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| **C:\Users\ADMIN\Desktop\j.png** | **JAIPURIA INSTITUE OF MANAGEMENT, INDORE**  Post Graduate Diploma in Management |
| **Course Title: Retail Marketing, (Course Code:** (**MKT508**)  **End-Term Improvement Examination, Term – V Batch (2021-23) (March, 2023)** | |
| **Time Duration : 2 Hours Total Marks: 40** | |

***General Instructions*:**

1. *Answer the questions as directed. The break-up of the marks is given wherever necessary.*
2. *Marks against each question is indicated to its right.*
3. *Answer all the questions of a ‘Section/Question’ at one place in continuation.*
4. *Answers should be brief and to the point.*
5. *Do not write on the question paper except your roll number.*

**SECTION – A (5 mark each)**

**Q.1** Various branded grocery products are being sold at the same price, same quantity, etc. (i.e. same product) at the competitor’s outlet, but the product at your stores is not selling well as compared to the competitors. Why do you think this is? What would you do about it?

**(5 Marks)**

**Q.2** Location plays a critical role in a retail store. As a retail store manager, which one is more important high traffic area or footfall in the mall? Justify your answer with an example.

**(5 Marks)**

**Q.3** XYZ stores are facing issues pertaining to profitably, shrinkage and loss customers. You are the new store manager. What specific measures you will adopt to resolve issues pertaining to:

* Shrinkage
* Increasing overall profitability of the store
* Customer retention **(1+2+2=5 Marks)**

**Q.4** More mega store has plans for expansion in tier 3 and 4 cities, however, they are concerned about the increased transportation cost and other operational costs. As an expert rural retail consultant, what advice on SCM and distribution you will give to the senior management of More mega Store which will help them control their distribution and other operational costs? **(5 Marks)**

**SECTION – B Case Analysis (10 Marks each)**

**Case: Diamond in the Rough**

Ruth Diamond, president of Diamond Furriers, was concerned that sales in her store appeared to have flattened out. She was considering establishing a different method for compensating her salespeople.

Diamond was located in an affluent suburb of Nashville, Tennessee. Ruth's father had founded the company 40 years earlier, and she had grown up working in the business. After his retirement in 1980, she moved the store into an upscale shopping mall not far from its previous location and sales boomed almost immediately, rising to just over $ 1 million in five years. However, once it reached that sales volume, it remained there for the next three years, making Ruth wonder whether her salespeople had sufficient incentive to sell more aggressively.

Diamond's staff was all women, ranging in age from 27 to 58 years. There were four full-timers and four part-timers (20 hours a week), all of whom had at least three years. experience in the store. A11 of them were pa. - at the same hourly rate, $10, with liberal heal: benefits. Employee morale was excellent, and the entire staff displayed strong personal 1oalty to Diamond.

The store was open 78 hours a week, which meant that there was nearly always a minimum: staff of three on the floor, rising to six at peak-- periods. Diamond's merchandise consists: exclusively of fur coats and jackets, ranging in price from $750 to more than $5,000. The average unit sale was about $2,000. Full-timers’ annual sales averaged about $160,000, and the part-timers' were a little over half of that.

Diamond's concern about sales transcended her appreciation for her loyalty toward her employees. She asked them, for example.to maintain customer files and call their customers when new styles came in. Although some of them were more diligent about this than others, none of them appeared to want to be especially aggressive about promoting sales.

She began to investigate commission systems and discussed them with some of her contacts in the trade. All suggested lowering the salespeople's base pay and installing either a fixed or a variable commission rate system.

One idea was to lower the base hourly rate from $10 to $7 and let them make up the difference through a 4 percent commission on all sales, to be paid monthly. Such an arrangement would allow them all to earn the same as they currently do.

However, she also realized that such a system would provide no incentive to sell the higher-priced furs, which she recognized might be a way to improve overall sales. So she also; considered offering to pay 3 percent on items priced below $2,000 and 5 percent on all those above.

Either of these systems would require considerable extra bookkeeping. Returns would have to be deducted from commissions. And she was also concerned that disputes might arise among her people from time to time over who had actually made the sale. So she conceived of a third alternative, which was to leave the hourly rates the same but pay a flat bonus of 4 percent of all sales over g1 million and then divides it among the salespeople on the basis of the proportion of hours each had actually worked. This "commission" would be paid annually, in the form of a Christmas bonus.

Q.5 What are the advantages and disadvantages of the various alternatives Ruth Diamond is considering? **(10 Marks)**

Q.6 Do you have any other suggestions for improving the store sales, what would you recommend and why? **(10 Marks)**