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EMBU CAMPUS

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
COMMERCE (PROCUREMENT AND LINGUISTICS MANAGEMENT
OPTION)**

BPLM 324: LOGISTICS MANAGEMENT**STREAMS: BPLM****TIME: 2 HOURS****DAY/DATE: FRIDAY 25/04/2025****8.30 A.M. – 10.30 A.M.****INSTRUCTIONS****Answer question ONE and any other TWO questions****QUESTION ONE**

World Duty Free (WDF) is the UK's biggest airport duty free goods retailer, accounting for 90 per cent of all UK airport duty free sales. WDF is wholly owned by the Italian group Autogrill in which Benetton have a 40 per cent stake. Even though WDF has experienced significant growth in recent years (partly organic and partly through merger – in particularly the merger in 2009 with Spanish duty free retailer, Alpha), it has been faced with an increasing degree of market turbulence and volatility of late. At the macro level the world recession has had a big impact on passenger numbers generally, particularly at regional airports which have a higher proportion of leisure passengers. Sources of volatility at the micro level include the security arrangements at airports, where the length of time taken to process passengers will vary according to daily changes in procedures (e.g. requesting passengers to remove their shoes), which itself directly impacts the amount of time individual passengers will have available for duty free shopping. Further sources of volatility at the micro level can be airlines changing their departure times – for example, passengers leaving the UK for non-EU destinations can generally buy goods at a lower price and if the time of the flight changes or the plane is delayed there can be a significant change in demand patterns. A further impact on sales is created when airlines either withdraw a service or change airports – Ryanair moving some of its services from one airport to another because of lower landing charges is a case in point. Against this

background of uncertainty and increasingly unpredictable demand, WDF is seeking to make the transition from a forecast-driven to a demand-driven business.

Required;

- a. Discuss five logistics strategies that WDF can adopt to efficiently manage their distribution systems (10 marks)
- b. Explain the factors WDF should consider while choosing appropriate mode of transportation (10 marks)
- c. Explain five fundamental issues addressed when designing and operating a logistics system (10 marks)

QUESTION TWO

- a. Distinguish between inbound and outbound logistics as used in transportation (2 marks)
- b. Discuss the four main stock taking systems used in inventory management (8 marks)
- c. Discuss any five precautions to take when transporting hazardous products (10 marks)

QUESTION THREE

- a. Discuss five disadvantages of using pallets as a method of unitization (10 marks)
- b. Discuss the types of packaging that can be used in logistics and inventory management (10 marks)

QUESTION FOUR

- a. Using examples state and explain the three main types of inventory costs (6 marks)
- b. Distinguish between dependent and independent demand as used in inventory management (4 marks)
- c. Discuss five circumstances under which air transportation would be the most appropriate mode of transporting materials (10 marks)

QUESTION FIVE

- a) Fleet management can provide massive benefits to your business. Discuss five advantages of a fleet management system. (10 marks)
- b) To be effective, inventory management must have some requirements. Discuss five of these requirements (10 marks)

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