# QUESTIONS & ANSWERS

2021

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THE FOLLOWING QUESTIONS WERE PREVIOUSLY USED IN OUR 2021 EXAMS. WE HAVE ACCOMPANIED THEM WITH SUGGESTED ANSWER KEYS

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# CMX LEVEL 1

**On a product page, which of the following actions is best to increase the conversion rate?**

A) Adding a link to a questionnaire about the product

B) Offering complementary products as recommendations

C) Having a beautiful page with different buttons to call the attention of the prospect

D) Hiding customer reviews, as they could be seen as too artificial

**E) Calling the attention of the prospect with temporal benefits such as free shipping only until a predetermined time.**

ELEMENTS FOR CORRECT ANSWER

- This question evaluates the knowledge of the candidate for sales practises within a product page. It consists of 4 alternatives with practises that, on average, decrease conversion rate or that don't have any effect on it.
- Alternative A: Adding a link to a questionnaire would add an extra click in the page, which would, in the majority of cases, make it more difficult for the prospect to complete the purchase.
- Alternative B: Offering complementary products as recommendations is usually a practice that helps to increase the AOV, not necessarily the conversion rate of that given product.
- Alternative C: Albeit the page layout might call attention to the prospect, having different buttons as CTAs will usually jeopardise the conversion rate.
- Alternative D: Customer reviews are a good practice to include in the product page, as it generates social proof of the benefits of that given product.
- **Alternative E: Using Temporal benefits are usually a practice that increase conversion, as customers would feel that they need to buy the product at that very moment, otherwise they could miss the deal. This is the correct alternative to this question.**
- Remember that the question asks for which alternative is the best to increase conversion rate, i.e. the practice that would help to increase conversion rate in the majority of cases.

**Last year, one company had total sales of $100 million. They had $60 million of costs with raw materials, $25 million for labour and $10 million for additional costs and expenses. What would be the effect of reducing the cost of materials by 2%?**

**A) Net income increases by 24%.**

B) Net income decreases by 2%.

C) Net income increases by 2%.

D) Net income increases by 28%.

E) None of the other alternatives.

ELEMENTS FOR CORRECT ANSWER

- This question evaluates the knowledge of the candidate in particular concepts of a P&L and accounting and how to calculate it.
- Breaking down the calculation:
  - Net Income = Sales - Costs - Labour - Other expenses
  - Original Net Income = 100 - 60 - 25 - 10 = $5 million
  - Reducing cost of materials: New cost = $60 - 2%*$60 = $58.8 million
  - New Net Income = 100 - 58.8 - 25 - 10 = $6.2 million
  - Effect = New Net Income / Original Net Income = 6.2 / 5.0 = 1.24 = 24% increase
  - **Correct alternative is then Alternative A, as net income increases 24%**

**What does CTR mean?**

A) Click-through rate - Total views of an ad.

**B) Click-through rate - Percentage of clicks on an ad according to the number of appearances.**

C) Clicks to review - Total clicks a customer needs to do in order to make a review of the product.

D) Conversion total rate - Percentage of total orders from both mobile and desktop, vs total sessions.

ELEMENTS FOR CORRECT ANSWER

- This question evaluates the knowledge of a fundamental definition in the ecosystem of digital marketing, which is the acronym CTR.
- Alternative A: Click-through-rate is the correct meaning of the acronym CTR, however the explanation is incorrect, as 'Total views of an ad' is the meaning of 'Impressions'
- **Alternative B: This is the correct alternative, as Click-through rate is the correct meaning of the acronym CTR, and it explains how many clicks there are on a given ad. As an example, an ad that has 10,000,000 impressions (i.e. appearances) with 1,000,000 clicks, that would generate 10% CTR.**
- Alternative C: Incorrect alternative, as this metric does not exist.
- Alternative D: Incorrect alternative. Albeit the explanation "Percentage of total orders from both mobile and desktop, vs total sessions." is the correct representation of conversion rate, that is not the meaning of CTR.

**Which of the following is an example of a PWA?**

A) A native mobile application for iOS and Android built to increase the conversion rate of an ecommerce, through additional features not supported in a regular website.

