**Merchandising Management**

**April 2024 Examination**

**1. Promotions are supposed to increase the sale of a product and also help in the company’s growth to generate good profits. Kindly share your inputs on the same? (10 Marks)**

**Ans 1.**

**Introduction**

Promotions are a crucial element in the marketing mix, serving as a bridge between a company and its potential customers. They play a pivotal role in stimulating demand, creating brand awareness, and ultimately driving sales. Through various forms such as discounts, special offers, advertisements, and events, promotions aim to capture the attention of the target audience and persuade them to make a purchase. This strategy not only boosts short-term sales but also contributes to building long-term brand loyalty among consumers. Furthermore, effective promotion campaigns can significantly enhance the company's market presence, setting it apart from competitors. By carefully designing and executing promotional strategies, companies can achieve their sales objectives and foster sustainable growth. The

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**2. How do planograms help to display the merchandise and what are the steps the retailers take to improve the display for increasing more foot traffic of the customers? (10 Marks)**

**Ans 2.**

**Introduction**

Planograms play a crucial role in retail merchandising management, serving as a strategic tool to optimize the display of merchandise within a store. These visual diagrams specify where and how products should be placed on shelves or retail spaces to maximize visibility and appeal to customers. The effectiveness of planograms lies in their ability to create an organized, aesthetically pleasing shopping environment that enhances product discovery and accessibility. By meticulously planning the layout, retailers can influence shopping behavior, encourage impulse buys, and improve overall customer experience. Furthermore, planograms are instrumental in inventory management, ensuring that high-demand products are

**3. Case Study**

**Consumer durables to soon become 5-10% costlier**

**Prices of air conditioners and refrigerators have shot up in the new year as consumer durables makers pass on the impact of rising raw material costs and higher freight charges to customers, while home appliances like washing machines may witness 5-10 per cent price hike later this month or by March.**

**Panasonic, LG, Haier have already raised prices, while Sony, Hitachi, Godrej Appliances may take a call by the end of this quarter.**

**According to the Consumer Electronics and Appliances Manufacturers Association (CEAMA), the industry may hike prices in a range of 5-7 per cent from January to March.**

**"With an unprecedented surge in the cost of commodities, global freight and raw materials, we have taken steps to increase prices of our products by 3 to 5 per cent in the refrigerator, washing machines, and air conditioner categories." Haier Appliances India President Satish N S said. Panasonic, which has already raised prices by up to 8 per cent for ACs, is considering more hikes. It is also mulling a similar move for home appliances. "We can also see a reflection of price hike for home appliances too in near future," said Panasonic India Divisional Director, Consumer Electronics Fumiyasu Fujimori.**

**LG Electronics, which has also increased prices in the home appliances category, said, "We have tried best to absorb the same through cost innovations but prices need to increase for business sustainability".**

**Terming the price increase "inevitable", Johnson Controls-Hitachi Air Conditioning India Chairman and managing Director Gurmeet Singh said. "In a phased manner, up to April, prices will go up by at least 8-10 per cent. Prices have gone up from around the same time last year December to this year by nearly 6-7 per cent," he said, adding, "the onslaught of Cost Up is continuing and now with anti-dumping duties being imposed on aluminum and refrigerants, we see another increase by 2- 3 per cent”.**

**CEAMA President Eric Braganza said, "The industry had postponed the price Increase due to the festive season. However, currently, manufacturers have no other option but to pass on the price hike to customers. We expect the industry to do a round of price hike from January to March in the range of 5-7 per cent."**

**The implementation would vary from company to company as some of the manufacturers have already hiked prices and some are in the process of doing it.**

**"Nonetheless, if the demand is sluggish and the prices of raw materials fall, there is a chance that we might see prices coming down In April or May," he said.**

**"Price correction is not on the cards at the moment," said Sony India Managing Director Sunil Nayyar.**

**Price of metals and plastics used in consumer durables has risen 70 per cent along with rise in cost of chips. Further, weekend and night curfews have also led to up to 25 per cent production loss, SPPL CEO Avneet Singh Marwah said.**

**Questions**

**a. Why have the prices of consumer durables shot up? What are the reasons for this price hike? (5 marks)**

**Ans 3a.**

**Introduction**

The consumer durables sector is currently experiencing a notable increase in prices, a phenomenon driven by multiple factors impacting the industry globally. This rise in costs is largely attributed to the escalating prices of raw materials, higher freight charges, and the imposition of anti-dumping duties on certain materials. Manufacturers such as Panasonic, LG, and Haier, among others, have begun to pass these additional costs onto consumers by raising

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**b. What steps can be taken to control prices and what are the other factors where these goods can be made more affordable to the customers? (5 marks)**

**Ans 3b.**

**Introduction**

In response to the rising prices of consumer durables, stakeholders across the industry are seeking strategies to mitigate these increases and maintain affordability for consumers. Controlling prices in such a volatile economic environment requires a multifaceted approach, focusing on supply chain optimization, technological innovation, and policy intervention. By