EXTERNAL INTEGRATED SUMMATIVE ASSESSMENT

EXEMPLAR 1B

STUDENT NAME & SURNAME	
ID NUMBER	
EISA REGISTRATION NUMBER	
ASSESSMENT CENTRE	
ASSESSMENT CENTRE ACCREDITATION NUMBER	
QUALIFICATION	**OCCUPATIONAL CERTIFICATE: RETAIL MANAGER GENERAL (RETAIL STORE MANAGER)**
SAQA ID	**91789**
CREDITS	**507**
PAPER	**1B** (there are 2 papers to be written: 1A and 1B)
DATE OF EISA	DD/MM/YYYY
DURATION	**3 HOURS**
TOTAL MARKS	**80**

GENERAL EISA RULES

1. Students are **only** allowed to use the supplied EISA booklets.
2. Students are **only** allowed to use a black pen for their answers.
3. Students to ensure that their name, surname and EISA registration number appears on the front of your EISA booklet.
4. This is a closed book examination; therefore, no other material or belongings are to be brought into the assessment centre. Should you bring any other material or belongings into the assessment centre, you will be required to leave such at the front of the assessment centre examination room. The assessment centre will not be held liable for any loss or damage to property brought into the assessment centre examination room.
5. All EISA booklets must be handed back to the invigilator intact. No pages may be torn off from the EISA booklet. The removal of EISA booklets from the examination room is prohibited.
6. Students may make use of a calculator in this EISA.
7. Unless this is an online examination where access to a computer will be made available to you; the use of any communication devices, including smart watches, cell phones, tablets, i-Pads, head phones and laptops are prohibited.
8. All cell phones are to be switched off for the duration of the EISA.
9. The invigilator will not assist you with the explanation of questions related to the EISA.
10. Students are prohibited from conversing in any manner with other students.
11. Students may not leave the examination venue within one hour of the start of the examination and in the last 10 minutes of the allotted examination period.
12. Students who are found to be disruptive and unruly in the assessment centre will be requested to leave the assessment centre by the invigilator.

I HEREBY CONFIRM THAT I HAVE READ THE ABOVE EISA RULES AND DECLARE THAT I UNDERSTAND AND ACCEPT THE RULES.

_____

SIGNATURE OF STUDENT

CANDIDATE INSTRUCTIONS

- Candidates must complete all questions in this EISA.
- Candidates must ensure that they use only a black pen when completing this EISA.
- Should you require additional space to complete your answer, please request additional paper from your invigilator. Ensure that you indicate your name, surname and EISA registration number at the top of the additional paper. Also ensure that the question number is clearly marked on your additional paper.

Question 1

Managing the Retail Supply Chain

(44 Marks)

Mel's This 'n' That is a convenience store based in the southern suburbs of Cape Town. The retailer sells groceries and clothing items targeting the whole family. The store is located in a small overcrowded mall and therefore availability of space is a major challenge. The store can thus not afford to have large quantities of stock on hand because it has a small stock/storage area. The store thus has the option of having goods delivered directly to either the store or the company's distribution centre.

Below is a stock report for the period January – April 2019. When presenting the report, the store manager also noted that:

- There is no frozen fish in stock because the supplier is also out of stock
- Bathing soap is out of stock because the company's buyer placed the order very late and as such no deliveries have been received in the past two weeks.
- The records show that there are 20 packets of rice in stock but the physical stock count revealed that the item is out of stock. This anomaly is as a result of stock theft.
- The buyer incorrectly ordered 500 packets of sugar instead of 450.
- The toys are imported from an overseas supplier.
- Fresh produce is sourced from a local supplier who has his own delivery vehicles. However, his delivery service has been erratic.
- Frozen products are also sourced from a local supplier who has his own delivery vehicles. However, this supplier is reliable.
- Bathing soap is ordered from a supplier based in a town that is 2000km away so lead times are high.
- High value items e.g. cell-phones are sourced from a supplier who does not have delivery vehicles.

Fast selling items such as sugar and soft drinks are big and bulky and they therefore require more storage space. These products are mainly stored at the company's distribution centre.

Mel's This n That Store: Stock and Sales Report for the period January – April 2019

Name of Item	Beginning Inventory	+ Purchases	- Ending Inventory (actual)	= Total Number of Units Sold	Selling Price/Unit	= Total Sales	Theoretical stock on hand
Toys	24	41	50	5	R60	R300	60
Fresh fruits	200	400	100	450	R5	R2 250	150
Frozen fish	80	120	0	200	R10	R2 000	0
Bathing Soap	50	70	0	120	R5	R600	0
Cell-phones	100	20	110	5	R1000	R5 000	115
Soft drinks	500	500	600	400	R10	R4 000	598
Ladies shoes	20	0	10	3	R200	R600	17
Sugar	1000	500	50	1300	R20	R26 000	200
Rice	50	30	0	60	R20	R1 200	20
Watches	40	10	28	2	R300	R600	48
Coffee	60	140	0	200	R80	R16 000	0

- *T*he mark up on all the products is 50%.
- *All figures must be rounded off to two decimal numbers where applicable.*

1.1 Calculate the inventory turnover ratios for toys, frozen fish, rice and soft drinks. The company uses the periodic inventory management system.