**B) An application built to improve mobile experience on the web, whilst having reduced costs and time to market compared to native apps.**

C) An application built for desktop only to be downloaded and provides an extensive range of additional features than a regular website.

D) An ecommerce platform developed to provide additional features for mobile users, whilst reducing costs for retail.

ELEMENTS FOR CORRECT ANSWER

- This question evaluates the knowledge of the candidate of the acronym PWA, which stands for Progressive Web App, in technology, and what it is used for.
- Alternative A: This alternative does not refer to a Progressive Web App. A PWA could eventually increase conversion rates, however it is not a native mobile application.
- **Alternative B: This is the correct definition of PWA, as it intends to improve mobile experience on the web, but minimising costs and time to market. Native mobile apps are usually more expensive and need extra time to be developed, thus having extra risks associated with its implementation, compared to PWAs.**
- Alternative C: Not a correct definition of PWA or related to the question.
- Alternative D: Even though a PWA is developed to improve mobile experience with reduced costs, it is not an ecommerce platform.

**Which of the following is not a best practice in Supply Chain?**

A) The utilisation of metrics for performance evaluation.

**B) Having excess inventory for easier planning.**

C) Performing risk management activities throughout the overall process.

D) Create tools and processes for continuous improvement.

E) Gathering data for a better decision-making process.

ELEMENTS FOR CORRECT ANSWER

- This question evaluates the knowledge of the candidate in potential best practises to support Supply Chain management, as well as what is not a best practice.
- Alternative A: Usage of metrics is a best practice in mainly all components of a business, and that is not different in Supply Chain, so this is an incorrect alternative.
- **Alternative B: Excess inventory is not a best practice in supply chain, and in fact is one that concerns inventory management, therefore this is the correct alternative.**
- Alternative C: Risk management is paramount for any business and supply chain.
- Alternative D: Continuous improvement is a best practice in the supply chain.
- Alternative E: Data is fundamental for a better decision making process, therefore this is also an incorrect alternative.

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# CMX LEVEL 2

**A large and well-known grocery group has refined its CRM database, by making it more robust and including information of past and recurring customers. They are, however, facing some business challenges in the past 9 months. In order to attract new prospects, they had a higher spend on paid campaigns compared to historically, which led to a 20% growth in total sessions. Their conversion rate grew 15%, due to a drop of 5% in their overall product prices. However, the number of items per order declined by 24%.**

**Consider that this market was projected to grow approximately 1% in this same period. Please select the 3 statements below that most accurately fit this operation.**

I) Even though they are experiencing a drop in their items per order, the growth in conversion rate and sessions is enough to make their revenue increase more than the market, which indicates that the strategy is being successful.

II) The strategy is successful in attracting new customers to the CRM database. However, they might need to reevaluate as soon as possible, as the paid campaigns investment is not being offset by their revenue growth, which could harm the business profitability in the long term.

III) Leveraging artificial intelligence initiatives using customers' previous behaviours to recommend new items could be a successful action to be taken.

IV) The company should invest in SEO strategies, such as increasing its authority. By enhancing their organic traffic, they would be able to reduce their investment in paid campaigns in the short term, thus protecting their margin.

V) Adapting their website for a more customer-centric approach allows the user to feel more comfortable throughout the entire journey. This would be an important strategy to increase the conversion rate.

VI) Progressive discounts for higher AOVs and the creation of bundles for this particular scenario would be key activities to overcome their challenge.

Pick the option with valid statements.

