



JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)
FIFTH TRIMESTER (Batch 2023-25)
END TERM EXAMINATIONS, JANUARY 2025
MAIN EXAM

Course Name	Retail Marketing	Course Code	20126
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS: Answer all the following questions.

1. a) Amazon's sustainability chief: 'We have to act now'

Amazon's sustainability chief, Kara Hurst, emphasized the urgency of addressing climate change, highlighting Amazon's efforts to curb emissions through initiatives like the Climate Pledge, which commits over 500 signatories to eliminate carbon emissions by 2040. Amazon's strategy includes integrating electric vehicles into its delivery fleet and collaborating on cleaner technologies in sectors like air transport and manufacturing. Despite a 3% drop in emissions in 2023 and a one-third reduction in carbon intensity since 2019, Amazon's total emissions have increased by 34% due to overall business growth. "We don't have a lot of time," Hurst said. "We're in this decisive decade where we have to act now."

Source: <https://economictimes.indiatimes.com/small-biz/sustainability/amazons-sustainability-chief-we-have-to-act-now-on-climate/articleshow/111676804.cms>

In your opinion, how can retailers like Amazon achieve a balance between business growth and sustainability, addressing the challenges of adopting eco-friendly practices across their operations?

b) Just because your paranoid doesn't mean they're not out to get you. In a nutshell, that describes how manufacturers of brand-name products react to competition from private labels. On one hand, manufacturers are right to be concerned: There are more private labels "store-brand" goods—on the market than ever before. Collectively, private labels in the United States command higher unit shares than the strongest national brand in 77 of 250 supermarket product categories. And they are collectively second or third in 100 of those categories. The growth rate for private labels since 2016 is 2x and stands at a remarkable 38% as against a 19% CAGR for organized retail market growth in India. But on the other hand, many manufacturers have overreacted to the threat posed by private labels without fully recognizing two salient points.

Source: <https://www.businesstoday.in/magazine/corporate/story/how-private-labels-are-outselling-established-brands-332046-2022-05-02>

Explain the benefits and challenges of Private label versus National Brands as per the above context? (5+5=10 marks)

2. Zara, a global fashion retailer with a strong presence in India, is using RFM (Recency, Frequency, Monetary) analysis to understand its customer base and improve its marketing strategies. After analyzing customer purchase data, Zara has categorized its Indian customers into the following segments:

- **Elite Customers:** High Recency, High Frequency, High Monetary Value.
- **Regular Shoppers:** Medium Recency, High Frequency, Medium Monetary Value.
- **Occasional Shoppers:** Low Recency, Low Frequency, Low Monetary Value.

The analysis reveals:

- **Elite Customers** are loyal buyers who often shop for Zara's premium collections and respond well to exclusive previews and limited time offers.
- **Regular Shoppers** frequently purchase mid-range items but are attracted to discounts and seasonal sales.
- **Occasional Shoppers** mostly buy during end-of-season sales or for special occasions.

Answer the following questions:

- a) Explain how RFM analysis helps Zara segment its customer base. Discuss the significance of each RFM component (Recency, Frequency, and Monetary) in shaping Zara's marketing strategies.
- b) Zara wants to convert Occasional Shoppers into Regular Shoppers. Support with the help of two actionable strategies Zara can implement to achieve this and explain how these strategies align with the principles of RFM analysis. (5+5= 10 marks)

3. From stockroom to boardroom: combating the \$100 billion retail shrink crisis. If you've paid attention to recent retailer earnings reports, you have undoubtedly heard the phrase retail shrink cited as a key factor contributing to margin erosion and poor earnings performance. Once simply considered a cost of doing business, retail shrinkage resulted in profit losses exceeding a staggering \$100 billion¹ in 2022. What's more problematic, the trend of shrinking appears to be far from reversing course, with losses more than doubling over the past five years.

Source: Extracted from the co-authored article from EY

- a) Explain the concept of retail shrinkage and discuss its key sources.

- b) A retail store reported annual sales of \$2,000,000 and inventory worth \$500,000 at cost. At the end of the year, the inventory audit revealed actual inventory worth \$480,000. Calculate the retail shrinkage percentage for the store. Suggest two strategies the store can implement to minimize retail shrinkage. (4+6 = 10 marks)

4. **Reliance exploring deal to bring British retailer Primark to India, says report:**

The 55-year-old Primark brand, known for its affordably priced clothing and shoes, has been assessing the Indian market for several years and might collaborate with Reliance through a joint venture or licensing agreement, as per sources

Reliance Industries is in preliminary discussions with British fashion retailer Primark to introduce the brand to the Indian market, as per an Economic Times report. This potential move would position Reliance against competitors such as Tata's Zudio, Max from Landmark Group, and Shoppers Stop's new value format InTune, it added.

Once in India, most of the stores are expected to be on the high street due to the brand's big box format, differing from global retailers that typically prioritize malls, the report added.

Source: <https://www.livemint.com/companies/news/reliance-exploring-deal-to-bring-british-retailer-primark-to-india-says-report-11709184946380.html>

Justify the factors that retailers typically consider when evaluating potential store locations? Based on these factors, how might Primark determine the most suitable trade area for its stores in the Indian market. (5+5 = 10 marks)

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