

KOLEJ UNIVERSITI TUNKU ABDUL RAHMAN
FACULTY OF ACCOUNTANCY, FINANCE AND BUSINESS
ACADEMIC YEAR 2017/2018
APRIL/MAY EXAMINATION
BBDT2053 RETAIL MERCHANDISING

SATURDAY, 28 APRIL 2018

TIME: 2.00 PM – 5.00 PM
(3 HOURS)

BACHELOR OF RETAIL MANAGEMENT (HONOURS)

Instructions to Candidates:

This paper is divided into TWO (2) sections:

SECTION A: Answer **ONE** (1) compulsory case study question. (40 marks)

SECTION B: Answer **THREE** (3) out of four (4) questions. (60 marks)

BBDT2053 RETAIL MERCHANDISING**SECTION A (40 marks)**

Answer ONE (1) compulsory case study question.

Question 1**Monster Merchants of Infant Death**

Human greed seems to have no bounds. Monster manufacturers have now moved from counterfeit cigarettes to fake infant formula. Death of infants do not seem to concern these merchants of death because, there is big money in it.

The nightmare began when parents complained of their baby's violent vomiting after consuming the fake infant formula to the Johor Director of Domestic Trade, Cooperatives and Consumerism Ministry. The officers from the ministry seized 210 boxes of suspected fake baby milk powder from five locations across the state.

That is not the end of the story. The invoices from the supplier were fakes, too. Now the hunt is on for other merchants and the manufacturer of the fake milk. Mead Johnson, whose product has been affected by the fake trade, has come forward with helpful tips for parents to tell the real from the fake. The company has advised consumers to contact Mead Johnson's consumer careline at 1-800-88-3585 to report any concern and receive replacements for any fake Enfalac A+Step 1 (1.8 kg boxes) they have purchased.

According to the Organisation of Economic Cooperation and Development last year's figure, global trade in fake goods was worth half a trillion US dollars (RM2 trillion) a year. It appears that baby milk producers have been complaining about the fake formulas since August. And, if this is true, it is a very long four months given that the lives of infants are at stake.

It is also not unreasonable for parents to ask why milk producers did not alert them earlier to help identify the real from fake. It is not unreasonable, too, for parents to ask why the ministry took so long to seize the goods.

Many parents have taken to social media to vent their anger and frustration. It is only understandable because this is a case of alarming seriousness. Even if deaths do not result by consuming the fake infant formula, serious damage to the health of babies could have occurred.

Many will remember with dread the July 2008 milk scandal in China. The Chinese milk scandal involved the adulteration of infant formula with melamine and other chemicals. One report stated that 300,000 infants fall victim to the adulteration, with six dying from kidney damage. An estimated 54,000 babies were hospitalised.

In this age of monsters, there is a need to pay great attention to all aspects of food safety. And, the process cannot be left to the manufacturers alone because, as is proven in this case, the process chain can be interfered with in the manufacturing of milk powders.

Government agencies, such as the Domestic Trade, Cooperatives and Consumerism Ministry, must maintain their vigilance through enforcement and other mean of governance. Lives are too precious to be left to last minute protective actions. The law, too, must come down hard on counterfeit criminals. It must drive home the point that crime does not pay, and infant crime never pays.

Source: Adapted and modified from New Straits Times 2017, '*Monster merchants of infant death*', 13 December, p. 2.

BBDT2053 RETAIL MERCHANDISING**Question 1 (Continued)****Required:**

(a) Based on the case above, explain the reasons for the increase of fake products in Malaysia. (10 marks)

(b) Critically examine the impacts of fake milk products on the consumer and businesses. (8 marks)

(c) According to the third paragraph, Mead Johnson has advised consumers to contact the company's consumer care line at 1-800-88-3585 to report any concern and receive replacements for any fake Enfalac A+Step 1 (1.8 kg boxes) they may have purchased.

Propose an action plan for Mead Johnson to remove the fake products from the marketplace quickly and efficiently. (14 marks)

(d) The last paragraph of the case above states that, "Government agencies, such as the Domestic Trade, Cooperatives and Consumerism Ministry, must maintain their vigilance through enforcement and other means of governance".

Elaborate on the actions that should be taken by government agencies to address the issues of fake products. (8 marks)

[Total: 40 marks]

BBDT2053 RETAIL MERCHANDISING**SECTION B (60 marks)**

Answer **THREE (3)** out of four (4) questions.

Question 2

- (a) Explain the basic principles for successful retail merchandising. (14 marks)
- (b) Explain the following terms in the context of retail merchandising
- (i) Retail atmospherics; (3 marks)
- (ii) Plannogram. (3 marks)
- [Total: 20 marks]

Question 3

- (a) Illustrate the process of private label creation for a new range of baby products. (10 marks)
- (b) Outline the **FOUR (4)** steps for drawing up a space allocation plans. (10 marks)
- [Total: 20 marks]

Question 4

With an aid of a diagram, examine the process in the Category Management framework as developed by Partnering Group Inc. [Total: 20 marks]

Question 5

Critically evaluate the ethical purchasing practices advocated by the Chartered Institute of Purchasing and Supply (CIPS) for retail businesses. [Total: 20 marks]