A) I, III and IV

B) I, IV and VI

C) I, V and VI

D) II, IV and V

**E) II, III and VI**

ELEMENTS FOR CORRECT ANSWER

- The performance objective of this question is to evaluate the candidates' ability in diagnosing that this is a growth problem not related to the number of sessions and conversion rate, as this problem is related to AOV and number of items per order. In fact, the decline on average items per order would offset the growth in revenue, which should be increasing due to the growth in sessions and conversion rate.
- The candidates should be able to understand that they should take actions to increase the AOV. Elements should be related to that, with more emphasis on (but not limited to) increasing the number of items per order, which is the key concern of this scenario.
- Alternative I: Revenue is calculated by multiplying AOV, conversion rate and sessions. Therefore, using this calculation, it is identifiable that the drop in items per order is offsetting the growth in conversion rate and sessions, thus having a lower revenue growth than the market. This alternative is, therefore, incorrect.
- **Alternative II: Since the revenue has not grown at the same pace as the investment, a reevaluation needs totake place, in order to not impact the business overall profitability. This alternative is, therefore, correct.**
- **Alternative III: To increase items per order, the strategy of product recommendations on the ecommerce channel is a market best practice, and an intelligent way to develop this is through artificial intelligence engines of recurring customers, which could be a possibility considering they have a robust CRM database. With this being successful, it is a good opportunity to increase AOV, making this alternative correct.**
- Alternative IV: Albeit it is correct that SEO strategies could help in the reduction of paid traffic through a higher representation of organic traffic, these results are usually seen in the long term, which would not help the business at the current moment that they are in. This alternative is, therefore, incorrect.
- Alternative V: Adaptation to a customer centric approach in the user experience of the website could be an important practice, however it is not related to the problem of low items per order and AOV.
- **Alternative VI: Progressive discounts and bundling products (creating kits for instance) are strategies that support the growth of items per order and AOV, making this alternative correct.**

**A company with $40,000,000 in yearly net revenue and 50% of COGS is adding a new business unit to its operations. To start this new unit they are planning to invest 5% of their current business gross profit. According to their projections for this new business unit, they expect $1,600,000 in net revenue in the first year, with a growth of 20% YoY for the first 5 years. The COGS of this new unit is expected to be the same as the current core business and the expenses related to this new business unit account for 20% of its net revenue in all years.**

**Taking that into account, how long would it take for them to pay back the initial investment? Please do not consider any interest rate, taxes, depreciation, and amortisation.**

A) The investment is most likely paid back at the beginning of the first year.

B) The investment is most likely paid back at the end of the first year.

C) The investment is most likely paid back at the beginning of the second year.

**D) The investment is most likely paid back at the end of the second year.**

E) The investment is most likely paid back after the third year.

ELEMENTS FOR CORRECT ANSWER

- This question evaluates the understanding of financial and accounting concepts, such as knowledge of a P&L structure, its metrics and investment payback. The question expects the candidate to evaluate that there are 2 P&L statements, in which they should focus only on the new business unit.
- For the candidate to calculate this, they need to calculate the total yearly EBITDA of this new business unit and compare it to the investment made on the business unit.
- Breaking down the calculation:
  - Revenue growth calculation of the 5 years for the new business unit, considering the given 20% growth: First year with $1,600,000 / Second year with $1,920,000 / Third year with $2,304,000 and so on.
  - According to the question, COGS of the new business unit is 50% of the net revenue. It will be then $800,000 for the first year, $960,000 for the second year and so on.
  - To start this new business unit, they will invest 5% of the current gross profit. The gross profit of the original business is $20,000,000, since its COGS is 50% of the net revenue. Then, the investment is $1,000,000.

- Expenses always account for 20% of the net revenue of the new business unit. It will be then $320,000 for the first year, $384,000 for the second year and so on.
- EBITDA calculation then is EBITDA = Net revenue - COGS - Initial Investment - Expenses
- For the first year: EBITDA = 1,600,000 - 800,000 - 1,000,000 - 320,000 = -520,000
- For the second year: EBITDA = 1,920,000 - 960,000 - 0 - 384,000 = 576,000
- **Considering that the cumulative EBITDA of the first two years was $56,000, it is fair to understand that the cumulative EBITDA has recently become positive, which makes the investment to be paid back at the end of two years of operation. The correct alternative is D.**

**Consider a global electronics retail store that operates from a single domain eletronicsretail.com, offering multiple languages and has had its organic traffic share decrease over the past 6 months. Review the below statements regarding actions to take to overcome this business challenge.**

I) It is crucial to understand how much of the total traffic comes from each sales region. Once this is analysed, you should perform additional paid media campaigns in the regions with the lower traffic share, aiming to increase their conversion.

