

Jagan Institute of Management Studies
End-Term Examination, September-October, 2017
Trimester IV – PGDM (RM) 2016-18

Strategic Management
ET_RM_SM_2509

Time: 3 Hrs.

M. Marks: 70

INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q7 which are compulsory.

- Q 1** Comment on the following:
- a) Role of Mission.
 - b) Role of Leadership in strategy implementation.
 - c) Functional Level strategy.
 - d) Relevance of SWOT analysis.
 - e) Role of 'Control' in Strategy implementation. **15**
- Q 2** According to you Honda City car follows 'Cost leadership' or 'Differentiation' strategy? Give reasons for the same? **11**
- Q 3** Carry out a Porter's five-force model for the Retail industry in India. Analyze its implication for the entry of IKEA in India. **11**
- Q 4** For Big Bazaar, discuss the concepts and benefits of carrying out Strategic Planning in India. **11**
- Q 5** Carry out a SWOT and PEST analysis for Flipkart. Based on this recommend steps Flipkart needs to take to improve its competitive position in India. **11**
- Q 6** Naukri.com is the market leader in the Indian jobs industry. Analyze the various strategies used by Naukri.com to maintain its market leadership. **11**
- Q 7** Please go through the case-study carefully and answer the questions given at the end of the case study. Make suitable assumptions wherever necessary.

Shoppers Stop

H&M to double store count in India by year-end

Two new stores in Mumbai will come up at Phoenix Mills in Lower Parel and Phoenix Market City in Kurla, while Chennai will have its first H&M Store at Express Avenue Mall.

Mumbai: Swedish fashion retailer Hennes and Mauritz (H&M) on Monday said, it will be double the number of its stores in the country from six to 12 by year-end. The Indian unit of Hennes & Mauritz AB, which entered India in October and currently operates stores in Delhi, Punjab and Bengaluru, will expand to Mumbai, Pune and Chennai.

Two new stores in Mumbai will come up at Phoenix Mills in Lower Parel and Phoenix Market City in Kurla. Chennai will have its first H&M Store of over 34,500 sq.ft at Express Avenue Mall. Additionally, two locations have been confirmed for stores in Pune at Phoenix Marketcity (33,000 sq.ft) and Westend Mall (23,000 sq.ft) and a third location for Mumbai at Inorbit Mall, Malad, a suburb in Mumbai.

“H&M is having a great first year in India, the fantastic response from our consumers, to adopt international trends in their wardrobes, and a stronger economy has encouraged us to explore new markets in metros and beyond. All our new locations will be full concept stores, offering the latest in women’s, men’s and children’s fashion,” said Janne Einola, country manager, H&M, while sharing that the company plans to maintain the strategy of opening new stores in the market.

Globally, H&M had 3,970 stores as of 29 February and plans to open 425 more by November, The Wall Street Journal reported on 6 April. The company is the world’s second biggest clothing retailer by sales after Zara’s parent Inditex SA from Spain.

Inditex SA, the world’s largest clothing retailer which owns Zara, has been in India since 2010 in a joint venture—Inditex Trent Retail India Pvt. Ltd—with the Tata group’s hypermarket and department stores retail company Trent Ltd and has opened 16 stores in five years, according to its annual report for fiscal 2015.

Zara is one of the fastest growing apparel and lifestyle brands in India to have crossed \$100 million in revenue within five years of operations. However, H&M looks like it could cross the \$100 million mark in a much shorter time period. Despite its late entry in the country, H&M is getting prime locations as mall developers are making space for it, taking away the advantage of location for Zara. For instance, at Select City Walk in New Delhi, H&M has come in place of Pantaloons. Likewise, in Mumbai at Phoenix Mills and Inorbit Mall, its new stores will replace stores of existing retailers.

“Sales per sq. ft of Zara and H&M in India are roughly comparable adjusted for location and size. As H&M builds scale faster in a shorter time, it will manage to cross \$100 million in revenues even faster than Zara,” said Devangshu Dutta, chief executive officer, Third Eyesight, a retail consultancy firm.

India is the second-most attractive market for global retailers to expand after China, according to The 2016 Global Retail Development Index by consultancy AT Kearney. According to the firm, India has in the past couple of years improved the ease of doing business. Clarity on foreign direct investment (FDI) regulations too have helped.

To be sure, challenges remain. India continues to be a complex market for foreign retailers, where understanding dynamics at the state level is important as the country's 29 states have the power to opt in or out of FDI reforms. Also, infrastructure bottlenecks, including archaic labour laws, complex regulations, high attrition rates, and limited high-quality retail space, remain important areas of concern for retailers, said the AT Kearney report, adding that still, the potential is vast as the country presents a \$1 trillion retail market.

In the past year, several foreign retailers have entered India. In fashion, Aéropostale, The Gap, and The Children's Place entered in partnership with Arvind Lifestyle Brands. Topshop and Topman entered via e-commerce through Jabong.com, while H&M became the first international fashion retailer to enter alone after the government approved 100% FDI in single-brand retail.

Other sectors that saw multiple entrants include sports (Sonae, under the Sport Zone banner), restaurants (Wendy's, Jamie's Italian, Jamie's Pizzeria, Barcelos and Carl's Jr.) and convenience stores (UAE-based Fmart). Among existing international retailers, Marks & Spencer, Burger King, Dunkin' Donuts, Starbucks and Nando's have initiated significant expansion programmes.

Questions:

- a) Write a mission statement and carry out SWOT analysis of H & M. **6**
- b) Analyze the nature of competition using Porter five-force model for the Indian Retailing industry. Analyze its implications on H & M in India. **6**
- c) Based on above analysis recommend strategies to achieve their mission and objectives with reasons. Your analysis should include strategies depending on whether you would like to Shoppers Stop to become market leader, challenger, follower or nicher. **10**
