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MFM-033

00157

M.A. IN FASHION RETAIL MANAGEMENT (MAFRM)

Term-End Examination

December, 2012

MFM-033 : RETAILING AND MARKETING STRATEGIES

Time : 3 hours *Maximum Marks : 100*

Note : *(i)* *Section **A** is **Compulsory**.*

(ii) *section **B**, attempt **any two** questions.*

(iii) *Section **C** and **D** are **Compulsory**.*

SECTION - A

1. Write short notes on *any four* of the following terms used in the context of Retailing : **4x5=20**

   (a) Employee compensation plans.

   (b) Customer database.

   (c) Pull and push supply chain .

   (d) Co - op advertising.

   (e) Inventory shrinkage and its prevention.

SECTION - B

2. What is CRM ? What is the process of developing a CRM program ? As an employee of an Indian retailer of Apparel, develop a CRM program for them. What type of information would you collect about your customers and how would you use this information to increase the sales and profits of your store. **20**

3. What does the term sustainable competitive advantage mean ? Which are the bases retailers use to develop sustainable competitive advantage for their businesses ? Give examples of retailer for each of these bases. Explain in depth these bases. **20**

4. For retailers, what are the various methods of communicating with customers ? Explain each of the methods with examples. What are the strengths and weaknesses of each of these methods, compare these methods across relevant parameters. **20**

SECTION - C

5. True or False : **6x1=6**

   (a) Store managers tend to develop the same leadership styles.

   (b) Hypercity is a hypermarket format of RPG group

   (c) Net profit is the gross margin minus operating expenses and taxes.

   (d) First cry .com is a speciality store format.

   (e) Effective training for new store employees should involve both structured and on - the job learning experiences.

   (f) Jimmy choo is a luxury cosmetics brand owned by Genesis colours.

6. Fill in the blanks : **4x1=4**

   (a) Frequent shopper program are also called ________ .

   (b) ________ is the expected contribution from the customers to the retailer's profits over his or her entire relationship with the retailer.

   (c) Diversification by retailers into wholesaling or manufacturing is called ________ .

   (d) ________ are rewards employees get personally for doing their job.

SECTION - D

7. Study the given case carefully and answer the below questions : **30**

   (a) What are the advantages and disadvantages of the growth strategy pursued by Ahold carrefour and Walmart ?

   (b) Should Ahold use its name on all of its stores like Walmart and Carrefour ? Why or Why not ?

   (c) What are the advantages and disadvantages of Wal-Mart's and Carrefour's more centralized decision making as compared to Ahold's decentralized decision making ?

Ahold : The Biggest Supermarket Retailer You Have Never Heard of

In 1887, 22 - year - old Albert Heijn took over his father's small grocery store near Zaandam, West Holland. His strategy for growing the family business was to offer quality products with excellent customer service at the lowest prices. Now, 118 years later, Ahold (an abbreviation of Albert Heijn Holding) is the world's second largest food retailer. It operates 1,600 stores in 27 countries, with 2003 sales greater than $ 56 billion. But its name is not on a single store it owns.

Ahold USA's retail operations comprise stop and shop, Giant - Landover, Giant - Carlisle, Tops, Bi - Lo, Bruno's and Peapod. All six retail - operating companies are located along the U.S. eastern seaboard. The retail stores combined serve approximately 20 million customers every week, and Ahold USA employs over 170,000 people. Almost 60 percent of Ahold worldwide sales are generated in the United States.

Ahold also operates under 26 different names in Europe, America, Asia, and Latin America. It uses 10 different formats for its stores, ranging from tiny gas station outlets in the Netherlands to 150,000 - square - foot hypermarkets in northern Brazil. The company refers to its strategy as "multilocal multiformat, multichannel." :Our culture is first and foremost the culture of the local operating company," says Cees van der Hoeven, Ahold's 04 - year - old CEO. "What makes Ahold unique is that we're perceived by our customers as the local guy." Very few customers at a Bruno's supermarket in Alabama or a Disco store in Argentina realize that their store is part of a global retail giant headquartered in the Netherlands.

