

July 2014

Bachelor of Business Administration (BBA) Examination

VI Semester**Retail Management**

Time 3 Hours]

[Max. Marks 80

Note : Attempt any four questions (out of seven questions) from Section A. Each question of Section A carries 15 marks. Section B carries 20 marks. (A Case Compulsory)

Section A

1. What is the role of Internet Technology in redefining the retail industry in the entire value chain.
2. What are the various retail pricing strategies ? Discuss the influence of various external factors on the determination of retail price.
3. Discuss the selection criteria used by the marketers to choose a particular medium or a mix of media types.
4. Explain various kinds of appeal used in promotion / advertisement with their limitation and advantages.
5. Explain in detail how the service quality gap model fit in retail sector. How these gaps can be reduced ?
6. Explain the need and impact of FDI in retail sector. Does FDI is a threat for unorganised retail players in India ?
7. Explain the various ethical consideration to be kept by retailer. Is it feasible for retailer to maintain ethical behaviour in today dynamic scenario. Justify your response with logic.

Section B

8. Read the case and answer the question at the end :
Dinesh looks outside his store outlet at the Metropolitan Mall in Gurgaon near Delhi. He sees the two MBA students approaching him for an interview. The students Neetu and Smita had mentioned that they were preparing a case on retail location as part of their MBA studies. Dinesh had readily agreed for the interview. He has opened his second watch outlet in the Metropolitan Mall in Gurgaon just fifteen days back; while he is confident about his choice of the Metropolitan Mall as an ideal location for his outlet he is not sure if this outlet will do as well as his first outlet, about 7 to 8 km away at Sadar Bazaar market in Gurgaon.

Neetu : Thanks a lot for granting the interview. Can you please tell us about your outlet at Sadar market in Gurgaon.

Dinesh : I started retailing in watches in 1994 under the name Ram and Avatar Sons in Sadar market. When I started there were fifteen shops selling watches in the Sadar market, now there are about twenty to twenty-five. But, Ram and Avatar Sons is the largest and best known. In fact, we are the largest watch outlet in the state of Haryana.

Smita : You get customers from all over Gurgaon ?

Dinesh : You would be surprised to know that my customers come from as far as 50-60 kms. south of Gurgaon from neighboring towns like Rewari, Pataudi, and Bhiwadi. You may know that Sadar Bazaar in Gurgaon is the destination market for people from this large region. I have customers from all sections of the population from small children to, old citizens belonging to all income categories. I keep a large variety of branded watches and I am a franchisee of Time Zone. I have expanded my outlet in Sadar and now it is spread over two floors. I plan to add two more floors to the Sadar Bazaar outlet.

Neetu : Why did you plan to open an outlet in the Metropolitan Mall ?

Dinesh : In Sadar market there is too much congestion now; car owners find it difficult to find parking space. They now prefer to shop in the malls where there is abundant parking facility. Besides, these newly upcoming malls provide a much more pleasant shopping experience. I expect such customers would not prefer to shop in the World of Watches- the name I have chosen for this new outlet.

Smita : Do you expect your customers to shift their purchases from Ram and Avatar Sons in Sadar market to the World of Watches outlet in the Metropolitan Mall ?

Dinesh : I expect a very small percentage of my customers to shift their purchases from Ram and Avatar Sons to World of Watches. As I mentioned, many of my customers come from far off places to the south of Gurgaon from small towns. The Sadar market is much more accessible to these people since the railway station and bus terminus are nearby. I don't expect more than 15-20 per cent of my customers at Ram and Avatar Sons to shift their purchases to this mall, and shop at World of Watches.

Neetu : Then why have you set up this new outlet in the Metropolitan Mall ?

Dinesh : I expect most of the customers of World of Watches to come from colonies in south and west Delhi. I expect that 80 per cent of my customers will be from Delhi. I do not get customers from Delhi at my Sadar market outlet. So you can see that I am targeting a totally different segment of customers.

Smita : Why do you expect so many people to come to your shop from colonies in Delhi, some of which are more than 20 km away. After all these are many watch retail outlets in Delhi.

Dinesh : They would not come to my shop alone. They would come to these malls from Delhi for recreation and shopping. You can see that these mall provide a very pleasant air-conditioned shopping environment. The mall also has abundant parking facilities and is convenient for people owning cars. Because of that they attract people from Delhi. Besides that many people from Delhi work in Gurgaon; they also prefer to do their shopping in these malls.

Neetu : What else would be different about your customers in Sadar market and here ?

Dinesh : My customers in Sadar market are from a cross- section of the society, most of them use public transportation. I expect my customers at the Metropolitan Mall to be from upper middle class and middle-class income groups. The customers here would generally be car owners. Also expect a large number of my customers here to be younger in age.

Smita : Why do you expect younger crowd to come to this shop ?

Dinesh : This mall attracts youngsters because of the presence of a large number of eating joint, pubs, and cineplexes. There are four to five pubs near my shop.

Neetu : Did you do any survey before deciding on this location ?

Dinesh : I have been in business for long. I understand the needs of my customers and, hence, I could identify the customers who would prefer to shop here. I met a lot of shop owners in the mall and also had discussions with my customers. I estimated the daily walk-ins to be around 6000 to 8000 going up further on week ends. As this mall becomes popular, I expect to do good business.

Neetu : You have chosen the first floor location rather than locating on the ground floor of the mall where the customer traffic is higher, why ?

Dinesh : The rentals on the ground floor are almost double; I don't expect to do enough business to recover the high rentals on the ground floor. Besides, as you might have seen, the shops on the first floor are smaller and more in number. Since there are larger numbers of shops on the first floor, a broader range of merchandise would be available. That will attract a lot of customers to the first floor. Besides, there are many pubs on the first floor which would attract youngsters.

Neetu : How many customers do you expect at World of Watches every day ?

Dinesh : I expect about 400 to 600 walk-ins every day, if the conversion ratio is about 8-10 per cent I will be happy.

Smita : Are these figures based on market research ?

Dinesh : I did not do any formal market research; these figures are based on my discussions with other shop owners and my long experience in the field.

Smita : Is there any difference in your business strategy between here and your Sadar market outlet ?

Dinesh : I keep a wide range of branded watches and provide repair facility at both these outlets. However, at Sadar I keep more of lower priced brands like Sonata. Here, I plan to keep more of high-priced branded watches. I sell Titan, Timex, Casio, and Citizen brands of watches in Sadar. Here, I am also planning to introduce premium brands like Pierre Cardin and Espirit. The average value of watch I sell in Sadar is priced around Rs. 1,000. Here I expect the average price of a watch sold to be around Rs. 2,000 to Rs. 2,500.

Neetu and Smita : Thank you very much sir; this has been a great learning opportunity for both of us.

As Neetu and Smita drive back to their college hostel they discuss about their interview.

Smita : Dinesh is certainly an intelligent businessman, but I wonder if he has taken the right decision by opening his second outlet in the Metropolitan Mall. I also wonder if Dinesh has made a right decision by locating on the first floor.

Neetu : The Metropolitan Mall attracts a lot of footfalls but I wonder if the people visiting this mall would purchase watches from here. If watches are purchased as impulse products, I suppose the large walk-in crowd would be attracted. I would like to discuss with our professor if watches are convenience, impulse, or shopping products.

Discussion Questions :

1. Has Dinesh done adequate market research before deciding on the location of his second outlet ? What else could he have done ?
2. Should the watch outlet have been located on the ground floor instead of first floor-what data / information is needed before taking this decision ?
3. What are the advantages and disadvantages of a location in a shopping area like the Metropolitan Mall compared to a location in a central business district like Sadar Bazaar?

