



KING FAHD UNIVERSITY OF PETROLEUM & MINERALS
College of Industrial Management
Department of Management & Marketing



Second Semester 2007-2008 (072)
MKT 340-01 & 02: Retailing Management

Final Examination (30%)

June, 2008

Time Allowed: 2 Hours

Full Name of Student:

Student's ID No.....

GENERAL INSTRUCTIONS: *The paper is divided into three sections (A, B and C). Students are asked to attempt all questions in SECTIONS A and B for 20 Marks and select **ONE** question out of 3 for 10 Marks in SECTION C.*

SECTION A: *This section consists of **multiple-choice questions**. Attempt all questions for 10 marks*

1) When considering potential locations for a new store, Géant Hypermarket Ltd intends to have an area with customers who are in its target market, customers who are attracted to the its offering and interested in patronizing its stores. By reviewing this aspect of their target market, Géant is concentrating on which factor of the location evaluation?

- a) Economic Condition
- b) Operating Costs
- c) Strategic Fit
- d) Competition

2) The _____ of a site is the ease with which customers can get into and out of the site.

- a) Traffic flow
- b) Traffic restriction
- c) Accessibility
- d) Vehicular traffic bypass

3) In analyzing the profitability of retail customers, which of the following segmentation scheme is often used by catalog retailers and direct marketers?

- a) RFM (Recency, Frequency and Monetary) Analysis
- b) Lifetime Customer value
- c) Customer Pyramid
- d) Frequent Shopper Program

4) Hussain needed the latest wedding gown for his bride and had to drive 30 kilometers to a new wedding gown store to make the purchase. To Hussain, the wedding gown store is an example of a:

- a) Destination store
- b) Drawing store
- c) Parasite store
- d) Country goods store

- 5) Which of the following document tells the distribution center (DC) what specifically is being transported into the DC and when it will be delivered?
- Bill of Lading
 - Advance Shipping Notice
 - Invoice
 - Letter of Credit
- 6) The _____ is responsible for apportioning merchandise and tailoring the assortment in several categories for specific stores in a geographical area.
- Planner
 - Buyer
 - Category Manager
 - Allocator
- 7) Have you ever noticed that competing fast-food restaurants in Dhahran Mall, automobile spare parts dealers in Thoqbah, and even shoe and apparel stores in a mall are located next to one another? This type of location approach is based on the principle of:
- Parallel Branding
 - Analog Approach
 - Cumulative Attraction
 - Adjacent Tenants
- 8) _____ is the process of locating the residences of customers for a store on a map and displaying their positions relative to the store location.
- Accessibility
 - Trade Area
 - Customer Spotting
 - Census Block
- 9) Jawad works as one of the top sale associates in the men's shoe department of Aldo Stores. Apart from his salary, he also takes 2% on all credit purchases. This 2% can best be referred to as his:
- Benefit
 - Commission
 - Gratuity
 - Bonus
- 10) With a *percentage lease*, retailers pay a percentage of sales as well as a(n) _____ which is based on a percentage of their square footage of leased space.
- Maintenance fee
 - Inflation surcharge
 - Space charge
 - Minimum fee
- 11) A coffee shop is located at the entrance of Extra Electronics Shopping Mall in Khobar. Hundreds of people pass the entrance on their way into this mall and feel compelled to stop and grab a cup of coffee. The Coffee shop is an example of a(n):
- Attraction store
 - Parasite store
 - Freestanding retailer
 - Traffic-dependent store

- 12) _____ is a building (like a bank branch) or kiosk (like an ATM) that sits in the parking lot of a shopping center but not physically attached to the center.
- a) Strip center
 - b) Omnicenter
 - c) Outparcel
 - d) Theme Center
- 13) Which of the following involves offering and selling more products and services to existing customers thereby increasing the retailer's share of wallet with these customers?
- a) Customer Alchemy
 - b) Customer Retention
 - c) Customer Pyramid
 - d) Add-on Selling
- 14) The flow back of merchandise through the channel from the customer to the store to the Distribution Center to the vendor is termed as:
- a) Return logistics
 - b) Reverse logistics
 - c) Outbound returns
 - d) Outbound flow
- 15) The type of distribution center where vendors ship the merchandise prepackaged in the quantities required for each store, and that the merchandise is immediately shipped to stores as soon as it is received is called a(n) _____ distribution center.
- a) Cross conveyor
 - b) Crossdocking
 - c) Checking
 - d) Docking
- 16) Which of the following analytical tools is often useful for suggesting where to place merchandise in a store?
- a) Allotment analysis
 - b) Market basket analysis
 - c) Location analysis
 - d) Shopping cart analysis
- 17) In preparing to ship merchandise to a store, _____ is a document or display on a screen in a forklift truck indicating how much of each item is to be taken from storage areas.
- a) Pick Ticket
 - b) Dispatch Note
 - c) Shipping Label
 - d) Purchase Order
- 18) Which of the following is most likely to make shopping slow, can irritate customers and can generally discourage sales?
- a) No promotions
 - b) Few SKUs
 - c) Out-of-stocks
 - d) Congestion

