



# **MURANG'A UNIVERSITY OF TECHNOLOGY**

## **SCHOOL OF BUSINESS AND ECONOMIES**

DEPARTMENT OF COMMERCE

UNIVERSITY ORDINARY EXAMINATION

2020/2021 ACADEMIC YEAR

**SECOND YEAR FIRST SEMESTER EXAMINATION FOR, BACHELOR OF  
PURCHASING AND SUPPLIES MANAGEMENT**

**BCP 200– RETAIL AND MERCHANDISE MANAGEMENT**

**DURATION: 2 HOURS**

### **Instructions to candidates:**

1. Answer question One and Any Other Two questions.
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

**SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION**

**QUESTION ONE (30 MARKS)**

- a) Outline two advantages and TWO disadvantages of multiple stores (4marks)
- b) Differentiate between category management and category captain (4marks)
- c) Retail shoppers visit retail stores for different reasons .Explain TWO factors that influence the choice of retail store for a retail shopper (4marks)
- d) Giving an example in each case differentiate between “ expected retail strategy and augment retail strategy ( 6marks)
- e) Retailers are using multiple channels to interact with customers because customers want to interact in different ways and each channel offers a unique set of benefits for customer’s .Identify TWO benefits for each of the following multi-channel retailing approaches.
  - i. Store channel (2marks)
  - ii. Catalogue (2marks)
- f) Theoretically retailers maximize their profits by setting prices based on the price sensitivity of customers the cost of merchandise and considering the price being charged by competitors. Discuss THREE pricing strategies that a retailer can use to price this products/ services (6marks)
- g) List TWO factors that a retailer need to consider in estimating market potential (2marks)

**SECTION B – ANSWER ANY TWO QUESTIONS IN THIS SECTION**

**QUESTION TWO (20 MARKS)**

- a) Retailing provides necessary services and positive contribution to the economy .Describe THREE reasons that reflects the importance of retailing to an economy (6marks)
- b) The first step in the store design is the development of a comprehensive plan for the overall requirements of the store. Discuss TWO requirements for comprehensive planning of a retail store (4marks)
- c) The primary purpose of a strategy is to provide a method ,route, way or channel with the clear direction to follow in managing a business over the planning period .State THREE requirements that need to be satisfied by a successful strategy (3marks)
- d) There are potential pitfalls that should be avoided in planning a value –oriented retail strategy .Explain TWO such pitfalls (4marks)
- e) Outline THREE factors that influence purchase quantity (3marks)

### **QUESTION THREE (20 MARKS)**

- a) The interior design of the store determines the way of merchandise is stored and offered for sale. Elaborate on THREE interior design elements (6marks)
- b) Explain THREE general services provided by a retailer (6marks)
- c) To a retailer and for every other business customer loyalty matters ,because selling more e to existing customers is easier than finding and selling to new ones. To keep the customers loyal to a retail store retailers need to have a total approach to customer's service. Describe THREE way a retailer can use to maintain customer loyalty (6marks)
- d) Define the term multi-channel retailing. (2marks)

### **QUESTION FOUR (20 MARKS)**

- a) The amount of information searched depends on the value from searching ,versus the cost of searching .Explain THREE factors that determines the amount of information search (6marks)
- b) Before selection of retail store site thorough evaluation must be made on the site sustainability .Explain THREE key criteria critical to the site selection decision (6marks)
- c) Highlight THREE characteristics used by customers to assess the quality of service (3marks)
- d) List three advantages and TWO disadvantages of private labels (5marks)