CHRISTIAN SERVICE UNIVERSITY COLLEGE
KUMASI –GHANA
SCHOOL OF BUSINESS
DEPARTMENT OF MARKETING, LOGISTICS AND CORPORATE STRATEGY
END OF SECOND SEMESTER EXAMINATIONS, 2019/2020 ACADEMIC YEAR

BACHELOR OF BUSINESS ADMINISTRATION IN MARKETING

LEVEL 400

CSBM 420: RETAIL MANAGEMENT

June 2020   **[100 marks]**

INSTRUCTIONS TO CANDIDATES:

- **There are four (4) questions**
- **Answer question <u>one (1)</u> and any other question.**
- **Your answer for EACH QUESTION should be FOUR (4) pages minimum.**

Note: Marks will be awarded for:

- Introduction
- Content
- Conclusion
- Evidence of Further Reading
- Originality and Independence (Cheating would be penalized and integrity rewarded)
- Correct grammar, clarity of expression and logical presentation of facts.
- Good References

Examiner: J.J Kraa

SECTION A (60 MARKS)
COMPULSORY

Q1a.

T.K Boakye Ventures is an international Electricals retail organization that intends to lunch its operations in the Ghanaian hardware sector. The incompetence on the part of a newly recruited graduate from a five-star university decides to calculate depreciation on advertising expenses at 6% using straight line method for the next continuous years. As part of its strategy to appeal to customers, management intends to allocate 22% of $620,000 for advertising and other promotional activities. An additional £ 6,700 was secured to support its promotional activities. **Note:** Exchange rate: $1= GHc 5.90 pesewas (One dollar equals 5.90 pesewas Ghana Cedis; $1= CFA France 3.2; 1£= GHc 7.33 ie 1 Pound sterling equals 7.42 Ghanaian Cedi)

You are required to:

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) and justify in one paragraph how T.K Boakye Ventures will plan for its promotion activities per your calculation *(5 marks)*

Q1b

Over the past couple of years, the business environment has undergone tremendous change as a result of keen competition in the industry. Coupled with the COVIC-19 pandemic that has collapse most retailers in the world for that matter Ghana, there is a need to carefully plan in anticipation of how to balance demand. A market consists of three people, Moses (A); Farug (B) and Gifty (C), whose individual demand equations are as follows

A: $P = 70 - Q_A$
B: $P = 100 - 0.5Q_B$
C: $P = 80 - 4.00Q_C$
The industry supply equation to be $Q_S = 80 + 7P$
    i.   Determine the equilibrium price and quantity. *(6 marks)*
    ii. Determine the amount that will be purchased by each individual. *(3 marks)*

Q1c

The aim of every retailer is to make profit in the competitive business environment. Price competition has become the order of the day as every retailer sways customers through low pricing in order to increase sales. Alexmez Incorporated is a retail organization that 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
    i.   If price is increased to $ 600, how many Sailboards will Alexmen be able to sell each year? *(3 marks)*
    ii. How much will Total Revenue change as a result of price increase? *(3 marks)*

Q1d
Retailing has become the engine of growth of many economies as it employs millions of people in this sector. In order to be successful in the retail sector, one needs a strategy and comprehensive marketing plan to serve as competitive tool. Daniel Amankwa and Faustina Fianko have just completed Christian Service University

college and about to start their national service. They have consulted you to develop a comprehensive marketing plan for their retail business. Develop a brief marketing plan for these partners *(10 marks)*

Q1e
Briefly explain promotional budget. With concrete evaluation and scenario, justify under what circumstances the following methods for determining the promotion budget for a retailer will be appropriate
   i.   Percentage –of- sale *(2 marks)*
   ii. Fixed sum per unit *(2 marks)*
   iii. Affordable funds *(2 marks)*
   iv. Competitive parity *(2 marks)*
   v. Objective/goal and task method *(2 marks)*

Q1f
Discuss Porters Diamond as determinants of National Competitive Advantage of nation as propounded in 1990 and show how it will facilitate retail trade in Ghana *(10 marks)*

