



PG – 113

IV Semester M.B.A. (Day) Degree Examination, June/July 2013  
(2007 – 08 Scheme)

MANAGEMENT

M-5 : Retail Marketing Management

Time : 3 Hours

Max. Marks : 75

SECTION – A

Answer **any six** of the following. **Each** question carries **2** marks. (6x2=12)

1. a) Define E-tailing.
- b) Distinguish between personal selling and direct marketing.
- c) What is retail strategy ?
- d) What is open to buy ?
- e) What is frequent shopper loyalty programme ?
- f) Define Assortment.
- g) Define Atmospheric.
- h) What is GAPs model ?

SECTION – B

Answer **any three** of the following. **Each** question carries **8** marks. (3x8=24)

2. Define Retailing. 'The retailer provides real benefits, by getting close to potential customers'. Comment.
3. Discuss the retail industry in India with respect to Organized and Unorganized sectors.
4. Discuss the factors that need to be considered while selecting an appropriate retail location.
5. Briefly explain the role of Retail communication.
6. Briefly explain the concept and role of visual merchandising in retailing.

SECTION – C

Answer **any two** of the following questions. **Each** question carries **12** marks. (2x12=24)

7. Explain the process of Merchandise planning, with an apt. example.
8. Discuss the bases of building sustainable Competitive Advantage in Retailing.
9. Discuss the major challenges faced by the retailers in India.

P.T.O.



## SECTION – D

## 10. Case study (Compulsory) :

(1×15=15)

The concept for eBay was born during a conversation between Pierre Omidyar and his wife, an avid Pez collector. (She currently has a collection of more than 400 dispensers). She commented to Pierre how great it would be if she were able to collect Pez dispensers and interact with other collectors over the Internet. As an early Internet enthusiast, Pierre felt that many people like his wife needed a place to buy and sell unique items and meet other users with similar interests. He started eBay in 1995 to fulfill this need.

Luckily for Pierre Omidyar, he was living in Silicon Valley when he got the idea for eBay. If Omidyar's family had been living in France, his idea never would have gotten off the ground. It's not a lack of venture capital or Internet audience in France that would have stopped him; it was the law at that time. Under French regulations, only a few certified auctioneers are allowed to operate, so eBay could not have been opened for business in its founder's homeland back in 1995. Ten years later, eBay operated auctions in Argentina, Australia, Austria, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Ireland, Italy, Korea, Malaysia, Mexico, Netherlands, New Zealand, Philippines, Poland, Singapore, Spain, Sweden, Switzerland, Taiwan, and the United Kingdom.

**Offering to Customers :**

Most retailers follow the business-to-consumer sales model. eBay pioneered online person-to-person trading, also known as the consumer-to-consumer sales model, by developing a Web-based community in which buyers and sellers are brought together. Initially, most of the items auctioned were collectibles such as antiques, coins, stamps, and memorabilia.

Many of the sellers on eBay are small entrepreneurial businesses that use the site as a sales channel. By 2003, most of the merchandise available on eBay had shifted from collectibles to practical items, such as power drills and computers. Now big businesses such as Disney and Sun Microsystems have discovered eBay. Retailers, manufacturers, and liquidators are using the site to unload returned merchandise, refurbished merchandise, and used products.

The eBay service permits sellers to list items for sale and enables buyers to bid on items of interest. All eBay users can browse through listed items in a fully automated, topically arranged, intuitive, and easy-to-use online service that is available 24 hours a day, seven days a week. However, even with automated bidding features, participating in an online auction requires more effort than buying fixed-price goods, and once the auction is over, most buyers have to send a check or money order and then get the merchandise up to two weeks later. Buyers have the option to purchase items in an auction-style format or at a fixed price through a feature called Buy It Now.



