



**RIARA SCHOOL OF BUSINESS
NURTURING INNOVATORS
SEPTEMBER-DECEMBER 2023 TRIMESTER
EXAMINATION FOR BACHELOR IN BUSINESS ADMINISTRATION**

EVENING/PROGRAMME

RMK 401: RETAILING MANAGMENT

DATE: DECEMBER 2023

TIME: 2 HOURS

GENERAL INSTRUCTIONS:

Students are NOT permitted to write on the examination paper during reading time.

This is a closed book examination. Text book/Reference books/notes are not permitted.

SPECIAL INSTRUCTIONS:

- 1 Write your REGISTRATION NO. Clearly on the answer booklet(s).
- 2 Answer Question One and ANY other TWO questions.
- 3 Questions in all sections should be answered in answer booklet(s).
- 4 Marks allocated to each question are shown at the end of the question.
- 5 PLEASE start the answer to EACH question on a NEW PAGE.
- 6 For the questions, write the number of the question on the answer booklet(s) in the order you answered them.
- 7 Write your answers in paragraph form unless stated otherwise.
- 8 Keep your phone(s) SWITCHED OFF at the front of the examination room.
- 9 Keep ALL bags and caps at the front of the examination room and do not refer to any unauthorized material before or during the course of the examination.

10 You are only allowed to leave the examination room 30minutes to the end of the Examination

QUESTION ONE: COMPULSORY (30 MARKS)

Read the case below and answer the questions that follow:

CASE

Carrefour sales rise to Sh40billion on branch expansion, e-commerce

Foreign-owned retail chain Carrefour Kenya shrugged off the effects of inflation and tough economic conditions in the country to post growth in sales last year 2022 by nearly Sh3 billion to Sh40 billion (1.14 billion Emirati dirham). Majid Al Futtaim, the exclusive holder of Carrefour's franchise in Kenya, said the revenue had increased from Sh37.2 billion (one billion dirhams) recorded the year before as it opened more branches and attracted more customers to its stores concentrated in Nairobi.

The supermarket operator's sales growth of eight per cent bucks the trend of poor performance by its foreign peers and Kenyan counterparts that have either recently exited the Kenyan market or reduced their footprint, or even collapsed altogether citing losses.

"Overall, Majid Al Futtaim delivered balanced growth through 2022. Positive contributions from across our portfolio, bolstered by the inherent strength of the UAE economy, have enabled the Group to achieve double digital revenue growth despite the ongoing macroeconomic challenges," said Majid Al Futtaim Holding chief executive officer Ahmed Galal Ismail in an investor brief.

Online shopping

Carrefour opened its first store in Kenya in 2016 and now has 19 outlets. It has been aggressively growing its online shopping arm in Kenya riding on the rise of e-commerce which it sees as a bright spot. It has been conducting aggressive promotions and online sales to attract shoppers putting pressure on other retailers to follow suit.

"In Kenya, we collaborated with Kenya Export Promotion and Branding Agency to amplify our support for local suppliers via the Made in Kenya brand, resulting thereafter in the promotion of 40 products from 17 local suppliers to customers through discounted prices, in-store communication, social media platforms and the Carrefour app," said Majid Al Futtaim. Carrefour announced the record sales as troubled Tuskys on Monday announced the closure of its Kenyatta Avenue branch in Nairobi, one of the three that is still operational.

Homegrown retailers Naivas, and QuickMart, which rose to fill the void left by troubled Tuskys, Uchumi and Nakumatt, have recently turned to deep-pocketed private equity (PE) firms for their expansion agenda. Backed by deep-pocketed Private Equity funds, Naivas and QuickMart have grown to become two of Kenya's largest retail companies by sales and employment, avoiding the missteps of their predecessors for now.

The two retailers are taking the battle to Carrefour. Many other foreign retailers have found the going in Kenya tough. Namely, South African retail giant Massmart which operates the Game Stores announced plans to sell its three stores in Kenya, marking the latest of a string of retreats from East Africa by foreign retailers. Massmart's exit followed previous similar exits of South African retailers Shoprite and their Southern Africa peer Botswana-based Choppies, which had entered the market by acquiring a majority stake in a struggling local retailer in 2016.

The Kenyan retail environment in townships and rural areas has long been dominated by small, mainly informal, business traders offering basic products to a low-income consumer market.

Sources: Brian Ngugi 07.03.2023

<https://www.standardmedia.co.ke/business/business/article/2001468456/carrefour-sales-rise-to-sh40b-on-branch-expansion-e-commerce#:~:text=Carrefour%20opened%20its%20first%20store,and%20now%20has%2019%20outlets>.

Required:

- a) Define the term retailing Management. **(2 Marks)**

- b) Discuss FIVE (5) retail strategy mixes adopted by Carrefour as per the case study **(10 marks)**

- c) The concept of retail stores differentiates their operations related to size, variety of product and location amongst others. Differentiate FIVE (5) retail stores models. **(10 Marks)**

- d) Outline FOUR (4) possible constraints that local retailers including Nakumatt, Uchumi and Tuskys have in the recent past encountered warranting their exit in the market **(4 Marks)**

- e) Outline FOUR (4) possible lessons to be learnt the local retailers Naivas and Quickmart in their quest to retain their current market share as per the case study

(4 Marks)

QUESTION TWO:

- (a) Differentiate the following terms as applied in targeted marketing:
- i. Mass Marketing **(2.5 marks)**
 - ii. Concentrated Marketing **(2.5 marks)**
 - iii. Differentiated Marketing **(2.5 marks)**
 - iv. Niche Marketing **(2.5 marks)**
- (b) Briefly discuss FOUR (4) models of classifying customer service **(10 marks)**

QUESTION THREE:

- (a) The main retailing strategy mixes adopted by many retailers fall under either low-end marketing strategies or high-end marketing strategies. Elaborate FOUR (4) distinguishing features between these two strategies. **(10 marks)**

- (b) Differentiate the following type of shoppers terms:

- i. In-Home Shoppers **(2.5 marks)**
- ii. Online Shoppers **(2.5 marks)**
- iii. Out-shoppers **(2.5 marks)**
- iv. Cross-Shoppers **(2.5 marks)**

QUESTION FOUR:

- (a) Store location for a retailer is considered to be of paramount importance. In view of this statement elaborate FIVE (5) criteria to consider in consideration of a retail store location. **(10 marks)**

- (b) Discuss FOUR nontraditional retailing approaches that have emerged recently: **(10 marks)**
