

19. Razzle Dazzle (RD)

Razzle Dazzle is a store that sells jewelry and accessories; its product portfolio focuses more on the jewelry, but it also carries handbags and some women's clothing items. RD is owned by Elanor and Adrian Gocan, a young married couple who launched the business three years ago with personal savings and loans from family and friends. RD gets most of its products from wholesale distributors, and it has a range of products that include both well known brands and lesser known ones. For many products such as jewelry accessories, producers tend to have low brand value and awareness.

In addition to the retail shop, RD has run an online store for the past year. While the website does allow online orders with products shipped to customers, this has never made up more than 5% of RD's sales. Adrian doubts that if they saw a good increase in online sales that they would be able to handle fulfilling more orders; currently, they ship the items from the store themselves. RD has a few part time employees, but Elanor and Adrian are the only full time workers.

Elanor thinks that with more effort put into the website and using more search engine ads and social media to promote the website's existence, they could increase their online sales without substantially hurting in-person sales. Adrian, though, thinks that they would need to hire a web developer in order to make the website as good as customers expect from larger brands, and that even if the website were improved, they would still have a hard time competing with larger online merchants on price. Surveys indicate that only about 30% of RD's customers even know that there is a website that offers online shopping, and that customers typically know about the shop through word of mouth and digital map searches. He also notes that price markups on jewelry are typically much larger in physical stores than online.

Adrian wonders if they should discontinue the online shopping function of the website entirely, and focus instead on enhancing their product selection. He sees high end baby clothes and accessories as a potential source of growth, which he thinks could make sense given that the great majority of RD's customers are women between the ages of 18 and 40 and that they tend to live in nearby areas of the city that are relatively wealthy.

Question	Marks
A. Define the term brand value.	2
B. Explain an advantage and a disadvantage of RD expanding its product portfolio to include baby clothes.	4
C. With reference to RD, explain competitive pricing. HL ONLY	4
D. Explain an advantage and a disadvantage if RD were to use premium pricing relative to other local jewelry stores.	4
E. If RD wanted to sell a new necklace for a 200% markup, and RD gets the necklace from a supplier for \$95, then calculate the price at which RD would sell it.	2
F. Explain an advantage and a disadvantage of RD using wholesalers to	4
G. Explain two challenges for RD in the process of delivering online orders to customers.	4
H. Evaluate the appropriateness of RD's marketing mix.	10