CHRISTIAN SERVICE UNIVERSITY COLLEGE KUMASI
CSUC SCHOOL OF BUSINESS
DEPARTMENT OF MARKETING, LOGISTICS AND CORPORATE STRATEGY

BACHELOR OF BUSINESS ADMINISTRATION (MARKETING OPTION)

END OF SECOND SEMESTER EXAMINATIONS –2018/19 ACADEMIC YEAR
LEVEL 400

CSBM 420: **RETAIL MANAGEMENT**

MAY, 2019   Time Allowed: **2 hours 50 minute.**

GENERAL INSTRUCTION TO CANDIDATES:
- Answer **all** questions in Section **A and B**
- Answer **Only One** questions in section **C**
- Please note that students will be penalized for not abiding by instructions on the front cover of the answer booklet especially failure to list answers in order in which they were answered, write correct index number, write the course code etc.
- Please take time to read each question carefully as some questions may demand practical examples, diagrams etc
- Please also note that clarity of expression and good handwriting will be rewarded
- Provide your index/ Examination numbers in the spaces above

DO NOT TAKE THE QUESTIONS PAPER AWAY

EXAMINER: JERRY JAY KRAA

SECTION A (50 MARKS)
THERE ARE *FIVE (5)* QUESTIONS IN SECTION A. *ATTEMPT ALL*

QUESTION ONE

You have recently embarked on a practical project to help you develop entrepreneurial mindset through sales. A working capital of Ghc 65 was raised for the commencement of the project. The products for the project are Accord shoe shine Polish and Toilet roll. Briefly present retail**report** on the activities with respect toworking Capital, profit; Strengths, weaknesses, Opportunities and Threats (SWOT) Analysis, experiences gained, challenges; recommendations and policy implication **(20 marks)**

QUESTION TWO

Retailers anticipate demand in order not to create shortages in the market. The price elasticity for rice is estimated to be -0.4 and the income elasticity is 0.8. At a price $0.40 per pound and a per capita income of $ 20,000, the demand for rice is 50 million tons per year. If per capita increases to $20,500, what will be the quantity demanded of rice? **(5 marks)**

QUESTION THREE

Sailright Inc. Manufacture and sells sailboards. Management believes that, the price elasticity of demand is -3.0. Currently, boards are priced at $500 and quantity demanded is 10,000 per year.

Required
  a. If price is increased to $ 600, how many sailboard will the company be able to sell each year**(5 marks)**
  b. How much will Total Revenue change as a result of price increase **(4 marks)**

QUESTION FOUR

Retailing among nations has become so competitive that, nations are competing of cost. It will cost Ghana $60 to produce a tonne of Cocoa and $100 to produce a tonne of coffee. In the neighbouring Cote d' ivoire it cost $50 to produce a tonne of coffee and $75 to produce a tonne of cocoa. Granted that each country has a budget of $15,000 for production of both products, each country produces both products at home. However, Adam Smith claims in his Absolute Advantage Theory that trading can increase the lots of both countries.

Required
  a. Work out the scenario where the two countries refuse to trade and when they decide to trade **(6 marks)**
  b. Draw a graph depicting absolute and comparative advantage theory in "a" above (Draw in your answer booklet choosing your own scale) **(4 marks)**

QUESTION FIVE

T.K Boakye Ventures is an international Electricals retail organization that intends to lunch its operations in the Ghanaian hardware sector. As part of its strategy to appeal to customers, management intends to allocate 22% of $320,000 for advertising and other promotional activities. An additional GHc 6.700 was secured to support its promotional activities. **Note:** Exchange rate: $1= GHc 4.90 pesewas (One dollar equals 4.90 pesewas Ghana Cedis)

You are requiredto:

Calculate in Ghana Cedis (GHc) the total amount that is estimated for advertising and other promotional strategies (Show adequate step used in arriving at your answer) **(6 marks)**.

SECTION B (20 MARKS)

PART A: Use the spaces provided on the question paper to answer the questions in this part (20 marks). Attempt all questions in this part

1. Who is a retailer? Explain two (2) functions of retailers **(3 marks)**

....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....

2. Briefly explain *three (3)* factors that have accounted for change in retailing in Ghana **(3 marks)**

....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....

3. Briefly explain three (3) challenges that independent retailers face **(3 marks)**

....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....

4. Distinguish between pilfering and shop lifting in retail business and indicate strategies to minimize them **(3 marks)**

....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....

5. Briefly explain two retail promotional mix strategy used in promoting retail activities **(4 marks)**

....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....

6. Briefly explain two (2) factors a retailer must consider when deciding the type of customers services to offer to customers **(4 marks)**

....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....
....

SECTION C (30 MARKS)

THERE ARE TWO (2) QUESTIONS IN THIS SECTION C. ANSWER ONLY ONE(1) QUESTION

QUESTION ONE

a. Retailing for that matter retail trade contributes immensely to economic development of nations. The management and allocation of resources to efficiently facilitate trade are therefore very significant in retail business. Table 1 below represents units of resources that Ghana, Nigeria and South Africa need to produce a pineapple, cocoa and guava respectively for retailing. Assuming that total resources available to each country amounts to 600;

Table 1

Countries	Pineapple	Cocoa	Guava
Ghana	10	10	20
Nigeria	15	20	30
South Africa	8	25	5

You are required to

   i. Explain international retail trade. Discuss *three (3)* bases of international retail trade among countries. **(9 marks)**
   ii. Show the absolute advantage between Ghana and south Africa in terms of cocoa and guava and comparative advantage between Ghana and Nigeria in terms of cocoa and pineapples respectively. **(6 marks)**

b. Briefly explain the following retail selling indicating their marketing implication
   i. Mobile shops **(3 marks)**
   ii. Door-to door trading **(3 marks)**
   iii. Club trading **(3 marks)**

c. What are transactional services? Discuss two (2) pre-transaction service offered by retailer as part of customer service to customers **(6 marks)**

QUESTION TWO

a. Retailer anticipate demand in order not to create shortages or surpluses. A market consists of three people, Emmanuel (A), Felix (B) and Grace (C), whose individual demand equations are as follows

A: $P = 35 - 0.5Q_A$
B: $P = 50 - 0.25Q_B$
C: $P = 40 - 2.00Q_C$
The industry supply equation to be $Q_S = 40 + 3.5P$
   i. Determine the equilibrium price and quantity. **(6 marks)**

ii. Determine the amount that will be purchased by each individual. **(3 marks)**

b. Shortage in stock is inevitable and retailers are putting the right mechanisms in place to prevent or eliminate shortage of stock. Describe the kinds of stock shortage and indicate how you will reduce or prevent shortages as the Manager of a big retail organization in Ghana. **(8 marks).**

c. Discuss *two (2)* Socio-Cultural environmental factors that affect the retailing environment. **(4 marks).**

d. Briefly explain the following retail entry strategies discussing one advantage and disadvantage of each
i. Exporting**(3 marks)**
ii. Licensing**(3 marks)**
iii. Wholly Owned Subsidiary **(3 marks)**

GOOD LUCK

EXAMINER: JERRY JAY KRAA