



FACULTY/COLLEGE	College of Business and Economics
SCHOOL	School of Consumer Intelligence and Information Systems
DEPARTMENT	Marketing Management
CAMPUS(ES)	APB
MODULE NAME	Retailing 2A
MODULE CODE	BRM22A2/RTL02A2
SEMESTER	First
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	Main exam May/June 2019

ASSESSMENT DATE	8 th June	SESSION	08h30-10h30
ASSESSOR(S)	Ms S. Pillay		
MODERATOR(S)	Mrs N. Dilotsothle		
DURATION	2 hours (120 mins)	TOTAL MARKS	80

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	8
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INSTRUCTIONS TO CANDIDATES:

- Students **must** hand in this paper together with their answer booklets
- This is a closed book assessment.
- Read the questions carefully and answer only what is asked.
- Read the case study on Pick .n Pay.
- Number your answers clearly.
- Write neatly and legibly.
- Structure your answers by using appropriate headings and sub-headings where possible
- The general UJ policies, procedures and rules pertaining to written assessments apply to this assessment

PICK 'N PAY

Pick n Pay Stores Limited, through its subsidiaries and associates, operates in the retail sector on the African continent. Pick n Pay is the quintessential family store focused on the customer. Their offer to customers focuses on groceries, clothing and general merchandise, but also includes additional value-added services to cater for their customers' expectations and evolving needs. To ensure a convenient and accessible shopping experience the Group operates across multiple store formats, both franchised and owned.

As a major retailer in Africa, the Group strives to address socio-economic challenges through the supply of high-quality, affordable food for all customers, while providing significant employment and economic opportunities across its value chain. The growth and success of Pick n Pay is attributable to 3 basic principles, which form the cornerstone of the business: Consumer sovereignty; Doing good is good business; and maximising business efficiency.

SUSTAINABLE DEVELOPMENT

In 2009, Pick n Pay was honoured with a Sunday Times Top Brand Grand Prix Award for being the company that has done the most to promote 'green' issues, as well as the social upliftment of communities. In the same year they also became the first retail company in Southern Africa to be invited to join the Clinton Global Initiative. These achievements reflect a shift in their sustainability strategy: they are no longer laying the foundations ("cleaning their own backyard"), but are actively promoting and operationalising sustainable practices in their core activities.

The emphasis now is on fresh thinking and innovation, informed by clear analysis of the significant risks and opportunities they face in creating a resilient business in a time of increasing uncertainty. Tougher trading conditions and tighter margins provide an appropriate context for ensuring increased integration of their thinking and sustainability initiatives. They continue to work on a broad spectrum of initiatives documented in their sustainability report (from biodiesel to eco-friendly shopping bags; from wind turbines to partnerships for predator-friendly beef, sustainable fish and rapidly expanding organic product lines).

Their new strategic direction means they are talking more about their achievements. It is imperative that they support this by strengthening the systems that coordinate and manage related activities within the Company. They have introduced a number of measures to improve efficiency which will result in major savings on electricity and water.

Initiatives include:

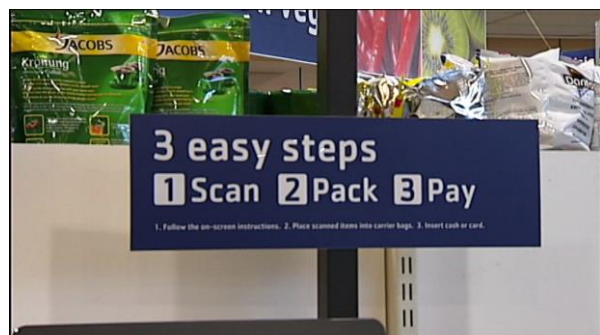
- Integrating sustainability criteria into their internal audit process
- Improving sustainability data capture and management across all departments
- Reviewing procurement policies to drive responsible practices throughout their supply chain
- Establishing an action-oriented committee to coordinate and drive internal initiatives including new ethical / sustainable products; packaging; operational environmental issues such as waste, carbon footprint, chemical and energy use; internal training, as they'll as marketing and consumer take-back policies. There are clearly opportunities to leverage present initiatives in Transformation and Corporate Social Investment (this includes the Ackerman Foundation).



Their philosophy is based on economic empowerment, social enterprise and environmental integrity being the currency of success. In order to achieve their objectives they have designed the their-pillar approach illustrated here.

TECHNOLOGY

Pick n Pay's innovation keeps them at the forefront of the industry. One of their most popular technological innovations is the implementation of the contactless card payment. Contactless card payments do not require consumers to swipe cards, enter PIN numbers or give their signatures. Shoppers



need only tap their cards against the card readers for payments to be processed. Pick n pay said on Monday the service is now live in-store and available at all till points throughout its store network for both Visa and Mastercard bank cards for payments under R200.

In September, Pick n Pay revealed that it was testing the efficiency of self-service checkout machines at one store in Cape Town. Pick n Pay will be the first major retailer in SA to introduce contactless card payments. Such transactions are popular with customers across



the world. “After a number of years of significant investment, their systems have reached a level of maturity where they are able to introduce an increasing array of innovations that make shopping at Pick n Pay cheaper and more convenient.” Most cards issued by the major banks are already contactless enabled, but until now customers have been unable to use this facility at major retailers.

