



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Subject Code & Name : **BRL1301 PRINCIPLES OF RETAILING**
 Semester & Year : JANUARY – APRIL 2017
 Lecturer/Examiner : KATRINA CHUA
 Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
 PART A (60 marks) : Answer all **FOUR (4)** short answer questions. Answers are to be written in the Answer Booklet provided.
 PART B (40 marks) : Answer all **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.

Total Number of pages = 4 (Including the cover page)

PART A : SHORT ANSWER QUESTIONS (60 MARKS)

INSTRUCTION(S) : There are **FOUR (4) questions** in this section, answer **ALL** questions. Write your answers in the Answer Booklet(s) provided. Use a new page for every new question.

QUESTION 1

Explain in details **FIVE (5)** factors of macro environment which retailers need to put under consideration while operating a business. Provide examples to support your answers. (15 marks)

QUESTION 2

Justify **FIVE (5)** opportunities for retailers to develop sustainable competitive advantage in the international business context. (15 marks)

QUESTION 3

- a) In your own words, explain branding and how can brands benefit the consumer. Illustrate your answers with examples. (7 marks)
 - b) Why is it necessary for retailers to develop and implement an integrated communication program? Illustrate your answers with examples. (8 marks)
- (Total 15 marks)

QUESTION 4

Explain mixed-used developments (MXDs) and how they appeal to consumers, retailers, local governments and developers? Provide examples for each to illustrate your answers. (15 marks)

END OF PART A

PART B : CASE STUDY (40 MARKS)

INSTRUCTION(S) : There are **THREE (3)** questions in this section. Answer **ALL** questions.
Write your answers in the Answer Booklet(s) provided.

Case Study: SAKSFIRST BUILDS CUSTOMER RELATIONSHIPS



Saks Fifth Avenue, Manhattan, New York

SYNOPSIS

*Saks Fifth Avenue is an American **department store** chain owned by **multinational corporation Hudson's Bay Company**, which operates the flagship store and corporate headquarters in **Midtown Manhattan, New York City**. It competes with high-end **specialty stores** in **Manhattan**, notably **Bergdorf Goodman**, **Barneys New York** and **Bloomingdale's**.*

SaksFirst is a customer loyalty program (for Saks Fifth Avenue) in which enrolled customers obtain a lot of additional benefits, including a preferred and a personal relationship between the customer and a sales associate. Preferred customers also receive points that could be redeemed for various tangible benefits as well as other rewards and benefits. In order to become a SaksFirst member, consumers have to charge at least \$1,000 dollars a year. This eligibility criterion by itself ensures that consumers make repeated trips to the store and buy more often. Those who wish to become members without the minimum charge incurred have to pay \$50 a year.

(source:Wikipedia)

It's Wednesday afternoon, and as usual, Gwendolyn has a fitting room ready for Mrs. Johnson. She has picked out some of the new items in Mrs. Johnson's size that came in the previous week. She has everything from scarves to jewelry to shoes ready to go along with the outfits.

"Good evening, Mrs. Johnson. So how was your birthday?" Gwen asked.

"It was wonderful. My husband took me to Italy. Thank you for the card."

"I pulled some new items for you to try on." Gwendolyn said.

"Thank you, Gwen. You are the best!" replied Mrs. Johnson.

The reason Mrs. Johnson has such a friendly relationship with Gwen is because Mrs. Johnson is a regular customer and a SaksFirst member.

Saks Fifth Avenue was started in the early twentieth century. Saks is considered the epitome of class, style, and luxury. When customers go to Saks, they receive excellent customer service, when they join SaksFirst – started in 1994 – they also receive a lot of additional benefits. SaksFirst is a preferred customer program that helps facilitate more personal customer sales associate relationships.

To become a member, a customer has to have a Saks Fifth Avenue credit card, and once she or he spends at least \$1,000 a year, the customer is automatically enrolled. For every dollar spent, the

customer will receive a reward point. At the end of the year, preferred customers receive 2, 4, or 6 percent in bonus points based on how much they charged that year above \$5,000 at Saks.

SaksFirst customers receive many exclusive benefits. The tangible benefits include the points, rewards, and discounts. Customers also receive complimentary shipping and delivery for catalog and online orders, advance notice of sale events, the SaksFirst newsletter, catalogs, promotions and giveaways, double- and triple-point events, and double points on their birthdays. The intangible benefits include recognition and preferential treatment.

For the retailer, the main purpose of the SaksFirst program is to promote excellent customer service. The better the relationship between the customer and the sales associates, the more money loyal customers will spend. Every year there is a triple-point event in the first week of November. That one-day event accounts for the highest volume sales day of the year, higher than the day after Thanksgiving or Christmas. Knowing this, the company understands the importance of the preferred program.

The SaksFirst program can also be used by sales associated as a selling tool. If a customer is uneasy about purchasing large-ticket items, the sales associate can remind the member of the bonus certificate that will return a percentage of the cost. Sales associates are motivated to enroll as many of their customers as they can because they are given incentives such as “lottery tickets” that are redeemed for cash.

(Source: T.Scott, University of Florida for Retailing Management. 9th edition. McGraw-Hill, New York.)

QUESTIONS:

Based on the case study – SAKSFIRST Builds Customers Relationship;

- (a) Explain and evaluate the effectiveness of customer service strategies pursued by SAKS FIFTH AVENUE, an upscale department store. (15 marks)
- (b) Describe if SaksFirst program is worth what it spends giving back to their customers. (10 marks)
- (c) Evaluate the sources of costs and revenue. (15 marks)

(Total 40 marks)

END OF QUESTION PAPER