PGDM (Retail Management), 2019-21
Strategic Management
RM-404
Trimester – IV, End-Term Examination: September 2020

Time allowed: 2 Hrs 30 Min
Max Marks: 50

Roll No: ___________

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means.** In case of rough work please use answer sheet.

Note: There are 2 sections in this paper. Answer briefly and to the point.

Section A: Answer any 3 Questions (10 marks each)

Q.A.1.a Would it be fair to argue that the challenges for Organised Retailers are the same as their counterparts? If so, what are the major challenges? Do you think that the organized sector can and should meet and overcome these challenges? Give an example of an organized retailer who has done so, and provide relevant details **CILO1. Defining and describing Retailing and the distinction between the Organised and the Unorganized Sectors in India Exploring the various forms of Retail Management and the reasons for firms to adopt one.**

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Q.A.1b Do you think that the retailing environment in India is similar to that in the U.S? What are the similarities in terms of formats and practices. Are there some critical differences? If so, mention at least two of them and suggest how Indian retailers can cope with these dissimilarities. **CILO1. Defining and describing Retailing and the distinction between the Organised and the UnorganizedSectors in India Exploring the various forms of Retail Management and the reasons for firms to adopt one.**

Q.A.2.a Among the major problems that Indian retailing is facing is the huge impacts of discounting. What would you say are the major causes for this, listing and discussing in the order of priority that they should occupy. What would be the way for a new retailer to avoid these problems. Is there any one retailer who has actually done this? Discuss their Strategy and give proof of their success in an environment where every one of the big business groups have failed so far. **CILO.2 Key variables in Indian Retailing including Space, Inventory Management, Visual Merchandising, Recruitment, training and performance management of Human Resources**

Q.A.2.b How do you think Organised retailers should manage their human resources starting from store hands and moving to store managers? Give suggestions in terms of better job descriptions, use of multi tasking initiatives and setting key retail performance standards and regular monitoring towards better capacity utilization and improved productivity. **CILO.2 Key variables in Indian Retailing including Space, Inventory Management, Visual Merchandising, Recruitment, training and performance management of Human Resources**

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Q.A.3a Given the dire situation that the Indian Economy is in, due to the Covid pandemic and the disastrous impact on organized Retailing, how can the Industry cope with and improve prospects in the next two to three years. Is there scope for negotiation on Critical issues. Mention and discuss two areas where negotiations should take place and how should the organized retailers make the best of the opportunities. **CILO.3Principles of Negotiation, removing the confusion between Approaches and Outcomes of Negotiation with examples of good and bad practices by Indian Retailers**

Q A.3b What is your assessment of the popular understanding of negotiations starting with the much used phrase "Win-Win". Explain the reality of the various approaches and outcomes that can arise from negotiations. Do you think that the retail industry should embrace the concept of negotiation and use it with all of its stakeholders including principal, vendors, employees, regulators, and most importantly, Customers. Provide some suggestions for improving negotiation approaches and outcomes with each of the groups. **CILO. 3 Principles of Negotiation, removing the confusion between Approaches and Outcomes of Negotiation with examples of good and bad practices by Indian Retailers**

Section B (Compulsory Case Study, 20 marks)

Read the following Case and answer both the questions given below

German Goliath meets Indian Davi

Metro Cash & Carry, the German retail giant has been into wholesale cash and carry business since its inception in 1964. Initially it crossed the border to avoid the turbulence and instability of the home market. But that was just a beginning for Metro. Acquiring more conglomerates and expanding throughout Europe, Metro became one of the topmost retail players in Europe. Soon, it had to find new territories for expansion. By 1995, Metro SB-Grossmarkte had become Metro Holdings and then finally Metro AG, combining four of its major German subsidiaries. Soon after realising the lull in the European market, Metro entered the vibrant market of Asia. Entering China through a joint venture and then the tough market of Japan, Metro set its eyes on India, an emerging retail market with an enormous potential. But the Government of India was highly protective when it came to domestic trading. However, through an approval of the Foreign Investment Promotion Board in 2000, the firm started the preparation for its entry into the subcontinent. By 2002, an amendment in the approval allowed Metro to engage in Business-to-Businesss (B2B) cash and carry wholesale trading. In 2003, Metro cash and carry started its operations by opening a distribution centre in Bangalore, a major city and IT centre in Southern India. But in India where domestic traders were apprehensive about foreigners' involvement in domestic trade, all Metro would receive were protests, accusations and of course, restrictions.

Despite the setbacks, Metro moved cautiously, establishing centres in major business centres of the Indian market. In 2006, as government introduced 100% FDI in cash and carry wholesale business, global retailers who had been eyeing India for a long time were ready to grab the opportunity, threatening Metro in its monopoly of the cash and carry market. Now with its experience and global exposure in modern wholesale, would Metro be able to make another success story? Or would it be forced to change the business model. In the ever-changing market of India, rules are made and broken so fast that companies hardly get time to change their tactics.

Metro like other multi national cash and carry players has been trying to develop a sustainable business model that suits the market of India. It also analyses the business model and operations of Metro in India and throws some light over the possible challenges the company might face in the country.

The German multinational , which counts India as one of its top growth markets along with Russia, China and Turkey, has split the country's operations into two geos bringing in regional heads who will also be part of the board.

A top executive of the company told *BusinessLine*, that in order to support its expansion plans, the Indian operations have been split into North & East and South & West, for the first time.

The company which has not yet turned profitable, has an established footprint of 23 wholesale outlets spread across 14 cities in 10 States. With plans to open 5-6 new stores in the current fiscal, the company aims to have 50 stores by 2020.

"We have hired Herjit Bhalla, who was head of Hindustan Unilever for North India, to run our North & East business and Manish Sabnis, who was CEO of Future Group's Easy Day retail chain, to head our South & West business. We had no regional heads earlier, but, as we scale up, we realised that each region is different from the other in terms of food habits, assortment of merchandise, price competitiveness etc. We needed people who understand these differences," said Arvind Mediratta, Managing Director & CEO, Metro Cash & Carry India Pvt Ltd.

In addition, the company has inducted Suniana Calapa as Director Finance and member of the Board of Directors, and Uday Khanna as Chief of Human Resources, recently.

"We will address our priority markets of Karnataka, Andhra Pradesh, Telangana, Maharashtra, Gujarat, Uttar Pradesh and NCR, where we already have stores. While we have entered two new States — Uttar Pradesh and Gujarat with a new store each in Lucknow and Surat — we want to consolidate our presence in the existing markets before entering newer markets, to leverage the synergies we already have in terms of manpower, logistics, assortment and scale," said Mediratta.

Asked when the company will turn profitable, he said "We opened 18 stores in 13 years, in contrast, we opened 5 stores last fiscal (October 1– September 30) and plan to open 5-6 more this fiscal. Losses happen when we expand aggressively. While I can't quote numbers, our losses have been coming down."

Question 1. Given the experience of Organised retail generally in our country, and the outcome experienced by other global retailer players, do you think that Metro is on the right track? What would you say are the reasons for this organisation's failure to turn profitable. In your view what is the prime reason for lack of success. **10 Marks**

Question 2. If you were appointed as a consultant to this prestigious organisation, what would be your suggestions for stopping the bleeding and moving on to first minimum, and thereafter increasing profit? What would be your first suggestion in the H.R. area and what would be your justification for the same. **10 Marks**