II) To positively impact your SERP ranking, authority and traffic share, you should build a content strategy that develops linkable content including articles and infographics.

III) In order to diagnose the operation, you should take a deeper look in all of the key pillars of Search Engine Optimisation, i.e. Mobile Score, URL Structure and Website Rendering Speed.

IV) To improve organic traffic share using SEO best practises, you should aim towards a longer page load time, by adding high quality videos and images, which would improve content.

V) In order to improve SERP ranking, you should discourage big players, i.e. manufacturers, from redirecting links to your website. This is an artificial way to improve ranking, therefore being unsuccessful in the long term even if results are seen in the short term.

VI) Developing a blog strategy to generate regular content aims to strengthen domain authority and improve SERP ranking, thus being an important strategy to increase organic traffic share.

VII) To improve SERP ranking of a product page selling a phone, a better URL structure would be electronicsretail.com/en/phone instead of electronicsretail.com/phone-en

Pick the option with the correct statements.

A) I, II and V

B) II, III and VI

**C) II, VI and VII**

D) III, IV and V

E) III, VI and VII

ELEMENTS FOR CORRECT ANSWER

- The performance objective of this question is to evaluate the understanding of the candidate in an organic traffic problem and the knowledge and experience to perform SEO techniques to minimise the issue.
- Alternative I: Albeit it is correct to analyse and understand the different sales regions, it is incorrect to perform additional paid media campaigns to increase conversion rates.
- **Alternative II: Content strategy is crucial for the business and having linkable and shareable content is fundamental for a successful SEO strategy. This alternative is, then, correct.**
- Alternative III: It is important to analyse the pillars of SEO, however these 3 are not the correct ones. They are part of a bigger picture.
- Alternative IV: Having a longer page load time is not an advantage for a business to have. You should, instead, aim for a shorter page load time, which indicates faster page load speed. This alternative is, then, incorrect.
- Alternative V: This alternative is incorrect as you should discourage big players to redirect links to your website. This could even be artificial, however it is still successful.
- **Alternative VI: Correct alternative, blog strategy is good in increasing authority and organic traffic.**
- **Alternative VII: Correct alternative, Search algorithms tend to better rank URL structures that are in this particular format where you put the formal name of the product separated from the language by a slash instead of a hyphen.**

**Following an ecommerce platform migration, a fashion company experienced a sharp increase in bounce rates and a sharp drop in conversion rates, affecting 30% of their paid campaigns. Considering that their volume of sessions remained the same, define the 3 best alternatives to diagnose this scenario and take actions to tackle the challenges in the short term.**

I) Platform migrations are accompanied by front end modifications. The interactive widgets, images, and graphic elements are now heavier and unattractive to the audience, leading to a performance drop. The company should perform A/B testings compared to the layout prior to migration, to evaluate the best performing settings.

II) When setting up the campaigns, the company made incorrect adjustments in the target audiences that they were segmenting. They should analyse the previous campaigns to redirect the budget to the correct audience.

III) The issue is related to a low page load speed, which is a common error in low performing ecommerce platforms, due to the nature of their architecture. The company should either migrate back or implement tools to monitor speed performance.

IV) Platform migrations are accompanied by huge operational setup workloads. Therefore, some errors occur in simple URL redirections of the campaigns, sometimes leading to broken links, causing a drop in performance. To tackle this, the company should evaluate all associated links and perform new redirects.

V) For such performance issues, when the products were created in the catalog, the company could have missed the inclusion of inventory or integrations, leading to stockout at the product page. This would be solved by analysing the campaigns experiencing this issue and adjusting the products inventory.

VI) A possibility is that the landing pages of the campaigns do not match with the communication sent, leading to incorrect products or prices. This would lead to a bad experience, thus increasing bounce rate and decreasing conversion. To tackle this, all assets should be reviewed and correctly set according to the products offered.

