School of Business
End Semester Examination, May 2024

Course-Retail SCM   Course Code-LSCM7007
Program MBA LSCM   Semester: II
Time: 03 hrs.   Max. Marks:100

Instructions: Section A is compulsory (each carrying 2 marks = 20 marks); any **Four Questions** from **Section B** (20 marks)**. Three Questions** from **Section C** is (carrying 10 marks = 30 marks)**. Section D** is compulsory (each carrying **10 marks = 30 marks**);

	Section A (This section is compulsory)		
1.	Objective questions-	**Marks**	**COs**
a.	Fill in the Blanks. _____ is the inventory that goes up and down due to replenishment process.	**[2]**	**CO1**
b.	_____determines the amount to charge customers in a supply chain.	**[2]**	**CO1**
c.	The furniture that holds and displays the majority of merchandise called_____.	**[2]**	**CO1**
d.	VED in Inventory classification stands for_____.	**[2]**	**CO1**
e.	_____ is the ratio of average cost of goods sold to average inventory investment.	**[2]**	**CO1**
f.	_____ is the time that elapses between issuing replenishment order and receiving the material at store.	**[2]**	**CO1**
g.	FSSAI stands for_____.	**[2]**	**CO1**
h.	State true or false- A category is an assortment of items that the customer sees as reasonable substitutes for each other. Girl's apparel, boy's apparel and infant's apparel are categories.	**[2]**	**CO1**
i	POS stands for_____.	**[2]**	**CO1**
j.	What is inventory shrinkage in retail store?	**[2]**	**CO1**
	Section B **Short type answers (5 marks each)**		
2	Discuss in brief the importance of retail mix for a retailer? Also, explain how retailers add value.	**[5]**	**CO2**
3	What are the factors that help in determining the backup stock?	**[5]**	**CO2**

5	What are the issues faced by the service retailers?	**[5]**	**CO2**
6	What is customer loyalty? How a retailer can build loyalty for its customers>	**[5]**	**CO2**

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Section C

Each question carries 10 marks

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8	How has the role of technology evolved in the merchandising planning process? Write short notes on
	    a) Bar coding
	    b) RFID
		[10]	**CO3**

9	a. What are important steps in developing a merchandise budget plan? Apply your understanding and complete the table below related to budgeting-	**[10]**	**CO3**

		April	May	June	July	August	September
Sales % Distribution to Season	100%	19%	12%	14%	18%	21%	16%
Monthly Sales	1200000(INR)						
Reduction % distribution to Season	100%	40%	14%	16%	12%	10%	8%
Monthly Reduction	18000						
BOM stock to Sales Ratio	4	3.6	4.4	4	4.4	3.6	4
BOM Inventory	98280						
EOM Inventory	65600						
Monthly addition to stock	113820						

b. Why is store location important for a retailer? What are the important factors that a retailer considers while choosing a location for retail store?

10	Why is it necessary for a retailer to be aware of the following acts-
	    a) Consumer Protection Act
	    b) Standard of Weights and Measurements
		[10]	**CO3**

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Section-D

All questions in this section are compulsory.

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Case Study :-   Home Needs – Retail chain.

A retail chain by the name "Home Needs" of 4 stores is in the city of Kashipur. Home Needs has divided the city into four quadrants and there is one store in each quadrant of the city namely at Udairaj nagar (East), Aawas vikas(west), Jaspur(North) and pratappur(South). They open the stores 350 days a year. The have monopoly in the market as no big chain like easy day and wallmart has entered in this tier 3 city. The only

competition comes from the stand alone stores and street kirana stores. The market from the center of the city is also not yet captured by Home Needs as all their stores are away from the city centre.

With growing markets and competition, Home Needs increased its Retail area and now each store has 3000 sqft for retail area out of which 500 sqft is used for storage in each store. But because of the following three reasons, others have started capturing the market to a great extent. Firstly, the no. of SKUs are very high in Home needs which leads to stockouts; Secondly, Home Needs works on cash and carry, and thirdly, Customers are price conscious, compromising on quality.

The management observed that the promotional schemes evolved and introduced by Home Needs are not reaching down to the customer, resulting in the lower combo sales and basket sales. Staff is only concerned with their jobs so they follow standardization and is not assisting the customers. The feed back from customers is that there is problem in SKU of same product packaging and frequent stockouts.

As of now, Home Needs doesn't use store to store transfer and uses milk run modal. Their lead time is 2 days as they replenish the stores regularly. Also they don't take into account the requirement of each store and send the same sort of inventory to each store. The excess inventory is always returned to the warehouse when its obsolete.

The pratappur stores, which lies in south of the city has the daily demand of 700 units of all sku combined and it is their most profitable store but always fights with either obsolete inventory or stockout problem. These challenges are there because it's the only store which serves the service class customers of the city, whose demand is constant.

The company has just adopted new IT solutions for their retail stores and their head warehouse which is in the centre of the city, almost equidistant from all stores. The new ERP is taking care of the inventory at warehouse in real time on the basis of sales at all stores. They are thinking of changing their distribution network for their warehouse – stores and also with the help of IT (online and app), they are preparing for entering into the home delivery segment also.

The company is yet to decide on promotional design and on the subject of opening a new store. The only good news is that because Home Needs has its own mother warehouse, so the order cost is equal to carrying cost for all stores. Company is also thinking of maximizing the profit from their Pratappur store.

1	Which new distribution modal do you suggest for Home Needs and why?	**[10]**	**CO4**
2	What all are the challenges Home Needs is facing? What solutions do you recommend?	**[10]**	**CO4**
3	Should Home needs open a new store? Support your answer from the case study.	**[10]**	**CO4**