More than 500 million items are listed for sale each year. From Civil War to Star Wars items, from Beanie Babies to fine antiques, chances are that you'll find it among eBay's 45,000 categories of merchandise from 254,000 online sellers. "If you can't sell it on eBay, you might as well open up the window and throw it out in the back-yard because it ain't worth a damn," says Bob Watts, an antique dealer in Fairfield, Virginia. The Web site has over 135 million registered users worldwide.

People spend more time on eBay than any other online site, making it the most popular shopping destination on the Internet. Users often refer to eBay as a community – a group of people with similar interests. For example, Dr. Michael Levitt by day is a distinguished medical researcher at the Minneapolis Veterans Medical Center, but by night, he is an eBay warrior. Levitt is a collector of antique California Perfume Company bottles. Every night he logs on to eBay to see if anything new is being offered. He has purchased hundreds of bottles through eBay simply because it's the most convenient way to connect with sellers.

The Web site requires that all new sellers have a credit card on file, insurance, authentication, and escrow accounts. Buyers and sellers can check the "reputation" of anyone using eBay. A Feedback Forum is provided, through which eBay users can leave comments about their buying and selling experiences. If you're a bidder, you can check your seller's Feedback Profile before you place a bid to learn about the seller's reputation with previous buyers. If you're a seller, you can do the same with your bidders.

#### **Business Model**

Unlike most e-commerce companies, eBay has been profitable from the very beginning. Exhibit I contains net revenues, net income, employees, and net profit margin figures from 2000 to 2005. Most of the company's revenues come from fees and commissions (between 1.25 and 5.0 percent of the sale price) associated with online and traditional offline auction services. Online revenues come from placement and success fees paid by sellers; eBay does not charge fees to buyers. Sellers pay a nominal placement fee, and by paying additional fees, they can have items featured in various ways. Sellers also pay a success fee based on the final purchase price. Online advertising on eBay has not made significant contributions to net revenues, and no significant revenue from advertising is expected in the near future. Additional revenues come from auction-related services, including bidder registration fees and appraisal and authentication.

Its online business model is significantly different from electronic retailers. Because individual sellers, rather than eBay, sell the items listed, the company has no procurement, carrying, or shipping costs and no inventory risk. The company's expenses are just personnel, advertising and promotion, and depreciation on the site's hardware and software.

**Competition :**

Due to the popularity of auctions with consumers, a number of e-businesses have entered the market. Some competing Internet auctions offering a broad range of products are Amazon.com, Yahoo!, uBid, and Overstock.com. In addition to these multicategory sites, there are vertical auction sites specializing in a single category of merchandise such as stamps or baseball cards.

Perhaps the most significant competitor is Amazon.com, which launched an auction site in 1999. Amazon has a well-known and highly regarded brand name and substantial traffic on its Web site. (Amazon is the most widely known e-business, with eBay ranking third in brand awareness). When Amazon launched its auction site, it offered some unique benefits to customers, including a no-deductible, non-haggle, no third-party money-back guarantee for purchases up to \$250 and a feature called Going, Going, Gone that extends the auction for 10 minutes if a bid is made in the last 10 minutes before closing. On eBay, it is common for items to be picked off in the closing minutes by vigilant consumers who make the last bid.

Amazon is known for the usability of its site. In response to Amazon's entry, eBay took steps to make buying and selling easier. It now offers a Personal Shopper program that searches out specified products and My eBay, which gives user information about current eBay activities, including bidding, selling, account balances, favorite categories, and recent feedback.

Finally, some Internet businesses have arisen that simply search and display summary information from many auction sites to enable comparison shopping. However, eBay sued one such site and has used technology to block access of another site to prevent them from gathering and displaying eBay auction data.

**Questions :**

- 1) What are the advantages and disadvantages from the buyer's and seller's perspectives of purchasing merchandise through Internet auctions like eBay ?
- 2) Will a significant amount of retail sales be made through Internet auctions like eBay in the future ? Why or why not ?
- 3) What are eBay's competitive advantages ? Will it be able to withstand the competition from other auction sites like Yahoo! and Amazon's auctions ?