PGDM (DM), 2019-21
Retail Marketing
DM-535 / IB-534
Trimester – V, End-Term Examination: December 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. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 3 question with internal choices among CILOs	3*10	30
B	Compulsory Case Study	20	20
			50

Section A

1. (A) CILO 1 (Remember)

(a) Why is it sometimes difficult for a retailer to convey its image to consumers? Give an example of a specialists store retailer with a fuzzy image

(b) If you were considering the ownership of the Dominos franchise, what would you want to know about the location in terms of traffic, population, income, employment, and competition? What else would need to be researched about a potential location?

OR

1. (B) CILO 1 (Remember)

(a) The same brand and model of personal computer is sold by specialty computer stores, discount stores, category specialists, online retailers, and warehouse stores. Why would a customer chose one retail format over the other?

(b) Enumerate the process of a trade area analysis. Describe the importance of traffic patterns and competition in detail?

2.(A) **CILO 2 (Application)**

(a) Do you think non-store retailing will continue to grow faster than store-based retailing? Explain your answer

(b) How can a retail supermarket develop competitive strategic advantage? Explain with special reference to location of store

OR

2(B) **CILO 2 (Application)**

(a) Explain the wheel of retailing. Is this theory applicable today? Why or why not with example?

(b) What are the factors that have contributed to the rise of retail in India? Explain the challenge that global retail will face in India?

3 (A) **CILO 3 (Understand)**

(a) How a retailer decides on the signage to be used in-store. What is the role of music on shoppers, and its interaction with other sensory elements?

(b) How do shoppers differ in terms of their orientation towards shopping? How would you use this information in a retail business?

OR

3 (B) **CILO 3 (Understand)**

(a) A department store is building an addition. The merchandise manager for furniture is trying to convince the vice president to allot this new space to the furniture department. The merchandise manager for men's clothing is also trying to gain space. What points should each manager use when presenting his or her rationale?

(b) Compare and contrast the retail mixes of convenience stores, traditional supermarkets, superstores, and warehouse stores. Can all of these food retail institutions survive over the long run? Why?

Section B
CILO 2 (Application)

DONALD FISHER AND WIFE launched The Gap in 1969. Initially, The Gap stores were unique in offering every size and style of Levi's, arranged by size for convenience. When the teen-jean craze slowed in the mid-1970s, stores were repositioned for people interested in a fashionable, casual lifestyle. Donald Fisher, then CEO, and Mickey Drexler, then president, added other chains to The Gap portfolio of specialty apparel stores: the Banana Republic and Old Navy. Banana Republic is positioned at the high end of the quality/price spectrum that includes the moderately priced Gap and the company's newest chain, Old Navy, featuring the least expensive clothing.

For years, the flagship Gap stores, with $11.6 billion in sales and an estimated $1.1 billion in profits, made up more than a third of the entire company's profits. But in May 1999, Gap began to lose the edge it had enjoyed for several years. Other competitors such as Abercrombie & Fitch and American Eagle Outfitter were beginning their assault on the fashion market with trendier clothes and better, more aggressive advertising campaigns.

For six consecutive months, sales at Gap stores fell to all-time lows, taking the stock price down with them. The apparel market was in a transitional phase that favored either high-priced designer-name fashions or the low-end wear that has consistently sold well. This trend was reflected in large sales increases in the high- and low-end Gap chains—Banana Republic and Old Navy were selling very well. The challenge for Gap was that it needed a new marketing plan without disrupting the strong sales of its other stores. Drexler was well aware of this fact and brought with him new and innovative ideas that the company desperately needed. Drexler, the Gap's president since 1983, became the CEO in October 1999 when Robert Fisher, the president, and son of the Gap founders, retired. The company's stock immediately rose 10 percent on the news of Drexler taking over.

Mickey Drexler developed the concept for the Old Navy chain to cater to the new lifestyle of teens and young adults who want fashion but do not have much to spend on clothing. He selected the name for the chain after seeing it on a building during a walk around Paris. Old Navy is consistent with the growing strength of discount stores in apparel retailing. Consumers were predicted to spend $40 billion—nearly a third of their apparel dollars—at discount department stores, off-pricers, and factory outlets in 1999. It is not the only price that drives consumers into discount stores for apparel. The industry has made great efforts in assortment, quality, and fashion. Discount stores have also come a long way in improving the display, borrowing ideas from regular stores. In 1999, the Old Navy, with 16 percent of the stores, accounted for 35 percent of the sales of Gap Inc.

The Old Navy Clothing Stores have the same kind of merchandise as The Gap stores, but will be able to keep prices low by using lighter-weight, less expensive fabrics in addition to scaled-down store decor and lower-priced locations in strip shopping malls. Old Navy stores have unique design elements featuring 1950 Chevies and merchandise piled on old freezers.

Although half of all Old Navy stores are within a mile of a Gap, they take only 5 to 10 percent of Gap's business, with all of the rest coming from elsewhere. As COO of Gap, Inc., John Wilson said, "It's a temporary hit, but the volume comes back; we'd rather cannibalize our own business than have the competition do it."

In April 1999, Jenny Ming was appointed president of the Old Navy. Ming started her career at The Gap in 1986 as a buyer. Ming has a knack for predicting what hip-looking clothing will appeal to the masses and making big bets on producing large quantities to ensure that these items will be in stock. One of her early successes was dramatically increasing the sales of T-shirts by increasing the color assortment from six to a couple of dozen and marketing them all year, instead of just in the summer. More recently she was the key force behind the explosive growth of fleece merchandise.

Old Navy's new, four-story, 100,000–the square-foot flagship store in San Francisco is its largest ever built. This store is similar to its 80,000–square-foot showplace in New York, with a deejay booth where shoppers can create their CDs and a lower-level, fashion-forward, off-price department.

Discussion Questions

1. How do you think the growth of the Old Navy will affect the sales in The Gap chain? (7)
2. In the next five years, where should Gap, Inc., place the greatest resources: Old Navy, Gap, or the Banana Republic? Why? (7)
3. In what ways could the Gap chain enhance customer appeal and loyalty? (6)