



Certificate in Marketing Skills

MANAGEMENT FOR MARKETERS

FRIDAY, AUGUST 19, 2005. TIME: 2.00 pm - 4.00 pm

Please attempt Section A and TWO questions from Section B.

Do **NOT** repeat question in answer, but show clearly the number of the question attempted on the appropriate page of the Answer Book.

SECTION A (50%) (All questions carry equal marks)

1. 

General Information

Argos was launched in 1973 when the first 17 stores opened simultaneously on July 21st. Since then the company has become one of the most powerful forces in retailing with over 550 stores throughout the UK and Ireland.

Argos has grown through the development of a simple idea that combines the comfort and convenience of home selection via the catalogue with the immediacy of high street stores. It is now one of the UK's most popular multi-channel retailers.

One of Argos' fundamental strengths is the cost superiority of catalogue shopping over other forms of retailing which enables the company to offer a wide range of merchandise at competitive prices.

The home delivery service, Argos Direct, has gone from strength to strength in the last year. During 2002, they took over 2.6 million telephone orders. That's without even taking into consideration the orders that were placed via their award-winning website, Argos.co.uk which was the second most visited site in the UK during Christmas 2002 trading period. With annual sales of over £3 billion, Argos is one of the UK's largest non-food retail chains with an increasing presence in the Republic of Ireland.

P.T.O.

The Catalogue

There are two catalogues launched each year supported with promotional brochures.

- Autumn/Winter catalogue published July/August.
Spring/Summer catalogue published January/February.
- ‘Flyers’ are published to coincide with special events throughout the year such as Valentine’s Day, Mother’s Day and Easter.

Ownership

Although run as an independent business, Argos is owned by GUS plc, a retail and business services group. GUS provides information and customer relationship management services through Experian, general merchandise through Argos Retail Group (ARG) and luxury goods through a majority shareholding in Burberry Group plc. ARG was formed in 2000 to build on GUS’ long experience in the home shopping market and the strengths of the Argos brand. ARG is made up of Argos, Homebase, Wehkamp and ARG Financial Services.

Argos Mission Statement

“We provide our customers with the best value for money through the most convenient shopping experience”.

To help explain what this commitment means to everyone in our organisation, we have a set of values that encapsulate its spirit. These are:

- We are customer-focused
- We excel through teamwork
- We have a competitive will to win
- We take ownership and make things happen fast
- We respect and support each other

E commerce

The growth of the Internet has enabled Argos to offer new and more convenient services to customers, through its award winning website, making Argos a leading player in the ecommerce sector. Argos is the UK’s number two “clicks and bricks” retailer, combining both store-based and on-line sales. E-commerce now accounts for 5 % of total business sales.

The Site

The Argos website was first launched in 1995 and has continued to grow to help meet the needs of customers. The products and promotions featured on the site mirror those in store. Even the colours and design created are there to represent the ‘Brighter Shopping message’ of the company.

The Features

There are numerous services offered on the site to help make shopping on-line as convenient as possible. These include: the ability to browse through the catalogue, to search for a particular item; to make a purchase and have it delivered to your home. Alternatively products may be reserved through the Click & Collect service, after which goods can be collected at a local store. If customers wish to register their details they can also receive an Argos newsletter containing all the latest deals and promotions.

The Logistics

The Internet sales channel utilises the Argos Direct Home Shopping infrastructure and therefore does not have any warehouses specifically dedicated to the Internet channel. The Argos Direct Home Delivery Warehouses, of which there are currently four, based in Acton Gate (Near Stafford), Marsh Leys (Bedfordshire), Welwyn Garden City & Trafford Park (Manchester).

Systems and Security

Argos works with partner companies but has overall control of the site. For example, the site is based on the IBM Websphere package and IBM assisted in its development. Many other companies have also assisted in progressing and developing the site over the last two years. As far as encryption is concerned, for security reasons, we only keep limited information on the website for a limited period of time and sensitive information is encrypted in line with our security policy.

The Future

Argos is forever striving to provide the best possible service for its customers and is very proud of the award-winning site. The site is continually reviewed via customer research, and improvements are implemented based on recommendations from these reviews. Customers can also buy books, DVDs, CDs and videos from our dedicated entertainment site www.argosentertainment.co.uk Argos has recently teamed up with Vodafone live! to allow customers the opportunity to view the catalogue on their mobile phone. Text & Take Home, the SMS reservation service, also continues to grow at a strong pace since its launch in December 02.

(Based on www.Argos.co.uk)

You are required to answer **each** of the following questions.

- (a) Design a simple organizational structure for the overall company (GUS) giving a brief outline of the reasons for your design.
- (b) The case study describes Argos as a 'multi channel' retailer. Describe the various channels through which a customer may make a purchase from Argos.
- (c) What are the advantages and disadvantages of each of these channels?
- (d) One of Argos' fundamental strengths is the cost superiority of catalogue shopping over other forms of retailing which enables the company to offer a wide range of merchandise at competitive prices. Why does Argos have a cost advantage over its rivals?

P.T.O.

SECTION B

(Please attempt TWO questions. All questions carry equal marks.)

2.
 - (a) Describe the major functions of management.
 - (b) Consider your direct supervisor or superior in work. What kind of management skills does this person possess? If there was one management practice they use that you could change what would it be? Why?
3.
 - (a) The ECR European Executive Board has defined Efficient Consumer Response as
“the realization of a simple, fast and consumer driven system, in which all links of the logistic chain work together, in order to satisfy consumer needs with the lowest possible cost.”
What does ECR mean in practice?
 - (b) Compare the loyalty cards offered by SuperQuinn, Tesco and Dunnes with the savings stamps used by Supervalu and Centra. Which would you use and why?
4.
 - (a) In retailing, considerable time and effort is put into coming up with new added value services that might attract and retain customers. This could be something as simple as a delivery service to much more elaborate services like automatic re-ordering. List a number of service innovations that you are familiar with from any number of different organisations. Now think of these services in terms of where you work. What services could be introduced and what services might not be possible to introduce? Give reasons for your decisions.
 - (b) When a service breaks down it can cause a customer to complain or even leave your company. Discuss why it might be important to encourage customers to complain and outline how complaints are dealt with where you work. Suggest changes to procedures that might result in more successfully dealing with customer complaints.
5.
 - (a) Outline some reasons why people resist change.
 - (b) Imagine you are responsible for integrating the staff of two branches of a company into one new unit. Both sets of employees contain some very experienced staff and some new staff. The new unit is being opened on the site of one of the previous units. Describe the type of problem you might encounter and suggest some solutions for overcoming these problems.