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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination – April, 2017

Program/course: BBA (Logistics Management)   Semester   : VI
Subject: Retail Logistics   Max. Marks : 100
Code   : BBDL 112   Duration   : 3 Hrs
No. of page/s: 3

SECTION A

Question I. <u>True or False</u>   (5x2=10 marks)

1. High inventory turnover indicates that a company is taking long time to sell its inventory.
2. Economies of distance in transportation are achieved when the distance travelled is short and the utilization of the vehicle is high.
3. Distribution centers in a retail supply chain emphasize the rapid movement of products through a facility and attempt to maximize throughput.
4. To survive in today's competitive markets, companies are focusing on their core competencies and adopting outsourcing as a strategies solution to improve quality of service and reduce cost of important as well as non-core processes.
5. Performance indicators of logistics activities measure the performance of a logistics system and evaluate its efficiency level.

Question II. Please select the correct choice of answer for the given Question. (5x2=10 marks)

1. Which of the following is not a cause of the bullwhip effect?
   a. Order batching
   b. Long lead time
   c. Price fluctuations
   d. Aligning incentives across the supply chain

2. Which of the following is not a major driver of supply chain performance?
   a. Customers
   b. Facilities
   c. Inventory
   d. Transportation

3. _____ recognizes that all inventories are not of equal value to a firm and thus all inventories should not be managed in the same way.
   a. Vendor-managed inventory
   b. Sub optimization
   c. Marginal analysis
   d. ABC analysis
4. Which of the following refers to a process where a product is received in a facility, occasionally married with product going to the same destination, and then shipped at the earliest time, without going into longer-term storage?
   a. Just-in-time
   b. Cross-docking
   c. Consolidation
   d. Postponement logistics
5. Order The value chain attempts to identify those activities which add value to:
   a. The organization's stakeholders
   b. The senior strategic managers in the organisation
   c. The organization's shareholders
   d. The customer or final user

SECTION B

Question I Write Short notes on any four Questions as per your choice (4x5=20 marks)

1. What are the steps involved in the procurement process?
2. How Supplier Relationship Management plays an important role in retail.
3. Discuss the concept of ABC Analysis.
4. What are the challenges for a Retail Transport Planner?
5. Discuss the role of distribution centre in supply chain of retail industry.

SECTION C

Long Answer Type Questions   **(2x15=30 marks)**

Q. 1. A grocery store sells 10 cases of coffee each week. Each case costs Rs. 80. The cost of placing an order is Rs. 10. Holding or carrying cost is estimated to be 30% of the inventory value per year.

i. Determine the economic order quantity (EOQ).

ii. How many orders will be placed per year using the EOQ?

Q.2. "Using information more effectively in the entire supply chain is the single most important source of competitive advantage for the retail firms today". Justify the statement with example.

SECTION D

Case Study   (3x10=30 marks)
Starbucks: A Lot More Than Coffee

Starbucks (www.starbucks.com) sells much more than espresso and cappuccino, even though coffee contributes more than 80 percent of the firm's total revenues. The company is focused on three broad sources of growth: additional items that are now sold in traditional Starbucks coffeehouses, new locations (both within the United States and internationally), and food service (made up of restaurants, offices, schools, and hotels that purchase Starbucks products such as whole bean coffee and Frappuccino) for resale.

Starbucks recently added Tazo tea to its stores, a hot breakfast sandwich menu, and a $5.95 gourmet selection of cheeses that is part of a larger lunch menu. All of these items are part of Starbucks' plan to get a larger share of each customer's food budget. Starbucks' Music CD division also sells products in its retail locations. For example, the CD division received exclusive rights to sell a remake of Alanis Morissette's *Jagged Little Pill*. A major problem associated with Starbucks' adding new products to existing stores is the effect on waiting lines. According to research, 64 percent of Americans say that they choose a restaurant based on how much time they have. Since these new items require preparation, Starbucks becomes more vulnerable to time-pressed consumers. Starbucks director of store operations engineering acknowledges that "This is a game of seconds." She and her 10 engineers constantly ask themselves: "How can we shave time off this?" Starbucks has focused on delivery speed since its growth spurt in the 1990s.

At Starbucks, it now takes, on average, about three minutes from the time a customer gets in line until he/she receives the final order. This compares favorably with the three-and-one-half minutes it took five years ago, when Starbucks began to measure this variable.

Let's consider some tactics to deal with the time issue. One solution is to stop requiring customer signatures for credit card purchases under $25. In the past, the processing of a credit card was the longest part of the cash register transaction. Eliminating the need for a signature can reduce the service transaction time by 22 seconds. Another time-saver involves the addition of "floaters," personnel who wait on customers, take orders, and run to the back room for necessary supplies. The chain is considering a floater who will work only on sandwiches at especially busy times. Starbucks' quest for increased speed has had no effect on its order accuracy rate that has remained constant at 99.4 percent. Starbucks' new sandwich items are warmed in combination convection and microwave oven that meets the chain's need for speed, as well as taste.

Starbucks' organization also has to accommodate the chain's overall growth rate. Howard Schulz, Starbucks' chairman and chief global strategist, recently announced that Starbucks now has a

long-term goal of having 30,000 locations on a worldwide basis, as compared with its current 12,500-plus stores. This new goal is for 5,000 more locations than the previous objective.

Question1. Identify Starbucks' major issues in selecting and interacting with merchandise sources. How should Starbucks evaluate its merchandise?

Question2. Discuss supply chain management issues for Starbucks?

Question4. How else can Starbucks reduce lead time in their transaction within its stores?