Q1g
Use the case below to answer the questions that follows
Many factors have contributed to the changing nature of retailing in recent times. This change is as a result of competitive nature of the retail environment. Jay & Puyol Incorporation (JPI) is an international perfume giant, retailing in many nations around the world. JPI intends to enter the African market preferably a Francophone (French Speaking) country with its perfume product called *"Roses"*. After a research was conducted to identify the appropriate market to enter, it emerged that, retailing *"Roses"* will give JPI a competitive advantage in its target market if effective promotion is done. Management therefore intends to allocate 26.41% of $820,000 for promotional activities. An additional Ghc 40,200 was also secured to support promotional activities. Two months ago, retailers have been complaining to the government to do something about the depreciated Ghanaian currency as it is having a negative impact on their retail activities. You were presented with a table of country statistics (Table 1) from Central Intelligence Agency (CIA) World fact book (which included other irrelevant data) for your perusal. **Note: *"Roses" is special perfume used by women only.***

Table 1: Country statistics from CIA Worldfact Book, Africa

Country	Population of countries	Population of Men	Inflation
Ivory Coast	**24.9 million**	12.29 million	6.7
Mali	19.1 million	9.7 million	7.8
Benin	6 million	2.5 million	5.6
Ghana	29.7 million	14 million	12.8
S.Africa	43 million	19.2 million	6.1
Togo	8.1 million	3.8 million	11.0
Exchange rate: $1= GHc 5.20 pesewas (One dollar equals 5.20 pesewas Ghana Cedis)			

   You are required to:
   i.   Briefly discuss any *four (4)* strategies retailers must put in place so as compete favourably as they patiently wait on the government to halt the depreciated currency against its trading partners (**6 marks**)
   ii.   Calculate in Ghana Cedis (GHc) the total amount that is estimated for promotional activities (Show adequate step used in arriving at your answer) (**2 marks**)
   iii. Calculate the total market size of the target market (Show adequate step used in arriving at your answer). (**2 marks**)

SECTION B (40 MARKS)

(THERE ARE THREE (3) QUESTIONS IN SECTION B)
ATTEMPT ONLY ONE (1) QUESTION

QUESTION TWO
   a. 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 *(15 marks)*

   b. Explain with an example any *five (5)* challenges that confronts Ghanaian retailers in this digital age suggesting ways of minimizing them *(15 marks)*

   c. Discuss any *five (5)* factors a retailer must consider when considering the type of customers services to offer to customers *(10 marks)*

QUESTION THREE
   a. Explain the following trade theories indicating its relevance in modern retail trade in Ghana. Briefly explain any 2 merits and demerits of each trade theory
      i.   Mercantilist Theory *(3 marks)*
      ii.   Absolute Advantage Theory *(3 marks)*
      iii. Comparative Advantage Theory *(3 marks)*
      iv.   Factor Endowment Theory *(3 marks)*
      v.   International Product Life Cycle *(3 marks)*

   b. Discuss any *five (5)* major reasons why in spite of the abundance of natural resources, African countries remain poor and have virtually become importing economies. (*15 marks*)

   c. If it 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 product at home. However, Adam Smith claims in his Absolute Advantage Theory that trading can increase the lots of both countries.

Required
   i.   Work out the scenario where the two countries refuse to trade and when they decide to trade *(4 marks)*
   ii. Draw a graph depicting absolute and comparative advantage theory in "a" above. Note: Use your answer booklet and not a graph sheet *(2 marks)*

   iii. explain the win-win situation by showing how Ghana can access 100 tonnes of Coffee (whilst keeping the tonnage of cocoa they can produce at home intact) and Cote d' ivoire accessing 100 tonnes of cocoa (While maintaining the tonnage of Coffee they can produce at home intact) through trade *(4 marks)*

QUESTION FOUR

a. Explain the following retail selling; indicating their marketing implication and justifying its relevance in modern retailing practices in Ghana

i. Mobile shops **(3 marks)**
ii. Automatic vending **(3 marks)**
iii. Door-to door trading **(3 marks)**
iv. Club trading **(3 marks)**
v. E-tailing **(3 marks)**

b. What is perceptual map? Develop a Perceptual map for a consumer about retailers offer (using the Fast Moving Consumer Goods industry as a case) and plot them on a graph. **Note:** Use your answer booklet and not a graph sheet. *(15 marks)*

c. Briefly discuss any *five (5)* retail promotional mix strategy used in promoting retail activities and indicate one demerit of each *(10 marks)*

Examiner: J J Kraa