VII) A common mistake in platform migrations is the incorrect configuration of payment options, leading to unfeasible or unattractive methods. To overcome this, the company should add new methods that are more likely to be utilised by the target audience.

Pick the option with the correct hypotheses and actions to be taken.

A) I, II and III

B) I, IV and V

C) II, V and VII

D) III, IV and VI

**E) IV, V and VI**

ELEMENTS FOR CORRECT ANSWER

- The performance objective of this question is to evaluate the experience in diagnosing a common problem after ecommerce platform migration and troubleshooting it correctly
- Alternatives I, II and III: Even though these could be true, those are particularly weak statements. actions to be taken to mitigate the problem are also weak. These problems would likely affect the majority of the campaigns and not only 30% as stated. Therefore these are all incorrect statements.
- **Alternative IV: This is a correct statement, as huge operational workloads and the generation of broken links are common in platform migrations.**
- **Alternative V: This is a correct statement, as inventory issues in migrations can commonly occur, leading to a drop in performance for particular campaigns.**
- **Alternative VI: This is a correct statement, as the communication needs to match the product that is being offered, which could be a common problem in migrations, accompanied by huge workloads.**
- Alternative VII: This is an incorrect statement, as it should not affect only 30% of the campaigns if that were to be the case.

**An electronics retail company has a long-term omnichannel strategy and has heavily invested in brick-and-mortar stores with the addition of the fulfilment modalities of ship-from-store and pick-up in store. Currently, their online revenue represents 12% of their business and they do not have a distribution centre, hence all ecommerce transactions are shipped directly from the stores. A few of these stores have a negative EBITDA and all of the stores are situated in the same geographical region. The stores have different sizes and the cost per square metre (already including inventory, rent, staff, etc) is the same throughout the whole region. Which of the following statements is the best to improve the operational efficiency of the company?**

A) Close all stores with negative EBITDA, regardless of each of their revenue shares for each fulfilment modality.

B) Build one distribution centre for the region and utilise the stores as product demo stores.

C) Reduce the size of the stores with negative EBITDA and increase the size of the other stores, as a way to direct additional revenue to them, thus increasing profit.

**D) From the stores with negative EBITDA, transform the ones with a high revenue share from ship-from-store into dark stores and close the others.**

E) Transform all stores with negative EBITDA into dark stores, regardless of each of their revenue shares for each fulfilment modality.

ELEMENTS FOR CORRECT ANSWER

- This question evaluates experience in increasing the operational efficiency of companies through knowledge in supply chain tactics.
- Alternative A: Closing the stores could minimise the EBITDA impact, however accompanied by a huge loss in revenue, which could also impact market share. There are better possibilities that would not jeopardise these metrics. This alternative is incorrect.
- Alternative B: This alternative is incorrect because turning stores into demo stores only would not be beneficial by having such a low online share as this company does. Too much revenue would be at risk doing this.
- Alternative C: Reducing the size could reduce the negative EBITDA impact, however the cost per square metre would be the same, hence this tactic would probably not have such a positive effect. This is then an incorrect alternative.

- **Alternative D: Transforming the stores with a high revenue share from ship-from-store would positively impact the EBITDA of these stores, as the cost per square metre would decrease substantially and they already do not receive much audience. For the other stores, closing them is a good practice, as the EBITDA would not be that positively impacted by turning into a dark store. This alternative is correct.**
- Alternative E: This alternative is incorrect, as stores with low performance in all modalities would not be positively affected by being turned into a dark store.

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# CMX LEVEL 3

**Emporium Lux is a top of mind luxury retail brand who is the market leader in Europe. They are specialised in food & beverage, with physical stores and a large ecommerce operation. They already provide pick-up in-store, ship from store, dark stores and curbside pick-up. Their company is famous for having a wide variety of good wine labels, craft beers and related high-end foods, such as premium cheeses and nuts. However, the financial director claims that the company is not being able to grow at their desired speed and they are being pressured by the board towards digital transformation to create new streams of revenue. What is your proposal to accelerate their growth rate and how should they tackle this? Please state at least 3 proposals and why they would work.**

