

PGDM (RM), 2018-20
Retail Store Management
Subject Code RM - 202
Trimester -II, End Term Examination: December 2018

Time allowed: 2 Hrs 30 Min

Roll No: _____

Max Marks: 50

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Long Questions)	10 Marks each	3*10 = 30
B	Compulsory Case Study	20 Marks	20
		Total Marks	50

Section A:

1. "Retailer should understand the importance of location decision in the context of retail business". Elucidate. Why Location decision is crucial in retailing? Differentiate between centralized and decentralized stores systems with suitable examples
2. "Good customer service is more than just being quick and having a good product". Discuss the duties and responsibilities of Store Manager and Elucidate upon Store security.
3. A typical retail distribution network operates with centres set up throughout a commercial market, with each centre serving a number of stores. How will you comment for the statement that a distribution centre can be co-located at a logistics centre?
4. What is meant by turnover of inventory? How retailer calculates Average Inventory. Explain the difference between total sales revenue and total variable costs?
5. Urban Meyer has a sporting goods store that is frequented by college and professional athletes His financial information is as follows:

Income Statement Information

Net Sales	\$1,800,000
Cost of Goods Sold	\$ 1,200,000
Total Expenses	\$ 300,000

Balance Sheet Information

Average Inventory	400,000
Other Current Assets	200,000
Fixed Assets	300,000

Calculate the following and show all work for partial credit

- Gross margin %
- Net profit %
- Asset turnover
- Return on assets

SECTION B: Case Study

Blue Sky Surf Shop — Twenty-One Years of Surfing and Still Going Strong

Blue Sky Surf Shop in St. Augustine, Florida, is owned and operated by husband and wife Dave and Nancy Macri. After surfing in St. Augustine for several years, the Macris, who are originally from the gulf side of Florida, decided to start their business in 1979 in what was then a small, low-key surfer's town. Located on Anastasia Blvd. (the main route through Anastasia Island and a direct road to the beach), the shop is not out of sight but is easily missed if one is not looking for it. This is not a disadvantage to the store because (unlike most businesses in tourist-dependent St. Augustine) Blue Sky relies on local surfers and word of mouth for 90 percent of its business. Surfers from Jacksonville, Gainesville, Daytona Beach, and the west coast of Florida flock to St. Augustine for the consistent waves, clean water, and wide open beaches, and all rely on Blue Sky for surf accessories.

Blue Sky receives most of its business from males between ages 10 and 25 as opposed to a lot of larger, more diversified surf shops that also carry camping, kayaking, and fishing equipment aimed at the adult and family markets. Unlike many surf shops that cater to multisport lifestyles, Blue Sky has remained true to the hardcore surfer by carrying products that are solely related to surfing and the lifestyle that accompanies it. This customer demographic demands very

knowledgeable service and high-quality products. All the employees at Blue Sky are avid surfers; some are even past or presently sponsored by companies. This gives them a huge advantage with customers who know what they want and are very fast at spotting below-par products and service. A very large portion of the competition employs almost any teenager or young adult willing to work, many of whom have never surfed.

Customers entering Blue Sky, see surf videos constantly playing on a television monitor, over 200 brand new surfboards neatly displayed on floor racks, and the best brand name clothing. This quickly tells them they are in the best possible place to suit their needs. Just as back in 1979, when the store was a mere 600 square feet, it's dedicated to maximizing every inch for surfers needs. The store is now 1,800 square feet and Blue Sky consistently carries roughly 250 new and 60 used surfboards, more than any other shop in northeast Florida. Going into its 21st year of business, Blue Sky has perfected the concept of quality products and service while staying true to its original clientele, no matter what the rate of expansion.

Although the majority of surfers are male, Blue Sky has always been aware of the female surf market. However, unlike most of its competition, it does not waste space with hundreds of interchangeable bikinis and swimwear. It sells functional bathing suits, surf trunks, wetsuits, and anything else a female surfer could possibly need. Even though the female market may be smaller, Blue Sky is and always has been about supplying anyone that truly loves to surf.

With more and more surf shops popping up in St. Augustine, many of which have large advertising budgets, Blue Sky need not worry about losing customers; 21 years of solid no-frills service has built an extremely loyal customer base. You couldn't put a price tag on the store's word-of-mouth reputation. It does occasionally advertise in local newsletters and newspapers, but at a fraction of the cost of any competition. A very smart idea to further satisfy customers and to add to its exposure is Blue Sky's free surf report. Many other surf shops and companies have 1-900 telephone numbers that give you surf conditions, surf forecasts, water temperature, and tides, but most of these lines cost between fifty cents and a \$1.25 per minute for their services. Blue Sky provides this valuable service absolutely free.

This exemplifies the ability of Blue Sky to do small but highly effective things to evolve and satisfy, yet always keep in tune with the original philosophy of being the "surfer's surf shop."

Discussion Questions

1. What is the target market of Blue Sky Surf Shop?
2. What role has location played in the long-term success of Blue Sky?
3. How has Blue Sky achieved long-term success with minimal advertising?