

Define the concept of customer service and its importance in retail. 14/17

2. What is the impact of information technology in redefining the working of retail industry? 14/17

Or

Explain the consumer decision making process in retailing? Also explain the factors which affect the buying behaviour of a retail shopper? 14/17

3. Explain the strategic planning process in retail by examining the strategies adopted by any national retailer? 14/17

Or

Briefly describe the process of research in retail. Also explain why is research essential to a retailer? 14/17

4. Read the case and answer the following questions :

Harold Fried Chicken²⁵

High employee turnover has always plagued the fast-food industry. After being trained, the employee quits for

X-5968

M. B. A./M. B. A. (MM) (Second Semester)
Examination, Aug. 2013

RETAIL MANAGEMENT

Paper : MS/MM/128

Time Allowed : Three hours

Maximum Marks : 70 New Course
85 Old Course

Note : Attempt all questions.

All questions carry equal marks.

1. What do you understand by the term retailing? Also discuss the various characteristics of retailing? And how retailing is different from marketing? 14/17

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one reason or another. Harold's is taking steps to reduce its turnover rate.

Harold's hires prospective employees at minimum wage for a 28-day period. If the employee remain with the company after the trial period, the employee receives pay increase of five cents per hour. The training program at the store level includes working for badges that are earned for demonstrated skill in cutting, docking, and counter service. Employees are given a manual and audio visual aids to help them learn. A badge and another five cent-per-hour raise is awarded following the successful completion of both a written and a physical test of skills.

When an employee earns three badges, he or she qualifies as a team leader. Team leaders are eligible to attend one of the five training schools. The training school is a three-week program that combines academic training with the maintenance of management/customer relations.

Because many of Harold's units are located in lower income areas, many of the students attending the classes have not been exposed to the best education and are unfamiliar with the work world. In order to train and motivate the students, they are paired up with students of comparable ability. They work together and test one another on the concepts and skills they learn. The program

uses several steps to teach the trainees how to study. The program is self-paced. A student must master the first step before going on to subsequent steps. Each student is awarded points for every accomplishment, and these points are graphed on a daily basis. Discussion groups are held at the end of the day, and students receive feedback for their work and validation for their accomplishments. Problems are also reviewed at this time.

After the successful completion of the training program, the students return to their respective areas as assistant managers. The students work for years before becoming store managers. Harold's also provides store managers an opportunity for store ownership. 7-7/8/2+8 1/2

Question :

- How would you improve Harold's program?
- Do you think the employee turnover rate will still be high? Why?

Or

Read the case and answer the following questions

'NIRULA'S-GROUP'S BACKGROUND'

Nirula's can easily be referred to as the original Indian fast food joint, whose beginning was a modest one with

a 12 room hotel opening in 1934. This preceded a brief stint with 'Indian Coffee House' and was followed by the concurrent opening of the first modern quick service restaurant. From 1980 onwards Nirula's have been moving on an accelerated growth path. By the end of 1990's Nirula's have moved on to become the largest chain of fast food joints in North India with a presence in over 32 locations.

The company is, infact, even equipped with all the modern amenities such as a central kitchen, a food processing unit, an efficient supply chain and a quality control laboratory with a IT department and a design team.

Most of Nirula's restaurants exist at 64 locations in Delhi and adjoining townships like Gurgaon and Noida. Now as a part of expansion plans, Nirula's is looking at markets outside Delhi. As a part of the first phase of its expansion plans (spread over 12-15 months) the group was to concentrate on the North Indian states such as Punjab, Haryana, Himachal Pradesh, Western Uttar Pradesh, Rajasthan and Madhya Pradesh. Thereafter, the company intends to further expand itself and focus on other cities in Western and Southern India.

There are other changes also taking place at Nirula's. Home delivery, delivery outlets and express outlets have

been some of the welcome additions to the Nirula's model. Another experiment has been with the standalone ice-cream parlours and food retail with condiments like Jams etc. Another new venture has been the Nirula's 21's cafe', primarily a lifestyle offering positioned at the youth, much like a *Barista* with a different product focus.

NIRULA'S "USP"

Nirula's have a unique positioning in the quick service restaurant format having mastered the P's namely *product offerings* and *pricing*. That is, Nirula's USP has always been the wide variety of food items which are offered at affordable prices. Further, Nirula's fast food joints have ISO 9001 certification and they also comply with the food quality standards specified by PFA, HA CCP.

The menu offered at Nirula's is a mix of Indian and Western food, ice-creams, desserts and confectionery—all which make it an attractive option for family dining. At Nirula's, a family can make a choice between burgers, pizzas, Indian food or simply desserts. Even Nirula's Western offerings like hot dogs, and grilled sandwiches give it an edge in urban cities trying to ape the West. Ice creams have traditionally been a huge success and continue to be a big strength of Nirula's. 'The Hot

Chocolate Fudge' continues to be a favourite among customers.

