

PGDM (RM), 2021-23
Retail Concepts and Environment
RM-107

Trimester – I, End-Term Examination: October 2021

Time allowed: 1 Hour 30 Minutes
Max Marks: 30

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper. All instructions on the reverse of the admit card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	3 question (or more) with 3 internal choices (1 question + 1 internal choice) for each CILO (Course Intended Learning Outcome) covered.	3*5	15
B	Case Study with minimum 2 compulsory questions and remaining CILOs if any covered	15	15
			30

Section A

CILO 1 (Remember)

1 (a) With manufacturers legally able to sell directly from the factories, why should retailers exist?

OR

1(b) From your perspective, what are the benefits and limitations of purchasing a home entertainment system directly from a number of component manufacturers rather than from a retailer?

CILO 2 (Application)

2 (a) Discuss the practice of manufactures opening up their own specialty stores. Why is this a growing trend and what are the positives and negatives from the viewpoint of both the manufacturer and other retailers?

OR

2 (b) If you were considering the ownership of Burger King franchise, what would you want to know about the location in terms of traffic, population, income, employment, and competition? What else would need to be researched about a potential location?

CILO 3 (Understand)

3(a) In many malls, quick service food retailers are located together in an area known as a food court. What are the advantages and disadvantages of this location for the food retailers? What is the new trend for food retailers in the shopping environment?

OR

3 (b) Many experts believe that customer service is one of retailers' most important issues in the new millennium. How can retailers that emphasize low price (such as discount stores, category specialists, and off-price retailers) improve customer service without increasing costs and thus, prices?

Section B

CILO 2 (Application)

High-end, salon-only hair care products have been showing up on the shelves at grocery stores, discounters, and drugstores. Premium brands such as Nexxus, Paul Mitchell, Redken, Rusk, and Sebastian are clearly marked with "For Sale in Professional Salons Only." However, these brands are being sold through mass-market chains in addition to the exclusive salon-only channel. This practice is known as diverting products from the intended channel of distribution.

Is this practice illegal? Currently there is no legislation prohibiting mass retailers from selling premium brands. Because a strong gray market exists for professional hair care products, drug chains, discounters, and food retailers offer salon-only brands in the same health and beauty aisles as the mass-market hair care brands. These high-demand hair care lines are also available through online retail sites.

When beauty supply distributors or wholesalers break contractual agreements with manufacturers, the makers of salon-only brands lose millions of dollars and risk their exclusive brand image and reputation when their products are sold in stores. Improperly diverted hair care products are estimated to be valued at up to \$800 million of the industry's \$29 billion in annual sales.

The company is reminding customers to fight against the manufacturing, distribution, and retailing of counterfeit products through its Product Control Campaign through their website too. This education program is designed to warn customers of the possible danger of purchasing the Paul Mitchell brand from intermediaries other than professional salons. The risks associated with purchasing diverted products include possible tampering, expiration, contamination, or substitution.

QUESTIONS

1. How do customers, manufacturers, salons, and retailers react to the practice of diverting "salon-only" products to discounters, drug chains, and grocery stores? (7 marks)
2. Will the education campaign launch by Paul Mitchell change where consumers shop for professional hair care products? Explain your rationale (8 marks)