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## UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, April 2018

Programme: BBA (Logistics Management)

Course Name: Retail Logistics

Course Code: BBDL 112

No. of page/s: 4

Semester – VI

Max. Marks : 100

Duration : 3 Hrs

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### SECTION A

**Question I. True and False. Each question carries 2 marks (2x5=10 marks)**

1. The 'bullwhip effect' occurs as orders are relayed from retailers, to wholesalers, to manufacturers.
2. RFID is an automatic detection system, depending on storing as well as remotely regaining data using mechanisms known as RFID transponders or tags.
3. Vendors of some large retailers can access the retailers' extranets directly to find up-to-the-minute sales information and to initiate replenishment orders instantly.
4. Disintermediation refers to the phenomenon that the traditional retailer or service provider is reduced or eliminated in a supply chain.
5. Consolidation is a distribution system in which merchandise received at the warehouse or distribution center is not put away, but instead is readied for shipment to retail stores.

**Question II. Please select the correct choice of answer for the given question. Each question carries 2 marks (2x5=10 marks)**

1. All of the following are examples of non-store retailing EXCEPT:
  - a. Selling by mail.
  - b. Selling jewelry in a clothing store.
  - c. Door-to-door contact.
  - d. Selling goods on the Internet
2. Order processing typically involves each of the following activities except:
  - a. credit check
  - b. entering the order into the system
  - c. determining inventory location
  - d. transportation
3. An important feature of supply chain management is its application of electronic commerce technology that allows companies to share and operate systems for \_\_\_\_\_.

- a. Order processing, transportation scheduling, and inventory management.
  - b. Cost-effective flowing of raw materials
  - c. Future purchasing of computer systems
  - d. Future merger opportunities
4. The terms purchasing and procurement should not be seen as synonymous. As such, which of the following statements do you think has greatest validity?
- a. Procurement is broadly equivalent to purchasing
  - b. Procurement has a broader meaning than purchasing
  - c. Purchasing has a broader meaning than procurement
  - d. None of the above
5. Which one of the following stocks refers to inventory that is held in addition to cycle stock to guard against uncertainty in demand and/or lead time?
- a. Cyclic Stock
  - b. Buffer Stock
  - c. Speculative Stock
  - d. Pipeline Stock

### **SECTION B**

**Question I Write Short notes on any four questions as per your choice. Each question carries 5 marks (5x4=20 marks)**

1. Strategic Sourcing
2. Vehicle Routing
3. Supplier Relationship Management
4. Retail Facilities
5. Contract Manufacturing

### **SECTION C**

**Attempt any two Question as per your choice. Each question carries 15 marks (15x2=30 marks)**

**Q. 1.** Discuss the role of inventory management in retail logistics and what are the challenges faced by a procurement manager?

**Q. 2.** With the opening up of the retail sector in India, explain in detail about the trends and new developments that are happening in the Indian retail logistics sector.

**Q. 3.** Warehouse is a service function that plays a pivotal role in the retail supply chain. Discuss the various functions of warehousing with reference to retail logistics.

### **SECTION D**

### **Case Study (3x10=30 marks)**

Audio Duplication Services is a compact disc and cassette duplication and distribution company. Its major customers, the big record companies, use ADS to duplicate and distribute CDs and cassettes. ADS stores the master tapes and, when a customer requests it, makes a certain number of copies and delivers them to its customers' customers, music stores and other points of sale such as the department stores Wal-Mart and Kmart and electronics stores such as Circuit City and Best Buy. ADS is one of six big players in the audio duplication market. ADS has about 20 percent of the \$5 billion market, while its two biggest competitors share another 40 percent. Managers at ADS are currently trying to understand and react to some difficult supply chain—related issues.

- Some of the big national retailers are putting pressure on ADS's customers, the record companies, to manage inventory in the following way, known as a vendor-managed inventory, or VMI, agreement. The record companies will be put in charge of deciding how much of each album, CD, and cassette title is delivered to each store and when each delivery is made. To help with these decisions, the record companies will be provided with continuously updated point-of-sale (PUS) data from each of the stores. Also, the record companies will own the inventory until it is sold, at which point payment will be transferred from the retailers to the record companies. Since ADS provides the record companies with duplication and distribution services, the record companies have asked ADS to help with the logistics of the VMI agreement.
- In the past, ADS has shipped to the distribution centers of large national retailers, and the retailers have arranged for distribution to the individual stores. Now, the retailers are providing strong incentives to ship directly to individual stores. Of course, this means higher expenses for ADS.
- In general, ADS's shipping costs are increasing. Currently, ADS has a shipping manager who arranges with different shippers to make deliveries on a shipment-by-shipment basis. Perhaps there is a better way to manage these deliveries, either by purchasing a fleet of trucks and doing the shipping in house or by outsourcing the entire shipping function to a third party. Maybe something between these two extremes will be best.

Of course, ADS is facing even bigger issues, such as the future of the audio duplication industry as online audio distribution technologies become more prevalent. In any event, each record company periodically reviews its contract with its audio duplication service, so management must address each of the above issues effectively for the company to remain successful.

### ***QUESTIONS***

1. Why are ADS's customers' customers moving toward VMI arrangements?
2. How will this impact ADS's business? How can ADS management take advantage of this situation?
3. How should ADS manage logistics?