupons are distributed through newspapers.

Retailers can choose among four different types of newspapers advertising: institutional, regular price, special promotion, and deep markdown price. Institutional advertising is image-related and is generally the most creative of all ad forms. Regular price advertising seeks to explain the benefits consumers derive from buying goods and services at a specific retailer. Special promotions seek to develop high sales volume and store traffic through discounts, special purchases, and markdown of regular merchandise. Deep markdown price advertising seeks to clear end-of-season inventories.

Questions:

1. How should a retailer use the information on newspaper readership pattern by men and women in creating its advertising strategy? **(7 Marks)**
2. What types of image-related advertising appeals can a major department store use? **(6 Marks)**
3. When should a retailer employ radio ads rather than newspaper ads? Give reason for your answer. **(7 Marks)**