

PGDM (RM), 2016-18
Retail Concepts and Environment - II
Subject Code: RM 202
Trimester – II, End-Term Examination: December 2016

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.

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
		Total Marks	50

Section A

1. Why is it necessary to develop a thorough, well-integrated retail strategy? Give an example of a retailer using the retail format development growth strategy?
2. 'www.buyshy.in will grow faster than Froosh' Do you agree with the statement? Compare and contrast both the formats. How both the retail business gets into multiple channel retailing?
3. Post-Demonetization would it be more desirable for a retailer to buy or lease an existing, facility rather than to build a new store. Please justify.
4. An instant noodles vendor plans to open near BIMTECH. It specializes in a product which is very popular in India and almost had 90% market share prior to a nationwide ban as last year June 2015. What specific advertising media should the new vendor use to capture the BIMTECH and nearby market?
5. In many malls, quick service restaurants are located in an area known as food court. What are this arrangement's advantages and disadvantages to the restaurants?

Section B

6. A) Do the situational analysis for Froosh.
B) What is its mission?
C) What are its strength and weakness?
D) What environmental threats might it face over next 10 years?
E) How could it prepare for these threats?
7. Being incharge of the store, where you are doing your OJT, what changes you like to bring in store atmospherics. Which aspects of your store exterior are controllable and which are uncontrollable?
8. Decathlon is one of the world's largest sporting goods retailers, typically locates in either a power centre or a freestanding site. What is the strength of each location for a store like Decathlon?

Section C

Neiman Marcus's Preferred Customer Program

DALLAS-BASED DEPARTMENT STORE RETAILER NEIMAN MARCUS (NM) began the first preferred customer program, In-Circle, in 1984. In such a program, purchases can only be completed with either the Neiman Marcus credit card, American Express Card, cash, or check. This retailer utilizes its own card to reward and provide incentives for its customers. Customers must spend \$3,000 on their Neiman Marcus charge in one calendar year to become eligible for the InCircle program. People qualifying for the program are the top 2 percent of Neiman Marcus's customers. Once a part of this program, shoppers receive one InCircle point for each dollar charged to their Neiman Marcus card.

These points must be redeemed at the end of the calendar year for everything from a bottle of Dom Perignon to a new Jaguar or a Caribbean cruise for two. In keeping with the high standards of Neiman Marcus's customer service, a full-time travel coordinator and assistant are on staff to personalize the trips earned by the InCircle customers.

The rewards for InCircle membership include invitations to exclusive shopping events, a quarterly newsletter, free gift wrapping for purchases of \$25 or more, and double points on birthdays. All In-Circle customers are invited to private shopping parties where they generally earn double points for their purchases. These dates, times, and locations are printed in the newsletter.

In 1995, the customer programs division of Neiman Marcus developed different levels and programs within InCircle. Once an InCircle member has accumulated 1,500 points in a calendar year, she is extended an offer to become a Neiman Marcus Gold Card holder for a \$50 annual fee. This status allows the member to earn double points for each dollar spent (up to \$1,500). Other bonuses are given to the customer upon "earning" her Gold Card status, including a \$50 American Airlines certificate for travel, a complimentary magazine subscription, free credit protection for charge cards, bonus InCircle points for certain events, and travel benefits.

The Platinum Card is offered to InCircle members who have accumulated 3,000 or more points. The \$500 annual fee allows a customer to earn double points for the first \$30,000 in purchases each year. Charter Platinum status is maintained by those who earn a minimum of 100,000 points yearly. Special gifts are available only to platinum members. They include restaurant gift certificates to exclusive establishments, such as Charlie Trotter's in Chicago. American Airlines travel certificates and unlimited Four Season's Hotel upgrades are also part of the platinum perks.

InCircle not only benefits its members, it rewards its sales professionals too. Loyalty will bring customers into Neiman Marcus to make more purchases, as the promise of the coveted points will also. This means more sales for a store's staff. The sales staffs also have access to the purchase history of InCircle customers and are encouraged to contact these customers personally. InCircle members are given the opportunity to present Exceptional Service Awards to deserving NM associates. These awards are in the form of a sticker and enclosed with each member's In-Circle card. A sticker brings the member bonus points when it is presented to the associate, and the associate's name is entered into a quarterly prize drawing.

Other department stores have patterned preferred customer or valued customer programs after Neiman's InCircle. In a recent survey 28 percent of the department store chains have preferred customer programs. These programs offer customers a combination of hard benefits (points, rewards, discounts) and soft benefits (recognition and preferential treatment).

Questions

1. How does InCircle build loyalty for Neiman Marcus versus other upscale retailers in India like Shoppersstop and Lifestyle?
2. How effective is the InCircle program in developing customer loyalty? What possible NM could have done more?
3. Based on your OJT experience, what obstacles might InCircle professionals face in further developing their loyalty program?
4. If all of Neiman Marcus's customers were ranked in terms of their annual purchases from the store, to which group should Neiman Marcus target its frequent shopper program? The top 10 percent? The second decile? The bottom 10 percent? Why?
5. Should Neiman Marcus emphasize hard or soft benefits?