(8 marks)

1.2 Identify and describe any four (4) stock related issues other than shrinkage that the retailer is facing.

(8 marks)

1.3 Identify any four (4) products that have a high shrinkage rate at the store.

(4 marks)

1.4 Evaluate the performance of any three products listed in the report and make appropriate recommendations to relevant stakeholders and external suppliers on how to improve stock performance.

(9 marks)

1.5 According to the case study, the retailer is facing supply chain challenges with products such as toys, fresh fruits, frozen fish, bathing soap and soft-drinks. Propose appropriate supply chain options for these products.

(15 marks)

(Total Marks for Question 1 = 44)

Question 2

Retail Operations Management

(36 Marks)

Mellow Mart is one of South Africa's leading supermarket chains. It is a medium-sized company operating in a sector dominated by large chains. Most of the company's stores are found in the Western Cape.

Mellow Mart's main competitors include the country's four biggest retailers which all have turnover up to 400 times more than Mellow Mart's. As a family-owned business, Mellow Mart has sought to establish points of differentiation so that it stands out in the market. Its strategy has been to turn itself into a 'destination retailer', one differentiated by ambience and assortment; such as deli goods, regional specialities and seasonal items. Its reputation for quality and good service has made it a well-loved brand across the Western Cape.

Mellow Mart carries a wide selection of products comparable to many of its larger competitors. It keeps a significant number of slow moving lines in the assortment because they underpin their positioning as a 'destination' retailer. Freshness and quality are of paramount importance to Mellow Mart's offering. Yet the company enjoys less negotiating power than its huge rivals and therefore it cannot insist on suppliers to provide daily deliveries for all items. Mellow Mart also prioritises reducing spoilage of perishables because the potential for cost reduction is considerable.

The company wants to improve its handling of promotions as well. Where fresh and chilled items are concerned there are inevitably the additional risks of spoilage issues. Improved demand forecasting would also allow Mellow Mart to take better account of the weather, improve planning for new product introductions, ensure optimal allocations from the DC to the stores and to move staff towards more value-adding managerial tasks.

Mellow Mart's flag ship store is located in the central business district of Cape Town. This is a superstore which services about 5 000 customers a day. With a staff compliment of 150 people, employee pilferage, rostering, absenteeism and staff turnover are a major concern for the store manager. To reduce her workload, the store manager has appointed nine individuals to be section managers for the check-out area, the receiving area, the dispatch area, the deli, the butchery, the fresh foods section, the store room, the cash office and the main shop floor respectively.

In recent months, the store manager has expressed serious concern with the challenges that the store faces in the cash office, the store room and in the receiving section. Cases of under-banking and over-banking are rampant in the cash office. Two weeks ago, there was a suspicious break-in and all

computers in the cash office were stolen. The store room has had a fair share of its own problems with reported cases of missing stock, misplaced items and items reaching their expiry dates without having been placed in the store.

The receiving section is headed by Johannes, a young and inexperienced university graduate who joined the store five months ago. Recently, two interns working in the receiving section were dismissed after having received and signed for over-stated goods. Concerned with the losses experienced in the receiving section, the shop manager has requested head office to arrange in-house training for Johannes in order to enhance his capacity.

The festive season is around the corner and the head office has sent a memorandum instructing all stores to clear all their overstocks and sell as many products as possible at normal prices during the forthcoming promotional season. Because of the challenges being experienced in the store room, the superstore is highly over-stocked.

As the store manager for this Mellow Mart's flagship store, you are required to do the following:

2.1 Create checklists to evaluate the operations of the receiving and the cash office part of the store.

(10 marks)

2.2 Identify five examples of risk in the case study and then analyse and evaluate these risks.

(6 marks)

2.3 Recommend strategies to mitigate the risks that you identified in question 2.2 above.

(8 marks)

2.4 Analyse the Mellow Mart case study above and establish any two objectives that the store manager can set out to achieve during the forthcoming promotional season.

(4 marks)

2.5 Using at least two marketing mix elements, develop and recommend two appropriate marketing strategies that the store can implement in order to achieve the two objectives that you established in question 2.4 above.

(8 marks)

(Total Marks for Question 2 = 36)

(TOTAL MARKS FOR THE EXAM: 80)

MARK ALLOCATION GRID (For use by the Assessor only)

QUESTION	MARK	MARKS AWARDED
1.1	8	
1.2	8	
1.3	4	
1.4	9	
1.5	15	
TOTAL Q1	44	
2.1	10	
2.2	6	
2.3	8	
2.4	4	
2.5	8	
TOTAL Q2	36	
GRAND TOTAL	80	

ASSESSOR DETAILS

ASSESSOR NAME & SURNAME	
REGISTRATION NUMBER	
SIGNATURE	
DATE	

INTERNAL MODERATOR DETAILS

MODERATOR NAME & SURNAME	
REGISTRATION NUMBER	
SIGNATURE	
DATE	