Wal - Mart and Carrefour, the first - and third - largest food retailers, use a different approach. From Paris to shanghais. All Carrefour stores look the same and have identical layouts (to reach the deli counter, for example, you always turn left at the entrance). Wal - Mart also uses its name on most of its stores across the world. Three years ago, it acquired the Asada chain in the United Kingdom and still operates the stores under the Asada name. But when it bought the Wertkauf chain and some Spar stores in Germany, it converted the stores to Wal - Marts. Their British and German stores are expected to conform to the cost - conscious, customer - oriented Wal - Mart culture.

Ahold is a food retailer. Food sales account for 90 percent of its revenues. Recognizing the lifestyle trend toward more out - of - home food consumption, Ahold is attempting to increase its share of the wallet through its acquisition of food - service companies. In contrast, wal - Mart and Carrefour focus on operating larger super - centers or hypermarkets that offer general merchandise as well as food.

Another difference between Ahold and its major international competitors is its growth strategy. Although Wal - Mart has made some acquisitions, most of its international growth, and all of Carrefour's, has been internally generated. In contrast, Ahold has grown primarily through acquisitions. More than 50 percent of Ahold's revenue now comes from the U.S. supermarket chains it acquired. Its first acquisition in the United States, in 1977, was Bi - Lo, a South Carolina - based grocery store chain operating about 450 stores in South Carolina, Georgia, Tennessee, Florida, and Alabama. Then it acquired Stop and

Shop with 320 stores stretching from Massachusetts to eastern New Jersey; Giant Landover of Maryland in Maryland, Washington, Delaware, southern New Jersey, and northern Viginia Giant Carlisle in Fennsylvania; Tops in New York; and Bruno in Alabama, the Florida Panhandle, and Mississippi. With 1,400 stores in the United States, Ahold is the largest food retailer in the eastern part of the country and the fourth biggest in the whole country, after Wal - Mart, Kroger, Safeway, and Albertson's.

In 1999, the company bought U.S. Foodservice, America's second - largest supplier of ready - made meals prepared foods and ingredients to restaurants, hotels, and other institutions. In 2000, Ahold acquired a majority stake in Peapod, one of the first Internet grocers. Peapod now operates out of Stop and Shop and Giant stores in the Boston, New York, and Washington, DC, areas, as well as on its own in its home base of Chicago. In 2001, Ahold acquired 56 stores and eight locations from Grand Union. No other European retailer has been as successful in entering the U.S. market as Ahold. For example, Carrefour opened two stores in suburban Philadelphia in the late 1980s but gave up quickly when it faced labor problems and the loyalty customers had to their local supermarket chains. The Profit margin for Ahold's U.S. division is 5.7 percent, while the profit margin for the European division is only 3.9 percent of sales.

Van der Hoeven has a vision of a future in which Ahold's stores in Guatemala offer tips on pricing to their colleagues in the United States and the flooring for every Ahold supermarket from Boston to São Paulo is ordered from the same supplier. The payoff from this networked global juggernaut would be the ability to leverage its size to get rock - bottom prices from its vendors on everything from corn flakes to oranges. Meanwhile, Ahold's companies in Europe, America, Asia, and Latin America would lower their costs by using the same trucks, sharing the same accountants, and exchanging ideas over the corporate Internet. But this global network would be invisible to the 20 million customers who pass through Ahold stores every week.

Ahold has yet to realize this vision. Although Ahold has centralized the procurement of fresh and chilled products across its six U.S. chains, only 5 percent of all merchandise in Ahold's stores is ordered on a cross - continental basis, about the same as Wal - Mart and Carrefour. Ahold's U.S. managers are just beginning to exchange best practices with their counterparts overseas. For example, Stop and Shop and Peapod are trying to improve their fulfillment accuracy by learning how Ahold's Scandinavian Internet home - delivery service has achieved its successes in performing these activities. However, Ahold's goal is to bring the same supply chain efficiencies achieved by Wal - Mart and Carrefour in general merchandise distribution to food distribution.