



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	Supplementary exam May/June 2019

ASSESSMENT DATE	TBC	SESSION	TBC
ASSESSOR(S)	Ms S. Pillay		
MODERATOR(S)	Mrs N. Dilotsohle		
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:

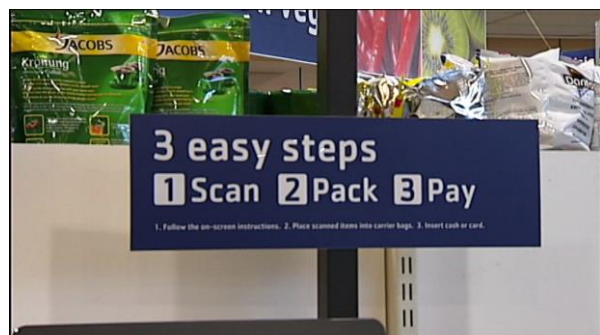
- Integrating sustainability criteria into their internal audit process
- Improving sustainability data capture and management across all departments
- Reviewing procurement policies to drive responsible practices throughout their supply chain
- Establishing an action-oriented committee to coordinate 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 theyll 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]

'Retailing has evolved significantly over the years'. **WRITE** a one-page essay in support of this statement (8 marks). Provide **EXAMPLES** related to Pick 'n Pay to supplement your discussion (2 marks). (10)

QUESTION 2

[12 MARKS]

- 2.1. Mobile marketing has become a powerful force in retailing. Pick 'n Pay currently has a mobile application which they promote through various mobile marketing techniques. **ADVISE** Pick 'n Pay on THREE benefits and THREE implications of mobile marketing. (6)
- 2.2. Through technology, retailing outlets are facing significant changes. **DISCUSS** any THREE areas that impact the store of the future (3 marks). **MOTIVATE** how Pick 'n Pay can use these areas to improve their store for the future (3 marks). (6)

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. **EXPLAIN** any FOUR personal motives (4 marks). **DESCRIBE** how Pick 'n Pay can appeal to each of these personal motives of their consumers (4 marks). (8)

QUESTION 4

[14 MARKS]

- 4.1. **ILLUSTRATE** (2 marks) and **EXPLAIN** (4 marks) the supply chain typology. **MOTIVATE** which supply chain typology Pick 'n Pay should use (2 marks). (8)
- 4.2. Based on the article by *de Barros, A.P, Ishikiriama, 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, 55, pp.698-705*, 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. With reference to the article by Chicksand, D., 2015. *Partnerships: The role that power plays in shaping collaborative buyer–supplier exchanges. Industrial marketing management, 48, pp.121-139*. **COMPARE AND CONTRAST** THREE benefits and THREE obstacles to partnering (6 marks). In your opinion, **MOTIVATE** whether Pick 'n Pay should partner with their suppliers (2 marks). **(8)**
- 5.2. **BRIEFLY DISCUSS** the FOUR types of Global sourcing risks (4 marks). Provide **EXAMPLES** of the four types of risks that retailers may face in South Africa (4 marks). **(8)**

QUESTION 6**[10 MARKS]**

OUTLINE the FIVE key questions guiding the framework for creating sustainable supply chain strategies (5 marks). **APPLY** the questions to Pick 'n Pay to assist them in creating their own sustainable supply chain (5 marks). **(10)**

TOTAL**80 MARKS**

END OF EXAM