ELEMENTS FOR CORRECT ANSWER

- The goal is to evaluate the candidates' ability in understanding a growth problem from the perspective of a market leader and simultaneously being able to propose new business solutions to address growth opportunities, specifically regarding digital transformation.
- The candidate should be able to understand that the company already has an omnichannel strategy implemented, so performing improvements in operational aspects would not be beneficial. Also, since the question is specifically stating that they intend to have additional streams of revenue, therefore improvements in operational aspects will not be able to tackle that.
- Some examples that might apply as correct measures are:
  - **Implement a subscription model:** Subscriptions in this particular segment are relevant and have market opportunities. It would add recurrent revenue from the customers, ensuring that they remain loyal to the brand and updating them with new products, services and additional content to improve the user experience with the company. It could also improve operational efficiency in the long term, in inventory management and procurement, due to a more reliable forecast.
  - **Marketplace model:** Being a market leader and having a large ecommerce operation, this company probably has a website with an increased authority, therefore implementing a Marketplace IN model could add revenue through take-rate from complementary portfolios that they currently do not provide.
  - **Expansion to other regions:** The question states that the company is operating (and is a market leader) in Europe. To add new streams of revenue and continue to grow towards digital transformation, the company could implement a cross-border model that would expand into different and new regions and start penetrating an unexplored market. This

action, however, could have a higher risk, due to its increased complexity compared to other measures, so it should be taken carefully (for example implemented in a step-by-step approach, perhaps in one or two smaller regions to get used to this new model before accelerating the expansion).

- **Add new channels:** Being a market leader, this company likely has large economies of scale, being able to achieve better prices from their suppliers, which smaller retailers might not be able to. Emporium Lux could then, perhaps, add a B2B model to supply smaller retailers that are not able to buy directly from the producers.

- Brand awareness, communication campaigns, providing discounts or bundling, performing inventory management approaches or reducing SLA to increase competitiveness are important solutions however not necessarily true for this particular scenario, as it is already a market leader and is aiming to add new streams of revenue.

> **A medium-size retailer has been highly impacted by the COVID-19 pandemic. The revenue coming from their digital business is around 20% of their total revenue, whilst their competitors have approximately 10% of their total revenue coming from online. Due to the impact of the pandemic, their total revenue fell by approximately 50%, both due to lower demand and the closing of their brick and mortar stores. What measures would you take so that they will be able to prevent bankruptcy and keep their business afloat?**

ELEMENTS FOR CORRECT ANSWER

- The performance objective for this question is to evaluate the candidate's ability in comprehending a complex revenue problem due to an external situation and their dexterity to address the company's needs in a holistic and well-rounded approach.
- The candidate should be able to understand that the company is already a digital leader in their segment, as it has a higher representation from the ecommerce channel than the competition. Also, since their brick and mortar stores were closed, the candidate should understand that all revenue during the analysed period as shifted to online, so if the company had their revenue dropped in only 50%, it is fair to assume that the online channel grew in this period (as it was 20% of the business before, and had it not grown, the total revenue would have dropped 80%). Therefore, revenue growth actions in the digital channel would not be able to address the whole scenario, if proposed alone.
- This question suggests that the candidate should address actions in both revenue growth and operational efficiency measures, however most importantly, in cash protection. A revenue drop of 50% could be enough for a company to go bankrupt, especially SMBs if no cash protection measures are in place.
- Some examples that might apply as correct measures are:
  - **Financial measures:** Renegotiation of volume contracts, inventory returns and new possibilities of payment terms with the suppliers to support the company's cash flow and position until revenue's levels are back to what they were before the crisis. Reevaluation of the physical stores, such as renegotiating their fixed costs, including rent, or even closing stores that were already performing badly even before the crisis. Increase productivity, by leveraging the existing operation, such as relocating the employees to the online channel, such as utilising the team for social selling. Evaluating new possibilities for enhancing cash, such as special lines of credit or loan.
  - **Revenue growth or operational efficiency measures:** Remember that revenue growth measures alone would possibly not prevent bankruptcy for this business, unless displayed why they could. Given this scenario, some possible measures would be: Implementing

logistics models that would support the company's operational efficiency, such as turning stores into dark stores or warehouses and implementing shipping from store. Implementation of new revenue channels, such as social selling to leverage the existing team into the online operation or live commerce to take advantage of the already strong digital presence the company has.

