

PGDM 2015-17

Retail Marketing

DM 534

Trimester – V, 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

- Q1. What retail locations are best for a) department stores, b) consumer electronics category killers and c) apparel stores. State your rationale.
- Q2. Choose a retailer in India and describe how it has developed a competitive strategic advantage?
- Q3. How would you expect the buying decision process to differ when shopping online as compared shopping offline?
- Q4. . Should iced tea be categorized with soft drinks? What factors would you consider while taking a decision on this categorisation?
- Q5. Why do supermarkets put chocolates, wafers, biscuits at the front of the store? Some of these items are again present near the cash till. What may be the reason(s) behind this placement?

Section B

Q1. Considering your understanding of the QSR industry in India, what information would you like to seek when planning to open franchise of McDonalds in your city? Based on this information (approximate data) specify the feasibility of setting up the above mentioned outlet in your city.

Q2. If you were the manger of an apparel specialty store targeting men and women, how would you use the information given below when making merchandise location decisions within retail space ?

Category	Sales per square feet (Rs.)
Women's apparel	250
Women's accessories	450
Men's apparel	255
Children's apparel	230
Women's shoes	350
Men's shoes	390
Children's shoes	280

Q3. Outline some elements in the communication plan to achieve the following objectives:

- a) build awareness of store by 10 percent, b) increase store loyalty by 20 percent, c) develop an image of a low price retailer. How would you determine whether the communication programme met the objective?

Section C

Go through the given case and answer the questions at the end. The marks for each question are mentioned in parenthesis.

Case Competitive Environment in the Teen/College Apparel Market

Jennifer Shaffer, a 17-year-old living in Newton, Massachusetts, used to shop at Abercrombie & Fitch (A&F) once a month. She thought the prices were high, but the brand name and image appealed to her. She says, "It's like I really had to have Abercrombie." Then an American Eagle (AE) store opened about 15 minutes from her home. Now she shops at the AE store about twice a month and rarely goes to the A&F store. "They look the same, and they're both really cute," she says. "But American Eagle's prices are a little cheaper."

Both A&F and AE are still growing into their present strategy of selling casual apparel to the teen/college market. When A&F was established as an outdoor sporting goods retailer over 100 years ago, it sold the highest quality hunting, fishing, and camping goods. A&F also outfitted some of the greatest explorations in the early part of the twentieth century, including Robert Perry's expedition to the North Pole and Theodore Roosevelt's trips to the Amazon and Africa.

Over time, its tweedy image became less attractive to consumers. The chain experienced a significant decline in sales and profits, and in 1977, it was forced to declare bankruptcy. The company, initially acquired by Oshman's Sporting Goods, did not experience a turnaround until The Limited Inc. acquired it in 1988. Initially, The Limited positioned A&F as a tailored clothing store for men. In 1995, The Limited repositioned A&F to target both males and females in the teen and college market with an emphasis on casual American style and youth.

In 1999, The Limited sold A&F, which now operates as a separate company that operated 351 Abercrombie & Fitch stores, 167 abercrombie stores, 271 Hollister Co. stores, and 5 RUEHL stores at the end of May 2005. It operates e-commerce Web sites at www.bercrombie.com, www.bercrombiekids.com, and www.hollisterco.com.

American Eagle, though lacking the rich tradition of A&F, also was positioned as outfitter when it started in 1977. Initially offering apparel only for men, American Eagle shifted its focus to teens and college students in 1995. In 2000, it acquired two Canadian specialty retail chains—Bluenotes/Thrifys and Braemar. The Braemar locations were converted to American Eagle stores, whereas the Thrifys stores are being converted into Bluenotes stores, specialty stores that target a slightly younger, more urban teen demographic and that carry more denim merchandise. Today, American Eagle has 779 AE stores in 50 states, the District of Columbia, and Puerto Rico and 70 AE stores in Canada. It also operates via its Web business, www.ae.com.

Even though A&F and AE have evolved from their roots, there is still an outdoor, rugged aspect in their apparel. Both retail chains carry similar assortments of polos, pants, t-shirts, jeans, and sweaters. All the apparel and accessories carry the store's private-label brand. A lot of the merchandise is athletically inspired.

The rivalry between A&F and AE is intense; A&F even filed a lawsuit in 1998 in federal court accusing AE of copying its clothing styles and catalog. The courts found that though the designs were similar, there was nothing inherently distinctive in A&F's clothing designs that could be protected by a trademark. But the courts have ruled that Abercrombie's catalog design and image are worthy of trade dress protection. Trade dress is the overall image of a product used in its marketing or sales, composed of the nonfunctional elements of its design, packaging, or labeling (such as colors, package shape, or symbols).¹ However, the court also felt that AE's catalog had a different image that did not infringe upon the image of the A&F catalog.

It was the catalog and home page that first drew Jennifer to an A&F store a couple of years ago. She recalls going through the catalog and browsing the Web page with some girlfriends and looking at the muscular young men featured. "The guys in the magazine—that's what made us all go," she says. This young and sexy image is enhanced by store signage featuring scantily clad lacrosse players and young beachgoers. Abercrombie & Fitch has exploited this image by introducing a line of intimate apparel in 2001. Intimate apparel is now one of the best selling merchandise categories in the stores.

To reinforce its brand image and communicate with its target audience, AE teamed up with MTV to sponsor MTV Spring Break 2005. As a major sponsor, AE was the official apparel provider for the network's hottest annual event, broadcast from Cancun, Mexico, on March 18–20, 2005. American Eagle provided the wardrobe for the stars of *Dawson's Creek*, and it also has its apparel featured in various movies. While its commercials are less suggestive

¹<http://dictionary.reference.com/search?q5trade%20dress>, accessed October 31, 2005.