19) During the first quarter of this year, Giant stores did not coordinate their supply chain activities effectively thereby resulting in the build up of excess inventory. This build up of inventory in an uncoordinated channel is called:

- a) Reverse logistics
- b) Bullwhip Effect
- c) Halo Effect
- d) Pick Ticket

20) Which of the following retail customer segment are young, well educated singles beginning their professional careers in the largest cities and do spend their money on themselves.

- a) Metro Renters
- b) Trendsetters
- c) Urban Chic
- d) Newcomers

SECTION B: This section consists of **True or False questions**. Attempt all questions for 10 marks

1) Population and employment growth are enough to ensure a strong retail environment in the future.

- a) True
- b) False

2) One of the primary objectives of retailers is to maximize profits for the entire chain; therefore retailers should continue to open stores as long as the marginal revenues achieved by opening a new store are greater than the marginal costs.

- a) True
- b) False

3) Natural barriers' impact on a particular site primarily depends on whether the merchandise or services will appeal to customers so strongly that they cross the barrier.

- a) True
- b) False

4) Most traffic flow to a site location is not always better; rather, traffic flow is a question of balance.

- a) True
- b) False

5) Increasing sales and profits through customer relationship programs is not a challenge.

- a) True
- b) False

6) The *principle of cumulative attraction* applies to both stores that sell complementary merchandise and those that compete directly with one another.

- a) True
- b) False

7) A *secondary area* is the geographic area from which the shopping center or store site derives 50-70 percent of its customers.

- a) True
- b) False

8) A *glass ceiling* is an invisible barrier that makes it difficult for minorities and other foreign nationals to be promoted beyond a certain level in many retail organizations.

- a) True
- b) False

9) *Lifetime Customer Value* is a specific type of data analysis that focuses on the composition of the items or bundle of products purchased by a household during a single shopping occasion.

- a) True
- b) False

10) In the long run, *intentional cannibalization* does not build a competitive advantage because the shopping experience is not enhanced.

- a) True
- b) False

11) A *push supply chain* is the one in which orders for merchandise are generated at the store level on the basis of sales data captured by POS terminal.

- a) True
- b) False

12) In managing the inbound and outbound transportation, logistics does not involve the activities undertaken in the retailer's distribution center.

- a) True
- b) False

13) *Customer Pyramid* is the expected contribution from the customer to the retailer's profits over his or her entire relationship with the retailer.

- a) True
- b) False

14) In analyzing the attractiveness of a potential store site, a retailer may not necessarily need information about potential competitors and customers in the site's trade area.

- a) True
- b) False

15) *Cross selling* involves selling additional new products and services to existing customers, such as a bank encouraging a customer with an investment account to apply for a home improvement loan.

- a) True
- b) False

16) *Destination stores* do not have a large trade area

- a) True
- b) False

17) *Customer Pyramid*, a commonly used segmentation tool in retailing divides customers into 5 segments

- a) True
- b) False

18) *Push supply chain* are efficient for merchandise that has steady, predictable demand, such as milk and eggs.

- a) True
- b) False

19) In the distribution center, pick tickets and labels are also generated from the break pack area

- a) True
- b) False

20) Effectively implementing customer relationship management programs is not all that difficult since it does not require any coordination with the different areas in a retailer's organization

- a) True
- b) False

SECTION C: Essay Questions

Answer ONE (1) out of three (3) questions for 10 marks.

Note that credit will be given for good ideas and development, organization and coherence, word choice, good sentences and paragraph, grammar and usage, and good conclusion.

1) i) What is a *Trade Area*?

ii) Briefly describe the three (3) zones of a trade area (with examples if possible).

iii) Carrefour KSA is looking at the possibility of establishing a new hypermarket in Jubail. Discuss four (4) factors that should be considered by Carrefour KSA when evaluating an area for location.

(10marks)

2) i) Briefly explain what *Supply Chain Management* is.

ii) Explain ways in which efficient supply chain management can provide benefits to a retailer's customer.

iii) Discuss five (5) consequences of such benefit(s) to a retailer's overall business performance.

(10 Marks)

3) i) What is *Customer loyalty*?

ii) Discuss four (4) approaches that Azizia Panda Hypermarket can use to retain their best customers.

iii) What can Saudi retailers do to minimize privacy concerns of their customers?

(10 Marks)



