PGDM – RM – 2018-20
Category Management and Private Label
RM - 403
Trimester – IV, End-Term Examination: September 2019

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 and CILO (Course Intended Learning Outcome) covered Or Maximum 6 questions with internal choices and CILO covered (as an example)	3*10 Or 6*5	30
B	Compulsory Case Study with minimum of 2 questions	20	20
			50

Section A

CILO 1 (Remember)

Q1a. If you are the Electricals & Electronics retailer, how will you define your product categories?

OR

Q1b. Why is it that similar merchandise categorized differently by different store formats?

CILO 2 (Understand)

Q2a. If dry fruits is a category for a hyper market retailer, what role will you assign and what strategies will you develop?

OR

Q2b. In a department store, what marketing strategies will you adopt for the "Kids Wear" category?

CILO 3 (Application)

Q3a. What could be the challenges faced by the private labels for an apparel retailer?

OR

Q3b. As a super market retailer, what variables could potentially account for your private label success?

Section B

CILO 2 (Understand)

Case Study

Westside: The Indian Retailing Success Story

In 2002, Westside signed on a leading Indian cricket player, Yuvraj Singh, as its celebrity endorser for a period of 3 years.
Westside sources announced that Yuvraj Singh would promote Westside stores in Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, Pune and Delhi.

Commenting on signing on Yuvraj Singh, Himanshu Chakrawarti (Chakrawarti), general manager, marketing, Trent, said, "Yuvraj epitomizes the Westside name in every aspect, he is stylish and trendy, Yuvraj personifies all the qualities that a modern successful India needs - indomitable spirit, abundance of talent, great energy and uncontrollable enthusiasm." This move surprised industry analysts, as it was the first time an Indian retailer was going in for a celebrity endorsement.
In addition to this, Westside launched marketing campaigns on television and in the print media, with an allocated budget of Rs 200 million.
According to company sources, the new media initiatives were aimed at increasing brand awareness among consumers, and enhancing the image of Westside as a retailer offering fashionable products at affordable prices.

Analysts attributed Westside's success to its focus on styling, affordability and quality, and its retail model.

Unlike its competitors - Shoppers' Stop and Globus - who targeted the upper class, Westside focused on middle and upper middle class consumers, who constituted a large portion of India's population.
In 1996 Lakme entered into a joint venture with Hindustan Lever2 for the marketing and distribution of Lakme brands. In 1997, the Tatas sold their stake in Lakme to HLL for Rs 2 billion. After selling off their stake in Lakme, the Tatas scouted for business opportunities and decided to venture into retailing. Retailing was at a nascent stage in the late 1990s, and it was expected to be a booming business in India in the following decade. In 1998, the Tatas ventured into retailing, acquiring the Britain-based Littlewoods retail stores in Bangalore. The company was renamed, Trent Ltd., and the Littlewoods stores were renamed Westside. Along with the Littlewoods stores, the Tatas acquired the firm's warehouse and infrastructure.
These provided an established supply chain and trained personnel for Westside. By 1999, Westside had expanded its operations to Chennai, Mumbai and Hyderabad, and by 2001 it had a second store in Mumbai, and a store each in Pune, Kolkata and Delhi.
In 2001, Westside had average sales of just above Rs 5,000 per sq ft. in all its stores. By 2002, it had a store in Nagpur and a second store in Delhi. In 2002, Westside reported a net profit of Rs 102.2 million and it also reported cash break-even in the same year. Analysts felt that the surplus cash reserves from the sale of Lakme provided the financial back-up for Trent-Westside. With cash reserves of around Rs 1.61 billion (on 31st March 2000), Trent had the option of avoiding high interest debts for its expansion. The company planned to increase its retailing space to 0.3 million sq ft. by 2003, from 0.12 million sq ft. in 2001. The firm wanted to expand Westside's operations to other cities. Trent announced that it would enter food retailing by the end of 2003 with an estimated investment of Rs 400 million...

The Westside Model
Before entering the Indian retailing segment, Westside conducted market research on retailing trends in the domestic and international markets.

It was observed that in India, garment retailers generally stocked both store-owned brands and other brands in the ratio of 30:70, as it was easy to attract customers for the established brands. However, many major international retailers stocked only their own brands because of high returns, increased store loyalty and less restriction in terms of display, price and promotion. Stocking of only store-owned brands for Indian retailers posed certain problems, however. Though they offered high margins, retailers suffered on account of poor economies of scale (until they established many outlets) and heavy investment in brand building. While all major Indian retail chains stocked established brands, Westside decided to push its own brand...

Westside gave a high priority to marketing in order to increase brand awareness among consumers. The company focused on two parameters - style and affordability - to communicate to potential customers.
The company realized that these were the two pillars based on which it could make an impact on customers. The stores were positioned on the 'fashion at affordable pricing' platform. The store level promotions were integrated with external communication through advertising. In-store promotions were used to give the shopper a feeling of getting greater value, to offer a good shopping experience. Westside's total advertisement spending was 8 per cent of its sales. Westside did its regular brand building through advertisements in the media and also through its in-house promotions, which peaked during summer, Diwali and Christmas. During the Diwali season in 2000, Westside launched a "Festival of Delights" program which gave each shopper a scratch-and-win card...

The greatest challenge for Westside is from the unorganized sector (98 per cent of India's retail garment industry operated in the unorganized sector) and to a lesser extent, from similar organized players.
According to Chakrawarti, "The main job was to get people to visit organized stores such as Westside instead of buying from unorganized players." The general perception in India is that organized retailers are more expensive than unorganized ones. Westside responded to this by connecting price to quality.

It had to make customers realize that they were getting the latest style at very good prices, and in a comfortable environment. The other challenge for Westside will be to compete with other retail fashion businesses in India (both India and foreign) such as Wills Sport, Raymond's, Globus, Nike, Crocodile, Mango and Marks & Spencer.

Questions:

Q1. Why did Westside choose to go for own brands when they had the option to go with nationalized brand? (10)

Q2. Was the Westside's strategy of pushing own brands a success? If not, Why? If yes, How did they achieve this success? (10)