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MBA
MBA 404A

Fourth Semester Regular Examination – 2014

RETAIL MANAGEMENT

BRANCH : MBA

QUESTION CODE : F 437

Full Marks – 70

Time : 3 Hours

Answer Question No. 1 & 2 which are compulsory and any **four** from the rest.
The figures in the right-hand margin indicate marks.



1. Answer briefly the following questions :

2×10

- Pedestrian traffic flow
- Footfall
- Width of assortment
- Anchor store
- Reverse logistics
- Flea market
- EDLP
- Grid layout
- Shop-in-shop
- Free standing location

2. Most retail analysts define 'big-box' retailers as discounters with stores between 50,000 and 200000 sq.ft., single story buildings and strategies based on high

P.T.O.

volume via low mark-ups. Big box retailers include Wal-Mart, Target and the like. In general these retailers have built their strategies on the basis of four components.

1. Economies of scale
2. Low price
3. Broad merchandise offerings
4. A predictable shopping experience.

Big box stores have considerable impact on other retailers that sell similar products. A new big box store can even change customer shopping patterns because many customers may drive further distances to secure lower prices or to be able to shop at later times. To compete against the big box store, there are alternative strategies to consider. These are based on low costs, focus/differentiation and value. The first two strategies are based on Michael Porter's Competitive strategy model. It is generally difficult to compete against big box retailers on the basis of price. One way for a small retailer is to reduce its assortment and thereby generate buying power by concentrating purchases among fewer vendors. Small non competing retailers can also join cooperatives and jointly purchase goods. A second competitive strategy is to use a focus/differentiation strategy based on product quality, selection, convenience and service. Smaller retailers can also cater to a market niche such as safety-prone or time pressed parents who would choose an experienced and proven hand to assemble or arrange the product for their children. Lastly smaller retailers are generally better able to tailor their merchandise and service offerings to a local market's specialized needs than big-box stores. The third strategy is based on a value orientation. Instead of focusing attention solely on price, smaller retailers need to vigorously control those costs that do not directly enhance the attractiveness of its products or services. Value-oriented retailers should pursue cost reduction opportunities that result in minimal reductions in value. Such retail value orientations

may be based on home delivery, assembly and after sales service. In contrast, Wal-mart and other big-box retailers' value orientation is primarily due to low prices. 10

(a) Discuss the competitive strategies open to the small retailers vis-a vis the big-box stores. Give your considered opinion about the effectiveness of the strategies in the Indian context.

(b) What factors explain the increased popularity of big-box stores in many sectors of retailing ?

3. Compare and contrast the chain store and the franchise format of retailing. Explain their relative merits and limitations. 10

4. What do you mean by merchandise ? Explain different types of merchandising. Discuss the merchandising management process. 10

5. In what ways the knowledge of consumer behavior is essential for the success of retail strategies ? Explain the factors that influence consumer behavior in retail and state the influence of situational variables on shopping behavior in a planned shopping centre. 10

6. Define logistics and describe the key decision areas for effective logistics management. Identify the importance of logistics in modern retailing. 10

7. Distinguish between Non store retailing and store based retailing. Do you think Non store retailing will continue to grow faster than store-based retailing ? Explain your answer. 10

8. "A poor location may be such a liability that even superior retailers cannot overcome it." Comment on the statement and from a retailer's perspective compare the advantages of locating in an unplanned business district versus a planned business district. 10

