

PGDM (Retail Management), 2018-20

Strategic Management-I

RM-404

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**. In case of rough work please use answer sheet.

Note: There are 2 sections in this paper. Answer briefly and to the point.

Section A: Answer any 3 Questions (10 marks each)

Q. A1.a Describe and evaluate the organized and unorganized sectors in Indian Retailing. Contrary to popular expectation, the organized retail sector occupies less than 10% of the country's retail space. What would your recommendations be, to improve the share of the organized sector. **CILO1. Defining and describing Retailing and the distinction between the Organised and the Unorganized Sectors in India Exploring the various forms of Retail Management and the reasons for firms to adopt one.**

Q. A1.b WalMart has had a fairly humbling experience in the Indian retail space. What were the company's expectations and how have they materialized? Discuss one critical expectation which the company based its hopes on and the actual outcome. Is there a change in its India strategy that can provide good results? **CILO1. Defining and describing Retailing and the distinction between the Organised and the Unorganized Sectors in India Exploring the various forms of Retail Management and the reasons for firms to adopt one.**

Q. A2.a Among the major problems that Indian retailing is facing is the huge impacts of discounting. What would you say are the major causes for this, listing and discussing in the order of priority that they should occupy. What would be the way for a new retailer to avoid these problems. Is there any one retailer who has actually done this? Discuss their Strategy and give proof of their success in an environment where every one of the big business groups have failed so far. **CILO.2 Key variables in Indian Retailing including Space, Inventory Management, Visual Merchandising, Recruitment, training and performance management of Human Resources**

Q. A2.b What would your recommendations be for good people practices in modern retailing. Would these result in increased costs for management, or would they result in savings? What would be the other benefits of these practices for employees as well as the Organisation? **CILO.2 Key variables in Indian Retailing including Space, Inventory Management, Visual Merchandising, Recruitment, training and performance management of Human Resources.**

Q. A3.a Discuss in detail the larger issue of negotiation, what situations require negotiation. Evaluate the popular slogan "Win- Win " what it really means and how can it be achieved. Why is it that most negotiations break down. Provide a recent example of such failure in the

Indian Retail Space which has very recently come to light. Do you think that Unorganised retail in our country has understood and applied the principles of negotiation to its advantage? Provide details. **CILO.3 Principles of Negotiation, removing the confusion between Approaches and Outcomes of Negotiation with examples of good and bad practices by Indian Retailers.**

Q. A3.b We are all familiar with the experience of Retailers in Malls. What are the factors behind the poor performance. Based on the principles of negotiation, could you develop a plan through which the retailer community could gain from presence in malls. Your recommendations should result in a Win- Win outcome. **CILO. 3 Principles of Negotiation, removing the confusion between Approaches and Outcomes of Negotiation with examples of good and bad practices by Indian Retailers.**

Section B: Compulsory Case Study (20 Marks)

CILO - 1/2/3

Multi Nationals do not understand the Indian Market

Who would have thought that this International Restaurant chain would not be an instant success in Bharat. McDonald's in India is a joint venture partnership between McDonald's Corporation and two Indian businessmen Amit Jatia and Vikram Bakshi. Amit Jatia of Hardcastle Pvt. Ltd. owns and operates McDonald's in western and southern India, whereas Vikram Bakshi of Connaught Plaza Restaurants Pvt. Ltd. owns and operates business operations in northern and western India. Both the partners have invested Rs 900 Crores in this fast food business. McDonald's came to India in the year 1996 with the concept aiming at the Upper and upper-middle class and gradually penetrating to the middle classes as well. Focusing more on school going children, youngster, and professionals who can successfully drive the cause of popularizing fast food culture in a country like India dominated by traditional food and eating habits, has been the McDonald's strategy.

The company's vision in India is to be the best "quick service" restaurant. McDonald's vision is based on certain principles. The very first principle is to focus on quality, service, cleanliness and value: to serve the customers with quality products in a clean and pleasant environment at a fair price: to be ahead of customer's expectations in every restaurant in every place is the second principle of the company. Currently there are more than 200 restaurants and the company plans to double this number by 2020. The firm has restaurants in the Metro cities and most state capitals as well as being present in the key parts of Delhi NCR(Noida, Gurgaon, Faridabad). Whereas the initial focus was on the northern and western regions, the company is keen on expanding its presence in the southern and eastern parts of the country. Increasingly the company has introduced "drive through" facilities providing itself with a great competitive advantage increasing the convenience factor to "busy, richer people" who are likely to enhance the loyalty factor for McDonald's.

With McDonald's came "fusion cuisine" blending western and Indian cuisines. Thus the traditional beef burgers were from inception replaced by Chicken and Mutton versions. The vegetarian preferences of most Indian Customers has been met increasingly through innovative offerings like Pizza McPuffs which are not only vegetarian but feature mint mayonnaise and tangy Indian spices. Families now more than ever spending time and money in fast food outlets. Children now no longer take lunch boxes to school. Preferring to drink carbonated beverages and eat burgers. Blending burgers, sandwiches and many snacks with Indian tastes and preferences have been converging food and eating habits. Young Indian consumers are increasingly developing a passion for visiting fast food outlets both for the eating experience as well as "hanging out". There has also been an increase in

take-aways and home deliveries. Consumers are switching to simpler and more convenient eating habits though arguably less healthy eating habits.

Beef between Partners: while the arrangement of McDonald's providing the cuisine and services expertise to the partnership garnered well for the success of the venture, the Indian partners have provided local savvy which is useful in liaison issue with local and state authorities, as well as ensuring that the real estate procurement and management rested with them. It thus was a marriage made in heaven for the multi national on the one hand and its Indian partners on the other. Unfortunately relations have soured recently with Ajay Bakshi in the last two years. It started with McDonald's accusing its indian partner of diverting funds from the joint venture to his independent local businesses and thereafter making an offer of Rs 40 Crores for his share of the business. While refuting the allegation vigorously Bakshi has cited loss of faith in the U.S. giant and has demanded not less than Rs 200 Crores to part with his stake. Thus the relationship has not only stalled but become increasingly hostile with both parties giving their respective versions of and reasons for the dispute to the media and to the business community.

Caveats against Company and Industry: The decline of traditional food and eating habits leading to fast food and eating out preferences is emerging as a symbol of westernization or McDonaldisation of Indian food culture sacrificing the health of millions of customers across the globe including our country India. A pernicious new problem of obesity among the young including children has established growing roots with dire problems predicted for the future. The company and others in the fast food industry are being increasingly pictured as organisations who put their balance sheets before the health and welfare of people particularly the young.

Financial performance: while official financial reports of McDonald's are not available, it is accepted that the firm is not making

Question 1. From the events and assessments made in the Case, what were the Strategic decisions that were sound in the Context of the Indian Business reality and which were the unsound ones.

10 Marks

Question 2. Do you feel that Coca Cola like its major rival Pepsi have read the trends that are impacting their future prospects in their business which is non alcoholic beverages. What in your view are the trends and how should Coca Cola have responded appropriately.

10 Marks