Fosterfields

Brand: Mehta Solutions
Product Code: case187
Weight: 0.00kg

Price: Rs500

Short Description
Fosterfields

Description

Fosterfields CAST STUDY solution

Fosterfields, a department store retailing men's, ladies' and kids' apparel, casuals and related accessories, operated in an area about 35,000 sft in a mall that was around 200,000 sft. The mall had good customer entry, with an average of 20,000 visitors a day and Fosterfields was the anchor store of the mall. Founded in 1999, Fosterfields had the advantage of riding piggy-back on the reputation of the mall (which too was founded at the same time) that it had earned because of its state-of-the-art architecture. The company, since it could attract customers who came to the mall, spent very little on building its store brand and creating an identity for itself. A few promotions were done for the brands it was retailing through a cooperative effort with the companies owning the brands, mainly through newspaper inserts. This happened only sporadically, as getting the brands to do promotions exclusively for the store was difficult because they were present in other competitive retail outlets too and could not support such exclusivity often. In the beginning of the second year of operations, the mall management thought that they were not getting the right profile of customers and that conversions from browsing to buying in the entire mall was low. So they introduced entry conditions for customers such as the possession of mobile phones, credit cards, ID cards, etc. Alternatively, an entry fee of Rs. 50 would be charged on weekends (the amount could be redeemed on purchases). This was to prevent 'superfluous' footfalls in the mall. This had an absolute negative impact on customers and the number of people visiting the mall dipped to an average of 4,000 per day. This reduced the number of consumers coming into Fosterfields as well. Its business dipped by around 30% from the previous year, and the store found it difficult to pay the rent to the mall every month. Its payments to suppliers too were delayed. The store management then came up with the following steps to help turn it around :

(a) In order to get high 'conversion's, it introduced a loyalty programme with big benefits for customers - to the extent of 8% discount for gold card holders, 5% for silver card holders and 3% for ordinary card holders. This, however, did not lead to any significant business increase, and raised expenditure considerably.

(b) To optimize space (as the store had to clear a lot of overdue payments), the store started leasing some of it out to various brands from the store as a mall would do, adopting the 'landlord' strategy rather than retailing merchandise and earning margins. Consequently, employees who were afraid of losing their jobs - by now rumours were afloat that the store format would change and hence resources may be outsourced - started leaving for other competing companies.

(c) Despites its financial troubles, the company opened another Fosterfields departmental store of the same kind in a neighbouring town, investing a good amount of money. This was done in order to uphold the original plans of expansion and with the hope that scaled - up operations would give the company more bargaining power. Employees were now fleeing at a fast rate as the management could not initiate timely performance appraisals. As the second financial year came to an end, the frontline manpower turnover rose to 45%. Since the store was now buying less from suppliers it was not able to bargain for large discounts from brands or avail of benefits on the agreed purchase quantities.. The ERP package that it had planned could not be bought and its plans to discipline its MIS and effect auto replenishments also did not happen. As a consequence, the entire inventory management process and the supply chain were rendered dysfunctional. Managers who were heading various functions then left the organization. The store was now left with a few junior- and middle-level executives - a few department managers, category merchandisers and buyers, a marketing executive, a technology executive, a warehouse in-charge, a store accounting executive, etc. And they now reported directly to the CEO. The organization is part of a financially strong business group and its desire to make a success of its diversification into retailing is steadfast. The plus factor is that organized retailing is poised for huge growth in India, as many research agencies have reported.

Questions :

(a) Should Fosterfields continue to partner the mall ? Discuss.

(b) Comment on the store positioning strategy that Fosterfields should follow.

(c) What measures would you recommend to motivate and reassure employees so that the attrition rate at Fosterfields comes down ?

(d) What in your opinion should be the plan of action to ensure the turnaround of Fosterfields ?

Details

1. Case study solved answers

2. pdf/word in 24-48 hrs

3. Fully Solved with answers