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Program: PGDM RM (Batch2018-20), Trimester II
Subject: Retail Management and Strategy
(End Term Examination)

Maximum Marks: 50
Duration: 3 hours

Date: 17/01/2019

Instructions: i) Question no. 1 is compulsory.
ii) Attempt Any Three from Q2 to Q5.

QUESTION 1
(20 Marks)

Read the case and answer the questions given below:

How Nature Basket Scripted A 180° Turnaround

Management guru Mark Leslie emphatically states that strategic transformation is the key to enduring growth. Godrej Nature's Basket (GNB), one of India's pioneering food and grocery retail chain, has set out to do precisely that. The company's refined and refreshed brand identity is centred on being the go-to place for the customer's 'Daily Food Delights'. Geared towards being a quality fresh neighbourhood store, GNB is committed to continually redefining the freshest and finest food retail experience in India and will ensure accelerated growth in a sustainable and innovative manner.

Avani Davda, Managing Director, GNB, believes this is an important milestone for this much-loved brand. The company has adopted a business strategy by winning in the strongest cities first by growing in Mumbai, Bengaluru and Pune. "Consolidate first and then accelerate. It's the tried and tested model of expansion the world over," she says.

GNB also looked at learnings from global retail companies including Coles (Australia) and Yonghai (China), two giant global retailers. Coles is a great example of a company that underwent a significant transformation prior to turning around their fortunes. In 2007, it was bleeding money and was up for sale, and was acquired by another retailer (Wesfarmers). Coles' rapid recovery, which included consolidation, investing in supply chain and talent, led to it, today, becoming one of the most remarkable Australian business success stories.

Yonghai in China is another great example of getting the strategy right and then scaling up into a \$9 billion company today. For the first 8 years, the company chose to remain in two provinces, with 58 stores. It is only in the last 3-4 years they scaled up to 200. Their strategy was centred on four elements: getting the supply chain right; empowering store talent; getting into strategic partnerships; scaling up.

GNB has had a great journey so far. In the last decade, this much-loved brand has set pioneering trends, witnessed positive double-digit growth and nurtured its own brands including Healthy Alternatives, L'Exclusif and Nature's. The business is now at a very interesting inflexion point and is geared towards making the next big leap through its strategic transformation.

Speaking about GNB's transformation, Avani said: "We embarked on our transformation journey a year ago and towards this, the business has invested significantly behind talent development at all levels and in technology to uplift employee experience by creating a cultural transformation. The other key areas include strengthening a robust world-class supply chain, creating enduring customer experiences and leveraging tech capabilities for enhanced retail processes."

Tanya Dubash, Executive Director and Chief Brand Officer of Godrej Group, said that this marked a huge step forward in the brand's journey. "Godrej Nature's Basket is a pioneer in the food and grocery space and we are committed to continually redefining the food retailing experience in India. Godrej Nature's Basket is an exceedingly strong brand with immense potential and this transformation will ensure accelerated growth in a sustainable and innovative manner. The refreshed brand identity centred around the promise of "Daily Food Delights" is an expression of this transformation."

Talking about the new brand promise, 'Daily Food Delights', Avani explains, "Our vision is to redefine India's freshest and finest food experience. Customers, who are core to us, come to us for their dailies – fruits & vegetables, meats, bakery, dairy, which are consumed on a regular basis. We want to now take this to another level as this is our strength. As for 'finest', if somebody wants a great bottle of wine, chocolate, cold cut or exotic cheese, GNB is still the place to go."

Avani lists down four key pillars of GNB's strategy. "We believe in excellence in sourcing and serving the 'freshest and finest'. This entails investment in supply chain and operations. Starting January of this year, we did a huge layout exercise with our stores. Today the stores look completely different as compared to what they looked 6-8 months ago. We brought forward our 'fresh' categories, gave them more space and increased the depth of our range. So if we had 150 SKUs earlier in fruits & vegetables, we have 350-400 today." Stores come first always and every time is the second key pillar for this business. That's a 180° turnaround in approach. Today, GNB has got its stores to be the fulcrum of any business decision made.

Avani further added, "We are relentless in pursuing profitability. We believe if you push sales, profits will come. From the efficiency perspective, we've developed an in-house app, which takes care of inventory. Wastage has shrunk by 50% over the last one year just by the implementation of this app. The whole idea has been bringing more efficiency into the system instead of simply cutting costs. We have hence seen a positive 10% improvement in store cash profit. Fourthly, it's all about creating lasting experiences for all our stakeholders – which includes our customers, employees, and vendors."

This strategy is not a one-year sojourn; it's a multi-year journey spread over the next 4-5 years. The good news is that the numbers are looking great already. "We have charted a thoughtful growth plan with a target of 1000 crore in revenues by FY22 at a CAGR of 31%. We are looking at expanding our footprint to 60 to 70 stores within this time period, with 6 - 8 stores being added by the end of FY 18. The most heartening bit is that the ratio of our high-frequency customers is up from 25% to 43% in a year's time. If we are able to retain our customers, we are definitely on the right path." she concludes.

Questions:

- i) Conduct a SWOT analysis on the retail strategy adopted by GNB.
- ii) Give your critical view and analysis on the retail strategy adopted by GNB.

QUESTION 2

(10

Marks)

What is the relevance of promotion strategy in the overall retail marketing mix? Discuss any four promotional strategies used by retailers with examples.

QUESTION 3

(10

Marks)

Briefly explain **ANY TWO** theories of retail development with suitable examples.

QUESTION 4 Distinguish between **Any Two** of the following, along with relevant examples.

(10

Marks)

- a) Single Brand Outlets Vs. Single Price Stores
- b) Supermarket Vs. Department Stores
- c) Franchising Vs. Joint Venture

QUESTION 5 Write short notes on **Any Two**:

(10

Marks)

- a) Duty Free Retailing
- b) Cold Chain
- c) Parasite Store
- d) Global Retailing
- e) Catchment Analysis

-----End of Paper-----