[Pick n Pay increased earnings per share by 26.4 percent](#); innovation and modernisation are critical in Pick

n Pay’s turnaround strategy. In the 26 theyeks to August 28, the retailer invested R775.8m on capital expenditure. It said the majority of its capital investment for the rest of the year would be focused on the expansion and refurbishment of stores to improve the customers’ shopping experience. All new and refurbished group-owned stores have been opened under the Next Generation blueprint. This model is underpinned by improvements in technology, management structures and minimum operating standards.

SUPPLY CHAIN

The Supply Chain division deals with all aspects of moving and storing products from their suppliers to their store shelves, and how this influences the ultimate value for their customers.

This important division offers career opportunities such as Forecasting and Replenishment, Distribution Centre Management and Finance.





A supply chain is a system of organisations, people, activities, information, and resources involved in moving a product or service from supplier to customer. PnP follows a centralised supply chain model; suppliers deliver goods to distribution centres around the country and PnP delivers to the stores. It is the primary

function of a supply chain team to ensure that product is moved through the chain in the most cost effective manner. Finding innovative solutions, through process engineering, new technologies and skilled talent is all in a day's work.

Their supply chain has multiple areas of competence:

- Strategic development – Looking to the future
- Logistic operations – Flow, accessibility, space and throughput of stock
- Demand Planning – Forecasting and ordering stock for stores
- Financial management – Key performance areas (KPA's) measurement
- Franchisee and vendor engagement – Centralisation and account management

Stock management is a key driver of the supply chain. Forecasting sales trends, promotional activity and market requirements makes Supply Chain Planners the scientist of retail. Analytics, systems and theyll-designed algorithms are all of the tools that the Supply Chain Planning team have at their disposal.



PnP has Distribution centres across South Africa that deliver within South Africa,



neighboring states and to countries in Africa. Transport management is a crucial part of logistics. Understanding the fleet requirement, route optimisation and cubic configuration of how much can fit on a truck, ensures effective cost management. PnP also has an On-line channel for distribution and this too follows a centralised supply chain model. Offering home deliver and Click and Collect from selected stores.

Across the full supply chain there are varied roles and responsibilities. None more important than the other. Supply chain is like running a relay race, the baton is passed at the right time to the right person, only then does the team win.

Retrieved from:

<http://www.picknpay.co.za/supply-chain>

<http://www.picknpay.co.za/sustainable-development>

<http://www.picknpay.co.za/about-us-introduction>

<https://businesstech.co.za/news/business/189063/technology-is-killing-jobs-at-pick-n-pay-but-thats-not-the-whole-story/>

QUESTION 1

[10 MARKS]

According to the article by *Grewal, D., Roggeveen, A.L. and Nordfält, J., 2017. The future of retailing. Journal of Retailing, 93(1), pp.1-6*, there are a number of significant trends influencing facing retailing. **EXPLAIN** ALL FIVE of these trends (5 marks) and **RECOMMEND** ways in which Pick 'n Pay can improve their retailing using each trend (5 marks). (10)

QUESTION 2

[12 MARKS]

- 2.1. Social media is revolutionising the retail landscape. Pick 'n Pay currently have a Facebook page, Twitter profile and Instagram account. **DESCRIBE** any FOUR benefits of social media for a retailer such as Pick 'n Pay. (4)
- 2.2. Through technology, retailing outlets are facing significant changes. **DISCUSS** any FOUR areas that impact the store of the future (4 marks). **MOTIVATE** how Pick 'n Pay can use these areas to improve their store for the future (4 marks). (8)

QUESTION 3

[18 MARKS]

- 3.1. **DESCRIBE** each stage in the consumer decision-making process (5 marks). **EXPLAIN** how Pick 'n Pay can influence each stage in the consumer decision-making process (5 marks). (10)
- 3.2. **DISCUSS** the concept of 'store image' (2 marks). **DESCRIBE** any THREE dimensions of store image and **RECOMMEND** how Pick 'n Pay can use these dimensions to improve customers' perception of their retail stores (6 marks). (8)

QUESTION 4

[14 MARKS]

- 4.1. In your opinion, **MOTIVATE** whether Pick 'n Pay should use a supply chain OR demand chain approach (HINT: use the differences between the supply chain and demand chain to support your answer) (4 marks). THEN **ILLUSTRATE** your selected chain (4 marks). (8)

- 4.2. Based on the article by *de Barros, A.P, Ishikiriya, C.S., Peres, R.C. and Gomes, C.F.S., 2015. Processes and benefits of the application of information technology in supply chain management: An analysis of the literature. Procedia Computer Science*, there are many trends impacting supply chain management. **DISCUSS** any THREE of these trends (3 marks). **RECOMMEND** how Pick 'n Pay can use these trends to improve their supply chain management (3 marks). **(6)**

QUESTION 5

[16 MARKS]

- 5.1. **COMPARE AND CONTRAST** between transactional relationships and partnering (6 marks). In your opinion, **MOTIVATE** whether Pick 'n Pay should partner with their stakeholders or have a transactional relationship (2 marks). **(8)**
- 5.2. **EXPLAIN** THREE benefits and THREE challenges of global sourcing (6 marks). **MOTIVATE** whether Pick 'n Pay should consider a global sourcing strategy (2 marks) **(8)**

QUESTION 6

[10 MARKS]

DISCUSS any FIVE key drivers of sustainability in supply chain management (5 marks). **RECOMMEND** how Pick 'n Pay can use these key drivers to improve the sustainability of their supply chain management (5 marks). **(10)**

TOTAL

80 MARKS

END OF EXAM