

**EASTERN UNIVERSITY, SRI LANKA**  
**FACULTY OF COMMERCE & MANAGEMENT**

**Third Year First Semester Examination in Bachelor of Business Administration**

**Honours in Marketing Management.**

**2021/2022 (Proper/Repeat) February 2024**

**MKT 3033- Retail and Direct Marketing**

Answer all questions

Time: 03 Hours

---

**Q1. Read the following case study and answer the questions given below.**

**Transitioning to Direct Marketing: ABC Retail's Response to Changing Consumer Behaviour**

ABC Retail is a well-established chain of stores specializing in home electronics and appliances. For years, the company has relied on traditional retail strategies, such as in-store promotions and advertising, to attract customers. However, with the rise of e-commerce and changing consumer behaviours, ABC Retail has recognized the need to embrace direct marketing tactics to stay competitive in the market.

In response to this shift, ABC Retail hires Ms. Jones, a seasoned marketing professional with expertise in direct marketing strategies. Ms. Jones proposes a multifaceted approach to revitalize ABC Retail's marketing efforts, leveraging direct marketing channels to engage customers more effectively and drive sales.

Ms. Jones begins by implementing a targeted email marketing campaign, segmenting customers based on their purchase history and preferences. By sending personalized promotional offers and product recommendations directly to customers' inboxes, ABC Retail aims to increase customer engagement and encourage repeat purchases.

Additionally, Ms. Jones recommends launching a loyalty program to reward frequent shoppers and incentivize customer loyalty. Through the loyalty program, customers earn points for every purchase they make, which can be redeemed for discounts, exclusive offers, or free merchandise. By fostering a sense of appreciation and value among its customer base, ABC Retail aims to cultivate long-term relationships and drive repeat business.

Furthermore, Ms. Jones advocates for the integration of digital advertising into ABC Retail's marketing mix. Leveraging targeted advertising platforms such as social media and search engine marketing, ABC Retail can reach potential customers at various levels along their purchasing journey. By strategically placing ads based on customer demographics, interests, and online behaviour, ABC Retail aims to increase brand visibility and attract new customers to its stores.

Despite Ms. Jones's innovative approach and the implementation of direct marketing initiatives, ABC Retail faces challenges in achieving the desired results. Despite an increase in website traffic and email open rates, conversion rates remain stagnant, and sales fail to meet expectations. Concerns arise among the company's leadership regarding the effectiveness of the direct marketing strategy and its ability to drive tangible business outcomes.

As ABC Retail grapples with these challenges, questions arise about the efficacy of direct marketing in the context of traditional retail. Is the company's investment in direct marketing yielding the desired returns? Are there additional factors influencing consumer behaviour that have not been adequately addressed? And how can ABC Retail adapt its direct marketing strategy to better resonate with its target audience and drive sales growth in an increasingly competitive market?

Through a comprehensive analysis of consumer behaviour and market trends, ABC Retail must refine its direct marketing strategy to better align with customer preferences and expectations. By understanding the intricacies of consumer behaviour and adapting its marketing approach accordingly, ABC Retail can position itself for success in the rapidly evolving retail landscape.

### Questions

- i. Why did ABC Retail decide to shift its marketing strategy towards direct marketing?  
(05 Marks)
- ii. What direct marketing tactics did Ms. Jones propose to revitalize ABC Retail's marketing efforts?  
(05 Marks)
- iii. Despite the implementation of direct marketing initiatives, why did ABC Retail face challenges in achieving desired sales growth?  
(05 Marks)

iv. What additional factors might influence consumer behaviour that ABC Retail has not adequately addressed? (05 Marks)

v. How can ABC Retail adapt its direct marketing strategy to better resonate with its target audience and drive sales growth? (05 Marks)

**(Total 25 Marks)**

**Q2.**

i. Demonstrate the Franchise with an example and spell out the Potential Conflicts between the Franchisor and the Franchisee. (07 Marks)

ii. What do you mean by “loyalty programs” and explain the Types of loyalty programs with examples? (08 Marks)

**(15 Marks)**

**Q3.**

i. Specify and illustrate the retailer strategy mix elements. (07 Marks)

ii. Relate the Conventional Supermarket Strategy Mix with Traditional Department Store Strategy Mix. (05 Marks)

iii. Explain the growth opportunities for retailers. (08 Marks)

**(20 Marks)**

**Q4.**

i. Briefly explain the “retail pricing” strategies. (06 Marks)

ii. What is “Merchandising Management” and briefly explain the key components of Merchandise Management. (06 Marks)

iii. Discuss the pros and cons of “Interactive Direct Marketing”. (08 Marks)

**(20 Marks)**

**Q5.**

- i. Global Direct Marketing reaches potential customers worldwide through various channels to promote products/services and establish direct connections. Explain the environmental concerns associated with global direct marketing.

(08 Marks)
  
- ii. Relate Modelling and consumer Acquisition in Direct marketing.

(06 Marks)
  
- iii. Write short notes on the following
  - a. Extensive and Intensive distribution
  - b. Vertical Marketing System

(06 Marks)

**(20 Marks)**