

**PGDM-(RM), 2013-15**  
**RETAIL LUXURY AND BRAND MANAGEMENT**  
**RM-403**

**Trimester – IV, End-Term Examination: September 2014**

Time allowed: 2hrs 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.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		<b>Total Marks</b>	<b>50</b>

**Section – A**

**Answer any three Questions :** ( 3\*5 =15 )

Q1. "Luxury is a necessity that begins where necessity ends". Explain with examples.

Q2. What is the role of multiplier in the brand value chain?

Q3. Can proliferation of competitor brands create short term pressures on a brand?

Q4. What do you understand by erosion of brand equity?

Q5. What do you understand by brand personality scale? Explain with examples.

**Section – B**

**Answer any two Questions :** ( 2\*10 =20 )

Q1. How is behavioral segmentation different from demographic segmentation of consumers. What role can both play in brand extension?

Q2. Explain the brand relationship spectrum.

Q3. Site the advantages and disadvantages of global marketing program.

## SECTION C

**Q1. Read the case and answer the following question given in the end. (15 marks)**

Woolworths' food division targeted consumers in the middle-to-upper-income bracket. When the organization started selling pre-prepared convenience foods in 1993, it set a trend in food retailing that other food retailers were quick to follow. By 2004, Woolworths' food had become the star performer in the group and had repositioned Woolworths as a premium brand. Woolworths had consistently marketed the Good food journey, a commitment to providing consumers with food that was safe and nutritious, with a particular emphasis on organic food. The company introduced a limited range of organic fruit and vegetables in 1999 and, in 2003, it became the first South African retailer to produce and sell organic meat and dairy product. By the end of 2008, Woolworths offered consumers over 250 organic products. It had launched a wide range of healthy-food initiatives, including the removal of a range of artificial additives and preservatives from foods, the promotion of free-range eggs, a range of dairy products that were free of added rBST growth hormones, badger-friendly honey and free-range chicken and beef. Woolworths' clothing range included women's, men's and children's wear, accessories, footwear and beauty products targeting LSMs 6-10. In the early 2000s, the clothing division suffered due to the strength of the rand and the proliferation of cheaper, imported clothing. However, in 2003, Woolworths launched a number of initiatives to revitalize its clothing range, including: the W Collection, a range of classic women's wear made of high-quality fabrics; clothing lines from top South African designers Stoned Cherrie, Maya Prass and Stephen Quatember, under their individual labels; the Australian Country Road brand; and, in 2009, the Trenergy brand, as an exclusive range of clothing that would "redefine premium fashion". The company made a strong commitment to supporting local suppliers and only sourced textiles internationally when local products did not meet its quality standards. Woolworths also offered customers a range of home accessories, specializing in bathroom, bedroom and kitchen ware. In the early 2000s, Woolworths announced a drive to reposition itself as the most desirable homeware store in South Africa. In addition, Woolworths also offered a range of financial services including a store card, a Visa card, a Woolworths "cash" card, and revolving and fixed term loans. In October 2008, Woolworths (2008a) concluded a deal with the biggest retail bank in South Africa, ABSA, in terms of which ABSA acquired a 50 percent plus one share of the issued ordinary share capital of Woolworths Financial Services. In terms of the deal, ABSA relieved Woolworths of the pressure of bad debt by taking over that side of the business, and Woolworths allowed ABSA to market different financial service packages under the Woolworths brand. Financial performance

In 2004, Woolworths' Holdings Ltd operating profit exceeded the R1 billion mark for the first time, and between then and 2006, sales in clothing and home grew by 12 percent or more each year, and food sales by between 19 and 22.5 percent each year. By 2006, turnover from food sales made up 52 percent of Woolworths' retail sales (Woolworths Holdings Ltd, 2006a). In 2007, Woolworths' growth reached a peak, with sales in the clothing and home division increasing by 16.2 percent and in the food division by 25.6 percent. The food division now contributed 54.4 percent of the annual sales turnover, and the clothing market share increased from 15.1 percent in 2006 to 15.5 percent. From September 2007 onwards, however, turnover growth started to slow, as Woolworths felt the effects of rising interest rates and an increase in petrol and food prices. By the end of June 2008, with inflation averaging 11.6 percent, sales growth in the clothing and home divisions increased by only 6.1 percent, with the food division growing by 18.8 percent. This was exacerbated by the global economic crash that started in the USA in mid-2008. By the end of 2008, clothing market share had dropped to 15.3 percent (Woolworths Holdings Ltd, 2008a). The food division had managed to maintain market share at 9.2 percent. Between 2004 and 2008, turnover had doubled from R10 to 20 billion, but this was because food prices had increased and new stores had been opened. On a comparable stores basis, turnover had increased by only 0.7 percent over this period. Susman noted that Woolworths' Holdings Ltd middle-class consumer base had been particularly affected by the difficult economic conditions, and the company announced price cuts in the hope of stopping consumers from defecting to cheaper stores. Susman added that customers felt that Woolworths' Holdings Ltd clothing and food were too expensive. Looking forward to 2009, he stated that the focus would be to ensure that costs were tightly controlled.

**Q. Identify the retail co-branding strategy followed by Woolworths and as the C.E.O. of the company how would you leverage on the same to build brand equity?**

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