COMPETITION

Once the Indian markets were opened to global players from early 1990's, a number of international fast food chains have stepped into the country to satisfy the yearning of the Indian palate. Such global fast food chains include McDonald's, Wimpy's, KFC, Pizza Hut and Domino's. These international fast food chains have brought with them new cuisine and experience and started educating the masses about the concept of fast food restaurants. This season,

Nirula's fast food joints are located mostly in the adjoining townships like Noida and Gurgaon. Whereas, of the 56 McDonalds restaurant in India, 33 are located in Delhi with plans for another 15 or so to be added in fast fiscal (2004-05). While Pizza Hut, which is located at 70 locations across India has indicated opening of another 30 more.

The menu at Nirula's have also been changing with options like nimbu soda and pap bhajia being added. They have newer toppings in response to those offered by competitors (Domino's, Pizza Hut etc.). Moving forward,

Nirula's have plans to take into consideration regional preferences while planning menus.

MANAGEMENT

Although Nirula's is a family owned business it is being run by professional managers from diverse backgrounds. Vikas Attri, Technical Advisor (was hired from McDonalds), A.K. Jain, Head of Finance (came from DLF) and Sandeep Madan, General Manager, Marketing (has background in Shaw Wallace). The marketing team had been doubled in 2003 with many new promotions also given. <http://www.rdvonline.com>

The company is also looking outwards: sorting out operational issues and getting systems in place. The supply chain has been outsourced to ensure that there are no problems in timely delivery of products from their production centres in Okhla and Noida to cities like Mumbai. It also tested a new format of trucks with facilities of both dry and wet compartment, so that icecreams and food could be stored together. Since professionals have been hired for various levels, the owner promoters of Nirula's, Ashit Nirula and Deepak Nirula have very clear expectations. To quote them:

"It's your investment, you expect a return. You run it in a certain way, but when someone else runs it for you day-to-day, you want it run so that you don't have any losses, plus your reputation is maintained and your brand gets strengthened". They follow a very open door policy i.e., they always keep their ears and door open : get as much feedback as possible from customers and listen to their employees. This is a policy which has stood them in good stead for a long time.

FUTURE EXPANSION PLANS

As mentioned earlier, there are two key factors which have motivated Nirula's to pursue ambitious expansion plans - Food pricing and Dining experience. To start with, the first phase of expansion plans will focus on setting up more outlets in North India before shifting their attention to other cities in Western and Southern India.

Nirula's production capacity was large enough to deal with the expansions in North-India. To support this, they have outsourced their supply chain to Snowman India, a Bangalore based logistics support company. Once the expansion plan to South India starts rolling, they could think of setting up a production centre there. Such a move could help the company to gain cost effectiveness in terms of saving logistics costs and time. They (Nirula's)

propose to open over 100 fast food joint outlets by 2006. The company has divided the country into different geographical zones, where it would like to set up franchisee outlets. The zonal franchisee selected would commit itself to open at least 10 restaurants within a span of 3 years in the zone. The franchisee owner would have to set up a new company for this business and make a payment of 50 percent of the fee for opening the store on signing the agreement and the remaining 50 percent on the opening of the store. Nirula's would have to be paid a monthly royalty for each store that is opened. The franchisee owner would be entitled to the entire sales proceeds and also have to bear all the operating expenses.

Nirula's would prefer to enter into partnership with people already established in the area and have a very good understanding of the market. The current franchisee programme undertaken by Nirula's is only for the expansion of family style restaurants. The size of the outlets would be determined after taking into consideration the potential of a particular location and the real estate availability.

After establishing a national presence with the existing formats and constant innovations, Nirula's intends to

explore and enter the international food markets, in areas with strong NR (Non Resident Indian's) population like the Gulf countries, Canada, Far east etc. This decision is worked out on the basis that in these markets the demand for Indian food already exists, so they will not need to put extra efforts to create the demand.

However, Nirula's have to remember that with the Indian's becoming mature consumers, factors like convenience, space, service and quality will be the primary factors which have helped their competitors to establish themselves in the Indian market.

Questions :

- (i) Customers are very sure of the quality of food and service they would receive at any McDonald's outlet in the country. What steps do you feel should be adopted by Nirula's to ensure the same predominance of experience at their outlets too?
- (ii) Many of Nirula's competitors are already operating in malls and complexes. do you feel they will be able to follow suit? Why.

5. What are the five rights of merchandising? What are the factors that affect the function of merchandising or retailing?

Or

Write short notes on :

7+7/8+8½

(any two)

- (i) Logistic management
- (ii) Store maintenance of store security
- (iii) Energy management

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