

BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Subject Code & Name : **BRL 1301 PRINCIPLES OF RETAILING**
Semester & Year : JANUARY – APRIL 2016
Lecturer/Examiner : KATRINA CHUA
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
 PART A (70 marks) : Answer all FIVE (5) short answer questions. Answers are to be written in the Answer Booklet provided.
 PART B (30 marks) : Answer THREE (3) questions in Part B. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College of Hospitality regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College of Hospitality.

PART A : SHORT ANSWER QUESTIONS (70 MARKS)

INSTRUCTION(S) : There are **FIVE (5)** questions in this section, answer all **FIVE (5)** questions.
Write your answers in the Answer Booklet(s) provided. Use a new page for every question.

QUESTION 1

Explain customer loyalty and provide **FOUR (4)** ways in which retailers can build customer loyalty.
(10 marks)

QUESTION 2

Should a catalog-based men's wear retailer use the strategic planning process differently from an Internet retailer? Why or why not?
(15 marks)

QUESTION 3

Explain the **FIVE (5)** factors of Macro Environment that influence the performance of a retail business?
(15 marks)

QUESTION 4

In supply chain management, compare and contrast the push and pull chain methods. And what causes a bullwhip effect in a supply chain?
(15 marks)

QUESTION 5

- a) Explain why having a strong brand is beneficial to retailers? (5 marks)
- b) What are the pros and cons of a firm such as Apple having its own retail facilities and E-commerce Web site (www.apple.com) as well as selling through traditional retailers? (10 marks)

(TOTAL 15 marks)

END OF PART A

PART B**: CASE STUDY (30 MARKS)****INSTRUCTION(S)**

: There is **THREE (03)** question in this section. Write your answers in the Answer Booklet(s) provided.

Case Study - AVON EMBRACES DIVERSITY

Women have always played an important role at AVON, a leading global beauty firm that has \$10 billion in annual revenue and is 125 years old. Mrs. P.F Albee of Winchester, New Hampshire, pioneered the company's now –famous direct-selling method. Women have been selling Avon products since 1886 – 34 years before women in the United States won the right to vote! As the world's largest direct seller, Avon markets to women in more than 100 countries through the efforts of more than 6 million independent Avon sales representatives. Avon's merchandise includes beauty products, fashion jewelry, and apparel.

Although most of Avon's employees and customers are women, until recently the company was run by men. However, a series of poor strategic decisions in the 1980s led the company to increase aggressively the number of women and minorities in its executive ranks. This decision to increase diversity among its managers was a major factor in Avon's improved financial performance.

Today, Avon is recognised as a leader in management diversity. 55% of Avon's management positions are filled by women, and half of the members of its board of directors are women. The company also has undertaken various programmes to ensure that women and minorities have opportunities for development and advancement. In the United States and elsewhere, Avon has internal networks of associates, including a parents' network, a Hispanic network, a black professional association, an Asian network, and a gay and lesbian network. The networks act as liaisons between associates and management to bring their voices to bear on critical issues that affect both the workplace and the marketplace. Avon is committed to social responsibility. The Avon Foundation, founded in 1955, is the largest corporate philanthropic organization dedicated to women's causes globally and focuses on breast cancer and domestic violence.

In the 1970s, Avon's top management team was composed solely of men. Avon essentially ignored its own marketing research that indicated more women were entering the workforce and seeking professional careers. It also failed to realise that cosmetic needs were changing and new approaches for selling products to its customers were needed. Sales growth slowed, and the company reacted by seeking growth through unrelated diversifications. Finally, as the firm was on the brink of bankruptcy, a new top management entered. Led by CEO Jim Preston, Avon refocused itself on its roots and developed strategies to reach women in a changing marketplace.

Preston realised that Avon's customers needed to be represented in the senior management team. He enacted policies to promote more women into higher-level positions. In addition, Preston shifted the firm's organizational culture to being more accommodating of all its employees.

The current management launched several growth initiatives to build Avon's strong brand name and distribution channel through its customer representation network. Avon product lines include private-label brands such as Avon Colour, Anew, Skin-So-Soft, Advance Techniques Hair Care, Avon Naturals, and Mark. Avon also markets an extensive line of fashion jewelry and apparel.

Avon sells more than 125 million lipsticks per year, or 4 lipsticks every second of the day, making Avon the top seller of lipstick in the mass market. In *Anew* brand is the number-one line of anti-aging skin care products in the world. The advance Techniques hair care line offers high-performance hair products for every hair type, age group, and ethnic background to accommodate a diverse, world-wide customer base.

Avon Wellness promotes a balanced, healthy lifestyle for women and their families and includes nutritional supplements, a weight management line, and therapeutic products. Avon partnered with the fitness phenomenon Curves, an international fitness franchise, to help women look and feel their best. Through this partnership, Avon Wellness offers an array of curves-branded exercise videos and DVDs, fitness apparel, accessories, and comfortable footwear that support an active lifestyle.

Finally, Avon is using technology to support the efforts of its 6 million independent sales representatives. An electronic ordering system allows the representatives to run their businesses more efficiently and improve order-processing accuracy. Avon representatives use the Internet to manage their business electronically. In the United States, Avon representatives use an online marketing tool called youravon.com, which helps them build their own Avon business by selling through personalized web pages developed in partnership with Avon. Avon e-representatives can promote special products, target specific groups of customers, place and track orders online, and capitalize on e-mail to share products information, selling tips, marketing incentives.

(Sources: www.avoncompany.com, Avon Annual report, 2009, www.avonfoundation.org); Written by Weitz, B, University of Florida and Corrigan, Loyola College Maryland.)

QUESTIONS:

From the case study – **Avon Embraces Diversity**;

1. Explain why is Avon so committed to diversity? (12 marks)
 2. Describe how diversity has been beneficial to Avon as it develops new strategies. (6 marks)
 3. Evaluate the new opportunities that Avon is pursuing. (12 marks)
- (Total 30 marks)**

END OF QUESTION PAPER