

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,**  
**Vidyavihar, Mumbai- 400077**

**Program: PGDM RM (Batch2018-20), Trimester III**  
**Subject: Category Management and Franchising**  
**(End Term Examination)**

**Maximum Marks: 50**  
**Duration: 3 hours**

**Date: 02/04/2019**

**Instructions:** i) Question no. 1 & 2 are compulsory.  
ii) Attempt Any Three from Q3 to Q6.  
iii) Use of simple calculator is allowed.  
iv) Cell phone calculator is not allowed.

**QUESTION 1**      Read the case and answer the questions given below:      **12 Marks**

**Sankalp: Preparing to Grow through Franchising**

Today we have so many South Indian food serving restaurants in different parts of the country, but none is more popular than Sankalp. The success story of this Indian restaurant is really incredible. The style and broad range of dishes present in the menu of this restaurant is matchless. One of the main reasons of their popularity is the presence of the innovative food items in their menu. The experts call this restaurant chain as the perfect combination of the western and the south culture. The first restaurant of this amazing Indian restaurant chain was opened in Ahmedabad, Gujarat in the year 1980 under the reigns of the veteran businessman Mr. Kailash Goenka. He had a dream to spread the delicious South Indian cuisine to every corner of the country and after about 38 years since its first flagship restaurant was opened one can proudly say that Sankalp is one of the India's best restaurants. They have the vision not to compromise on the quality, service and the hygiene while continuing to satisfy the customers with delicious foods.

Currently there are more than 110 restaurants under this group spread over each and every corner of the country. Its popularity can be determined by the fact that this group has also opened its franchise in other countries such as Australia, United States of America, United Kingdom, Canada and United Arab Emirates. They further have plans for their expansion. The immense success of Sankalp south Indian food serving restaurant chain is only because of their commitment, dedications and the high quality of food which they serve. They believe that the satisfaction of the customer is the top notch priority. One can be sure of experiencing a wonderful dining experience once they enter into the premises of Sankalp restaurant and this has helped them to build very strong consumer bases who visit this restaurant regularly. Sankalp is among the few Indian restaurants who have managed to inculcate the much desired loyalty among the food lovers. A person always returns satisfied with the food and the service provided in this restaurant. One of the best times for visiting the Sankalp restaurant is during various South Indian food festivals which are celebrated here.

The USP of this restaurant is the ambience and the service provided to the customer. One will feel as if they have entered into the South Indian state/s and will be treated royally according to the South's culture and traditions. The food is served in a royal manner and customers are truly delighted with the experience. The culinary preparation of this restaurant is truly authentic. Some of the most famous dishes of this restaurant are Kura Mura Dosa, Rava Dosa, Idli, Telangana Dosa, Kaikari Biryani, Three Barrel Dosa, Iddiaappam, Cheese Uttampam, Spring Dosa and many more. All these food items are delicious and exquisite. The interior of the Sankalp restaurants is well designed which gives the perfect ambience to the customer. Further, the waiters are well dressed and are always ready to help the customers in selecting the best dish as per their choice. The service in each of the Sankalp restaurant is top notch and impeccable. It makes customer's visit this place again. This makes Sankalp a top rated place for the south Indian food and so each time people are craving for such food items, Sankalp is the first name which pops up in their mind. The Sankalp restaurant also got its name registered in the Guinness Book of World Records twice for preparing the world longest Dosa.

Under the flag of the Sankalp Group other than the Sankalp restaurant which offers the south Indian cuisines, they also have Saffron restaurant which offers North Indian food items prepared in the Gujarati style. The food served in the Saffron restaurant is simply amazing as they have a completely different taste and are very much innovative. Moreover, the Sam's Pizza outlet which specializes in offering delicious salads, pizzas, breads and soups is also the part of this Sankalp group. With the Sam's Pizza this group has tried to enter into the world of western food culture and here too they have managed to build a satisfied customer base. The latest initiative of this group is Sankalp Xpress, a fast food restaurant which specializes in Indian-Western fusion foods.

Questions:

- a) Do you think franchising is the right strategic approach for the service provider such as Sankalp? Why or why not?
- b) Should Sankalp adopt franchising route as an expansion strategy for its other formats too? Justify your answer.

## **QUESTION 2**

**8 Marks**

- a) A buyer buys 28 raincoats at \$342 per dozen. If the department markup on selling price is 52.5 percent, what should be each raincoat's retail price?
- b) If the markup on cost is 56 percent, what is the markup on selling price?
- c) An item was marked down to \$19.99 from its original retail price of \$29.99. What is the reduction markdown percentage for this item?

- d) Distinguish between GMROI & GMROF.

**QUESTION 3**

**10 Marks**

- Chalk out a Merchandising Hierarchy for **ANY TWO** of the below categories:
- a) Soft drinks
  - b) Wrist Watches
  - c) Ethnic Wear
  - d) Furniture

**QUESTION 4**

**10 Marks**

- Define Category Roles with suitable examples for **ANY TWO** retail stores:
- a) HyperCity
  - b) Ribbons and Balloons Cake Shop
  - c) Westside
  - d) Decathlon

**QUESTION 5**

**10 Marks**

- Explain the Robert Blattberg's Model with suitable examples.
- OR
- Write a note on Category Captaincy with suitable examples.

**QUESTION 6**

Write short notes on **ANY TWO**:

**10 Marks**

- a) Franchising Model at Ferns N Petals
- b) Image Building Vs. Turf Protection Strategies
- c) Product Distribution Franchise
- d) Promotion Tactics

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