

PGDM, 2018-20

Retail Marketing

DM-536

Trimester – V, End-Term Examination: December 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.

**Section A (30 marks)** Attempt any three questions. All questions carry equal marks.

1. A You have been appointed the category manager (General Merchandise) of a retail store located in a Tier III city. Define category and assign roles so as to keep high footfalls and sales? (CILO1) 10 Marks

OR

1. B You have been asked to identify the regional, trade and site level for setting up and apparel store in India. Elaborate with examples (CILO1) 10 Marks

2. A What are the various types of customers? (CILO 2) 10 Marks

OR

2. B Discuss various factors to be considered for an effective Store Layout

3. A JagMag Apparels is the flagship format of Jagmag Industries. They want to introduce Jagmag Trousers in the market for the first time. The cost of developing this trouser in house is Rs 300,000. This includes salaries of executives and designers, rent and warehousing expenses. Jagmag Apparels intends to sell these trousers at Rs 300 per piece. Variable Cost for manufacturing Jagmag Trouser is Rs 100 per piece. Jagmag Apparels also wishes to make a profit of Rs 100,000 on this launch. What would be the (a) Break even point Quantity and (b) Break even Sales? (CILO 3) 10 Marks

OR

3. B Three locations, Bapu Nagar, Khatipura and Mata colony have a population of 2,80,000, 2,68,000 and 2,55,000 respectively.

Bapu Nagar – Khatipura 11 kms

Bapu Nagar – Mata colony 7 kms

Khatipura – Mata colony – 14 kms

Which place should be chosen? (CILO3) 10 Marks

4. A What are the different positioning strategies adopted by retailers. Enumerate with examples (CILO4) 10 Marks

OR

4. B Suppose you are a retailer of garments and have set up a new store in Delhi. How would you develop your retail strategy? Describe your planning process step by step. (CILO4) 10 Marks

## Section B Case Study (20 marks) Answer both questions.

Read the case and answer the following questions.

Several Asian countries, including South Korea, saw their economies booming in the late 1980s. Taking advantage of this boom, Carrefour started its Asian operations in 1989 in Taiwan. It moved on to Malaysia, followed by China and South Korea. The Korean economy in the 1980s was very similar to the Indian economy in 2007. There was a growing demand from consumers for a modern shopping experience. The government was slowly relaxing its policies to enable foreign retailers enter a market dominated by mom-and-pop stores, which accounted for a large part of the market share. By 1996, most of the old policies were replaced by new reforms. By 2000, Carrefour had more than twenty outlets. By 2002, around 6000 people were employed in its twenty-five stores in Korea. Its trouble started with the Korea Fair Trade Commission (KFTC) charging the retailer penalty for unfair trade practices. KFTC charged that the retailer had reduced its prices unreasonably, thus affecting local retailers. The year 2003 saw more expansion of Carrefour in terms of stores and products. The higher management was already concerned with the time required for getting approval for a new store. By 2004, the company was the fourth largest chain in South Korea. In 2005, it started a loyalty programme and was planning to introduce financial services. In the same year, the Korean government passed a law restricting wholesale trading through retail formats. This meant Carrefour could not sell its products in bulk to other small retailers. As a result, the average purchase size reduced drastically at the Carrefour stores and its operating profit also dropped. By March 2006, Carrefour decided to sell its stores in South Korea. The company could not grow according to its expectation in South Korea. There was also severe competition from local retailers as well as foreign retailers like Tesco of UK. Considering its long and successful history, what were the reasons for Carrefour's failure? The company failed to localize its stores enough. The global look and practices did not go well with Korean customers. The simple warehouse like design of the stores was inadequate. South Korean housewives favour a clean, sophisticated atmosphere along with low prices. Local companies like E-mart knew this well and quickly adapted themselves. Whatever innovations Carrefour brought into its stores and operations were quickly copied. Carrefour, however, did not want to go along with a new partner and paid for it dearly. Carrefour's store layout and ambience were also not up to the mark. Without any style element, pure low pricing was not a good enough incentive for the Korean buyer. The store interiors were almost bare with some even showing the pipes on the ceiling. Globally, Carrefour shelves are 2.2 metres high, which was too high for the average Korean. Open exposed concrete floors were also new to customers who were used decorated ceilings and covered floors. Tastefulness, an integral part of the Korean culture, was missing in the Carrefour design.

Large shopping baskets were not liked by shoppers who preferred frequent, smaller value shopping. Most food retailers have a tasting stand in Korea, where vendors and salespersons request shoppers to try their product before buying. Koreans like this very much. Carrefour stores had too few tasting stands. While most products were stacked or piled together, other retailers kept open boxes for the customer to try, see and then buy. Korean customers prefer fresh fruit, vegetables and meat while Carrefour kept frozen products. Other retailers created the ambience of an outdoor market within their stores making the shopper comfortable. Butchers sold fresh meat and fish within their stores. This element was missing with the French retailer. Many customers also complained that Carrefour employees were rude and ignorant about their own products. They also complained about noise; dirty, broken shopping carts; long waiting time and unsatisfactory customer service.

Overall, customers were not happy with Carrefour. The retailer made mistakes in understanding the Korean shopper's buying behaviour and decision-making process and had to ultimately close their business. The retailer, however, learnt from its mistakes and rectified them in their Chinese operations, which proved to be more successful. In retailing, it is difficult to be first time right. Most decisions are improved over time if managers are flexible and willing to change.

### Questions:

1. What factors, other than salesperson's ignorance of a company's product, can have a negative impact on the minds of the consumer? Discuss. (CILO4) 10 marks
2. In retailing, it is difficult to be first time right. What steps should managers take to get it right the first time? Discuss with an example. (CILO4) 10 marks