- Please be aware that these actions and hypotheses above are not the only possible ones, however these are some examples of possibilities to be developed.

**Spark Electrical is an electronic goods chain in your country that operates in B2C and B2B models, with B2C being their more established model. They operate with physical stores and two different ecommerce operations, one for B2C and another for B2B. Their current sales representatives from the physical stores also perform reactive sales and social selling for their B2B customers. You are presented with the following sales data regarding their channels in the past 3 months.**

| CHANNEL | REVENUE |
|---|---|
| Physical stores - B2C | $3,276,000 |
| Physical stores - B2B | $819,000 |
| Ecommerce - B2C | $2,820,000 |
| Ecommerce - B2B | $180,000 |

**They also present you with the following metrics regarding their two ecommerce operations:**

| METRIC | B2C CHANNEL | B2B CHANNEL |
|---|---|---|
| Sessions | 970,000 | 960,000 |
| AOV | $150 | $625 |
| Cart abandonment rate | 65.43% | 99.46% |
| Conversion rate | 1.95% | 0.03% |

**Upon further research, you analysed their results in Google search, and identified that both B2C and B2B websites appeared when searching for 'Spark Electrical', with B2B appearing first. Considering this scenario, what is your diagnosis of the situation? What actions would you take in the short term and in the long term to improve Spark Electrical's sales performance, in both B2C and B2B channels?**

ELEMENTS FOR CORRECT ANSWER

- The goal is to evaluate the candidates' ability in understanding that there is a conflict between B2C and B2B, leading unqualified traffic to the B2B website. They should diagnose why that is happening by bringing hypotheses and taking actions to solve it.
- The candidate should be able to analyse the data to understand that the metrics for the B2B channel are out of the ordinary for this channel.

- Some examples that might apply as correct elements in the analysis are:
  - **Analysing the data:** Volume of sessions of both channels are almost the same, which is an indicator of something inappropriate, as B2C usually has a much higher volume of sessions, for the higher number of customers. AOV seems appropriate for both channels, because B2B customers are buying higher volumes, however the conversion rate is also odd, as B2B customers tend to have higher conversion rates.
  - **Diagnosing the issue:** After the data analysed, there are indicators that the problem is related to unqualified traffic with conflicts of traffic, mainly related to B2C customers that enter the B2B website by mistake. This leads to a high volume of sessions but a huge drop in B2B conversion rate. Hypotheses for the problem are the necessity of a minimum order value to be able to complete the order, but that only shows at the checkout or the necessity to log in to a business profile also only at the checkout. Since traffic to B2B is very high, the customers that enter this website are dropping and a potential side effect is that these customers end up not going to the B2C website afterwards.
  - **Actions to improve conversion rate:** A few actions that could improve this scenario are as follows: Change names of the B2B website and promote it only to B2B customers in order to eliminate B2C traffic. This would lead to B2C customers finding what they are looking for / Banners or pop-ups in the website to tell customers that they are not in the B2C website and a minimum order is required, directing them to the more appropriate B2C website / Remove public prices in the B2B website, requiring sign in to evaluate available products / Make both websites into one but B2B prices are accessible for those customers who are logged in with a company profile / Remove B2B website from any search engines and social media, allowing only direct traffic, which is a risk as B2B customers that do not have the URL might not find the opportunity to buy the products. It is also worth noting that they have already achieved a first page ranking on Google for B2B so this would be an action not to be taken lightly.
- Please be aware that these actions and hypotheses above are not the only possible ones, however these are some examples of possibilities to be developed.

