MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BBA 407: RETAIL MARKETING

DATE: 2/12/2019 **TIME: 2.00-4.00 PM**

INSTRUCTIONS:

Answer Question ONE and any other TWO Questions.

CASE STUDY

HUDSON'S BAY COMPANY

This major Canadian retailer has a coat of arms rather than a logo, which is an outcome of its early European connections. Beavers, moose and fox are featured – a graphic representation of the company's origins in the fur trade during the late seventeenth century, and one which might lead non-Canadian observers to conclude that this is an old fashioned retail company. Yet, although this is Canada's oldest corporation, Hudson's Bay Company(HBC) was, in 2004, Canada's largest chain of department stores. In addition to running over 100 The Bay department stores across almost every province, Hbc operated Canada's second largest discount chain with more than 300 stores under the Zellers fascia, about 40 Home Outfitters, Hbc.com, the group's e-commerce site, and assorted other fascias. Hbc was thriving in the early twenty-first century – it employed over 70 000 people, sales totaled over $4830 million in 2003, and sales growth over the previous year was 3 per cent.

The founders of the Hudson's Bay Company were given a royal charter in 1670 granting rights to sole trade and commerce across the lands of Hudson Bay watershed. A series of trading posts were built across Canada during the eighteenth and nineteenth centuries, where Indians could trade furs for manufactured goods. Many of these trading posts were the founding formation of settlements which grew to be major Canadian urban centres such as Winnipeg, Edmonton and Calgary. In 1821 Hbc took over its major rival, the North West Company in Montreal, with the result that the company's activities extended across Canada, from east to west, into the northern US and as far north as Alaska and the Northwest Territories. This expansion foreshadowed the later method of expanding Hbc's late-twentieth-century expansion of its retail activities by acquisition of a range of retail businesses. In the Deed of Surrender in 1869, the company gave sovereignty over its traditional territory on Canada, and the focus of the company moved to retailing, with many trading posts being changed into retail stores.

By the end of the nineteenth century the fur trade was in decline, partly as a result of the growth in production of alternative fabrics and changes in fashion. At the same time, the gold rush was creating substantial wealth, which fostered significant demand for a wide variety of products and luxuries. This resulted in new type of customer- people who could shop with cash instead of trading skins and other products. Hbc's response was to develop department stores, and in 1912 work began on the original six department stores (Victoria, Calgary, Saskatoon, Edmonton, and Vancouver), which are still in operation today.

During the twentieth century, Hbc diversified its activities into wholesaling, real estate, shipping and natural resources until recession in the 1980s forced the company into rationalizing and prioritizing its activities, retreating into its core retail activity. A series of acquisitions, which included other major Canadian retailers such as Zellers (1978) and Kmart (1998), furthered the spread of Hbc's influence across the Canadian retail market.

a) (Explain the main security issues faced by the firm serving in a small convenience store serving a suburban area (10 marks)

b) Discuss how retail outlets like Hbc can minimize losses (10 marks)

c) Explain a sales persons activities in the selling process (10 marks)

QUESTION TWO (20 MARKS)

a) In establishing a good retail outlet it's important to carry out an environmental analysis. Discuss the issue that are paramount (10 marks)

b) describe the characteristics of new consumers as identified by Christopher Field (10 marks)

QUESTION THREE (20 MARKS)

a) Explain the product market expansion grid as used in retail marketing (10 marks)

b) Highlight the benefits of centralization of retail logistics (10 marks)

QUESTION FOUR (20 MARKS)

a) Explain the reasons that have made some retailers succeed in global markets (10 marks)

b) Discuss the main attributes that an online store should have (10 marks)

QUESTION FIVE (20 MARKS)

a) Explain how a manager can reduce the Delivery gap in retail marketing (10 marks)

b) Outline the display options available for special merchandise displays (10 marks)