

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

**Program: PGDM RM (Batch2016-18), Trimester III**  
**Subject: Retail Management and Strategy**  
**(End Term Examination)**

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

**Date: 30/04/2017**  
**Time: 10.30am to 1.30pm**

**Instructions:** i) Question no. 1 & 2 are compulsory.  
ii) Attempt Any Two from Q3 to Q5.

**QUESTION 1**  
**(14 Marks)**

Read the caselet and answer the questions given below:

**“Build-A-Bear Workshop: Where Best Friends Are Made”**

Modern consumers want good value, low prices, and convenience, but they also appreciate a great shopping experience. Build-A-Bear Workshop usually locates its more than 400 stores in malls worldwide. It generates over \$450 million in annual sales by offering customers the opportunity to make their own stuffed animals, complete with clothing and accessories.

In 1997, Maxime Clark came up with the idea for Build-A-Bear Workshop and opened a store in St. Louis. She had plenty of experience in the corporate side of retailing, having worked for Payless ShoeSource and May Department Stores. Clark left corporate America on a mission to bring the fun back to retailing. Currently, the company has sold more than 70 million furry friends.

The bear-making process consists of eight steps; Choose Me, Hear Me, Stuff Me, Stitch Me, Fluff Me, Dress Me, Name Me, and Take Me Home. The stores mirror the chain’s name. Customers or builders choose an unstuffed animal and, working with the retailer’s staff, move through eight “creation stations” to build their own bear (or other animal). At the first station, the Stuffateria, children can pick fluff from bins marked “Love,” “Hugs and Kisses,” “Friendship,” and “Kindness.” The stuffing is sent through a long, clear tube and into a stuffing machine. A sales associate holds the bear to a small tube while the builder pumps a foot peddle. In seconds, the bear takes its form. Before the stitching, builders must insert a heart. The builders follow the sales associates’ instructions and rub the heart between their hands to make it warm. They then close their eyes, make a wish, and kiss the heart before putting it inside the bear. After selecting a name and having it stitched on their animal, builders take their bears to the Fluff Me station, where they brush their bears on a “bathtub” that features spigots blowing air. Finally, they move to a computer station to create a birth certificate.

Bears go home in Cub Condo carrying cases, which act as mini-houses complete with windows and doors. In addition to serving as playhouses, the boxes advertise Build-A-Bear Workshop to the child’s friends.

“You could buy a bear anywhere,” says Clark, Chief Executive Bear. “It’s the experience that customers are looking for.” The experience isn’t limited to the stores themselves. The retailer’s website, build-a-bear.com, embraces the same theme. Build-A-Bearville (buildabearville.com) is its online virtual world where users can play with each other and play games. The bears that they bought at the store have a unique code that allows the user to redeem gifts while playing games in Build-A-Bearville.

Customers pay about \$25 for the basic bear, but they can also buy music, clothing, and accessories. To keep the experience fresh, Build-A-Bear Workshop regularly introduces new and limited edition animals. Clothes and accessories are also updated to reflect current fashion trends. Outfits for the bears complement the owner’s interests and personalities with themes such as sports, colleges, hobbies, and careers. Some children and their parents hold in-store birthday parties, with music playing from the store’s official CD. To ensure customers enjoy a great experience every time they visit, all sales associates attend a three-week training program at “Bear University”, and the firm offers incentive programs and bonuses. The inventory in the stores changes frequently, with different bear styles arriving weekly. Build-A-Bear Workshops also feature limited-edition and seasonal merchandise, such as Beary Businesslike Curly Teddy for Father’s Day; mummy wizard for Mother’s Day, and witch bears for Halloween; and a Sweet Hugs & Kisses Teddy for Valentine’s Day.

**Questions:**

- i. Is the Build-A-Bear Workshop concept a fad, or does it have staying power? (4 marks)
- ii. Design a Retail Strategy for “Build-A-Bear Workshop” store to generate repeat visits to the store? (10 marks)

**QUESTION 2**

**(16 Marks)**

Read the caselet and answer the questions given below:

**“Modern Fashion Garments”**

M/s Modern Fashion Garments (MFG) is the manufacturer and retailer of ladies and gents garments such as tops, shirts, trousers etc. Their technology is advanced; there are several players in the market who have an access to such latest technologies. The system at MFG includes significant purchases of merchandize, stitching of garments, packaging of merchandize and retailing to its customers.

The handling function starting from procurement of merchandize from vendor up to delivery to a customer are the key competitive elements in the market. MFG is considering taking over the control over its inbound and outbound logistics functions. These have a direct beating upon the stock, goods handling and improvement in transit time and service reliability. However, the company has to look into the cost implications of such changes.

MFG has been one of the leaders in the readymade shirts market in India for a number of years. After 1998, they entered into a joint venture with a French company to expand its business in the area of trousers and T-shirts. Despite the new joint venture, MFG still continues to manufacture its shirts at Hissar near Delhi and has started a new technological up gradation to compete with

other Competitors. The company has planned to undertake the distribution of garments made and packed in its plants at Hissar, Haryana for North India and Navi Mumbai, to retain the control over the design, quality and service retail channel of its merchandize.

After 2010, the market has grown more matured and the expectations of the customers towards the features of the product have increased, the technology and the design have improved considerably. Presently the area of store goods distribution, customer service and satisfaction are of prime concern in order to have extra value addition to the product and services. The goods handling within the store will increase the revenues and reduce the defects and returning.

From the cost control point of view, handling of goods at store while moving it from Distribution Centre to the Display Shelves inside the store, maintaining at Display Shelves during customer visit to store, its return, and managing its gloss and finishing is also a matter of concern. At store, a huge number of SKUs needs to be handled. The major problems which were encountered in company stores are miss handling of merchandizes which raises the store operating cost and reduces the margins. Due to product variations, the order fulfillment and its processing are of considerable importance.

The traditional information system had become inadequate. There are over 500 retail outlets through which the finished products are distributed with the help of more than 50 transporters. Lead-time variability is creating problems of trucks, improper documentation and unfair practices of overcharging of the vehicles etc. Such situation makes the goods management within the store more challenging.

**Based on this case situation, answer the following questions:**

- a) As a store manager how will you reduce the cost of goods handling from Distribution Centre to Display Shelves inside the store?
- b) Suggest the ways to improve the profitability of the store through effective handling of merchandizing.

**QUESTION 3** Define Private Labels. Briefly explain the different types of Private labels with suitable examples. **(10**

**Marks)**

**QUESTION 4** Distinguish between **Any Two** of the following, along with suitable examples. **(10**

**(10**

**Marks)**

- a) Supermarket Vs. Departmental Store
- b) Price Lining Vs. Loss Leader Pricing
- c) Grid Layout Vs. Spine Layout

**QUESTION 5** Write short notes on **Any Two:** **(10**

**(10**

**Marks)**

- a) Airport Retailing

- b) Reverse Logistics
- c) Elements of Retail Store Operations
- d) Global Retailing
- e) Cold Chain

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