**Little Spoon is a food company with physical stores throughout the whole country. They intend to implement a headless App to offer the fulfilment modalities of pick up in store, ship from stores with a fast delivery service and in store consumption. From the point of view of technology and their ecommerce architecture, what would be your recommendations to ensure they are successful in delivering this project? Please cite real and detailed business cases to endorse your recommendations.**

ELEMENTS FOR CORRECT ANSWER

- The goal is to evaluate the candidates' knowledge in technology and how this can leverage business growth and efficiency. The candidate should discuss technological aspects within the business and the architecture dedicated to this particular case, where they intend to implement a headless App in a food company for an omnichannel approach.
- Please remember that all elements of your answer should be displayed with a proper explanation on how they work in your recommendation. Considering that, some examples that might apply as correct elements in the analysis are:
  - Usability of APIs and middlewares for the architecture of the mobile back end, simplifying and protecting the core system.
  - Understanding the usability of Android and iOS roadmaps and how to simplify the process on Analytics.
  - Take into account what is needed for each store to be as customised as possible, without jeopardising scalability.
  - Build features that would add value to the whole process.
  - Utilisation of PWA to test the functionality with time to market before demanding higher costs of implementation of the native app.
  - It is paramount in the answer that the candidate cites real cases to endorse their recommendations, due to the fact that there is not only one way of answering this question.
- Please be aware that these recommendations above are not the only possible ones, however these are some examples of possibilities to be developed, and they all require deep explanations and cases cited.

**Happy Tooth is a retail company in the professional Oral Care segment, with a product portfolio of over 20 different categories. The company operates with approximately 20,000 SKUs, divided into a large number of different suppliers. Your major supplier represents 11% of your revenue and operates with 3,000 SKUs, split into 5 different categories. Please find on the table below some information about the products of this particular supplier.**

| CATEGORY | NUMBER OF SKUS | REVENUE PER DAY | $ GMV IN INVENTORY | SLA FROM SUPPLIER |
|---|---|---|---|---|
| Dentistry & Aesthetics | 180 | $ 15,800 | $ 600,000 | 20 days |
| Prosthodontics | 80 | $ 6,900 | $ 525,000 | 45 days |
| Orthodontics | 2,700 | $ 4,400 | $ 800,000 | 35 days |
| Biosafety | 30 | $ 400 | $ 70,000 | 90 days |
| Prevention & Prophylaxis | 10 | $ 280 | $ 17,000 | 45 days |

**With this information at hand and taking into account that the inventory curve per category is not necessarily even amongst all SKUs, how should you define your purchasing plan for the next 3 months? Consider that you have a contract agreement with this supplier, in which you have to purchase $2,450,000 in the next three months, being 26% this month, 33% next month and 41% in the third month.**

ELEMENTS FOR CORRECT ANSWER

- The goal is to evaluate the candidates' knowledge in procurement techniques and how that connects with the overall supply chain for a given business. The candidate should analyse and understand the current scenario and recommend a purchasing plan based on their experience.
- Some important considerations to be taken in order to build the purchasing plan are as follows:
  - The inventory coverage (in days or months) per category should be calculated and the candidate should then evaluate if there are any problems in the current scenario (whether it is stockout or overstock). With this, they would understand that Orthodontics and Prevention have a high inventory coverage.
  - In order to develop the purchasing plan, considering that this company has issues with inventory, ideally they should try to rebalance the coverage among the categories as much as possible in the next 3 months. To rebalance, it is needed to purchase less than what is

sold to decrease the coverage of the problematic categories and purchase more than what is sold to increase the coverage of the others, in order to rebalance the inventory curve.

- It is important to review alongside the inventory coverage, the SLA from the supplier, as this should impact the purchasing decision. Aiming to reduce the coverage to, for instance, 80 days, will bring stockout problems in the future for a category that has 90 days of SLA.
- As given, the inventory curve per category is not necessarily even amongst all SKUs, i.e. one category with high coverage could have specific SKUs with low coverage. Therefore, zero the purchase of any category could impact in generating stockout of some specific SKUs and, since it is a company in the HealthCare market (Oral Care, more specifically), stockout could be extremely harmful, as there are critical and time sensitive products in this business.

• Please be aware that it is paramount to display experience in understanding the concepts above to develop the best possible purchasing plan.

# CONTACT INFO

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