

Jagan Institute of Management Studies
End-Term Examination, April, 2017
Trimester III – PGDM (RM) 2016-18

Luxury Retail & Mall Management
ET_RM_LRMM_2004

Time: 3 Hrs.

M. Marks: 70

INSTRUCTIONS: This question paper has **TWO SECTIONS**. Attempt any **THREE** questions including **Q1 & Q4** which are compulsory from **SECTION A** and any **THREE** questions from **SECTION B**. The **SECTIONS** are attempted in separate answer sheet.

Section A

- Q 1** Attempt any **FIVE** of the following:
- a) What is Luxury? How is it evolving over time?
 - b) What are the *tangible and intangible* aspects of luxury? List and briefly explain each as you understand.
 - c) Please list the *Italian – American model of Luxury* and list the segments created. Kindly also mention key characteristics of each one of them. Please quote brand name as examples of each segment.
 - d) What do you understand by the term '*Democratisation of Luxury*'? Please describe the phenomenon as you understood this via a graphical representation of the same.
 - e) What is the full form of *EGM and BRICS*? Please list the important luxury market countries under each of EGM.
 - f) What is 'Retail mix' to you? What are the elements which form the retail mix?? What is multi-channel retailing and what are the formats of the same as known to you?
 - g) *A luxury brand has merchandising roles in various stages* or functions of the brand management. Can you explain this via a simple chart and the expected functions of the different merchandisers? **15**
- Q 2** '*India is an emerging luxury market*' – how do you justify this statement with statistics on the current size of the market, growth potential & future landscape? You may elaborate with respect to constraints, challenges; opportunities that you believe exist in the market along with key players and retail locations across the country. **10**
- Q 3** What do you understand by the term STP? Please explain in detail as to how they play a role in terms of competition mapping and unique offering of luxury brands. **10**
- Q 4** **Read the case and answer the questions given at the end.**

The Incredible Indian Luxury consumer

Luxury in India is growing at a breathtaking pace of almost 20+ percent for past several years. The market size is expected to exceed 18 billion \$ by 2017. Luxury is spreading its wings beyond the key cities of Mumbai, Delhi etc to the likes of Hyderabad, Pune, Nagpur, Chandigarh etc. Yet, India is still at the tipping point where luxury is concerned. Luxury is no longer the privilege of the few who were born into wealth; there is now a larger consumer base, which has the money to buy into luxury, but is not necessarily impressed by luxury unless they see value in it. They are younger, well-travelled, and more tech-savvy, do their research and critically evaluate what they spend on.

So who is fuelling this growth? In a majorly ‘aam aadmi’ (common man) country, who is the typical.

Indian who is indulging in this extravaganza? Indian consumers of luxury goods could be generally divided into various categories:

The ‘Khandani Raees’ or people with ‘Old Money’: Born with a silver spoon in their mouth, these small percentages of Indians perhaps contribute a maximum value to the luxury sales. For them, luxury goods, brands, products, services are a way of life and just an extension of who they were. The elitist, original, sophisticated, upper class spill over from the erstwhile nawab’s , kings, rajahs and maharajas...despite the privy purse restrictions, have continued their traditional conspicuous consumption all through the post-independence decades and have not been dependent on the new wave of luxury goods into India.

The ‘New Maharaja’ or people with ‘New Money’: Created post the industrialization phase of the sixties, the new industrialists, the nouveau rich, the new upstart, is a staunch consumer of luxury goods. This next generation having studied abroad has acquired sophistication reserved earlier for the khandani raees strictly!

The partition affected SME entrepreneur: This enterprising community invaded the trading world with a vengeance, working long hours making money through fair means or foul. Always felt ‘enjoyment’ was not for them...until their new generation started to pull them out of the closet. They spend in cash – abhor sophisticated sales people are crude yet gentle and value the money they spend because they earned it the hard way. This class perhaps considers ‘jewelry’ as the only safe investment in luxury goods! Yet their off springs connive to splurge on luxury vehicles as a show-off ‘we- have- arrived’ kind of syndrome!

The returning NRI: The reverse brain drain brings back a whole lot technocrats and their ABCD (American born, confused desi) off springs! They seek the westernized lifestyle which they left behind – some still use artificial accents to show their superiority to local Indians and at times end up being made mockery of!

The educated professional – HENRY: The management

graduate with MNC income – the DINK (double income no kids) category – the ‘high income not rich yet’ (HENRY) category shops luxury like there is no tomorrow. They buy luxury brands to meet high aspirations. Easy finance options – eat out – entertain – chill out – hang out groups in large numbers. They need to dress well, drink well, and socialize well and live for today. Luxury automobiles to latest mobile phones to season wardrobes – they are the next big spenders.

The YUUMY or The Flaunter: In India, most parents take on the responsibility of not only educating their children but also marrying them off suitably. The trend has now gone an extra mile towards the next step of ‘responsible parenting’ where even a apartment and a start-up career car is provided for by the parents! Hence a new breed of urban youth, ‘The young urban upwardly mobile’ has emerged. Basic amenities being provided for by the parents, this generation spends only on themselves. Hence, luxury consumption is on top of their agenda. Starts with a big flashy car—an expensive mobile...and so on.

The value seeker or Closet Consumer: They are cost conscious and seek ‘value’ even when buying luxury products. And, their definitions, symbols of luxury are often in variance with conventional definitions and symbols of luxury.

The bargain hunters: This class is visible during EOSS (end of season sales). Comes out in large numbers – walks around show rooms wondering why the goods are so expensive even during sale periods, buys small but will graduate to higher level purchases as their career progression supports them.

In general, luxury to most Indians can be summarised as quantitative and not qualitative. They will buy it but want a discount. They have a “Kitna Deti Hai” mentality. They believe in “Showing off” against functionality.

Questions:

- a) List out the key reasons as you believe are leading to the growth of Luxury in India. What are the key purchase motivators?
- b) Explain the categorization of luxury consumers in brief.

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Section B

Attempt any THREE questions:

- Q 5 Malls are not just shopping centers. They are lifelines of modern day living. Comment on the significance of shopping malls in the current contemporary urban Indian landscape.

10

- Q 6** Mall management is mainly an operations function; good operations make or break the mall. Comment & Elaborate **10**
- Q 7** Why do some malls succeed wildly while others—almost seven out of every 10, —fail? Give reasons, quoting real examples. **10**
- Q 8** What are the main factors to be kept in mind while designing a mall? How is design responsible for Mall success? **10**
- Q 9** Managing a Mall is essentially a case of treating a mall as a ‘product’, instead of a ‘place’. Comment & Elaborate. **10**
