**Global Retailing**

**December 2021 Examination**

# 

# Q1. What strategy did Hindustan Unilever to enter south east Asian countries. Do you think the strategy will succeed? (10 Marks)

# Answer 1.

## Introduction

Through the years, India has become one of the most popular destinations for customers of many multinational corporations. With India representing the second biggest economy in the world, marketers are attracted to it, simply because of the immense opportunity presented by its population. Hindustan Lever became one multinational that virtually became a domestic-grown brand and established foot as Unilever subsidiaries. There's no barrier to cashing in on the tiniest niches available using this organization's techniques. Various studies have been conducted in

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**Q2. How should Vicco Vajradanti create an amazing display (give an idea for visual merchandising you are allowed to sketch and show and give a small writeup) on the US strategy of Vicco inside their stores which will make it stand out? What is the concept you can think of? (10 Marks)**

# Answer 2.

## Introduction

Ayurvedic product has emerged within the VICCO group, developed by late Shri Ok. V. Pendharkar in 1952, being an arena-famous and the most essential product of the traditional Indian natural medicine world. They were the first in the beauty products industry to enhance the beauty products records with the introduction of modifications in beauty products. Each year, the company generated approximately 1500 million Indian rupees in sales, with plants in Dombivli,

# Q3. Case Study

# Dollar General hatches big plans for store expansion

# New formats, retail concepts accompany 1,050 new units planned for 2021

# Dollar General didn’t hold back brick-and-mortar expansion in fiscal 2020, as the dollar store chain tallied growth of more than 20% in net sales and over 15% in same-store sales for the year.

# Also on Thursday, Dollar General Executives said two new store formats are slated to launch in 2021 and, over the long term, the company foresees opportunities to double its store count. This year, the Goodlettsville, Tenn.-based retailer also expects to wrap up phase one of DG Fresh, its two-year-old program to shift to self-distribution of perishables and sell more fresh and frozen food in stores.

# Related: Dollar General to build first brand-new dual distribution center

# Dollar General opened 1,000 new stores, remodeled 1,670 stores, relocated 110 stores and closed 101 units during the 52 weeks ended Jan. 29. Those totals were up across the board from fiscal 2019, when the deep value retailer opened 975 new locations, remodeled 1,024 units, relocated 100 units and closed 67 stores. And on the e- commerce side in 2020, the company stepped up expansion of its click-and-collect service, DG Pickup, to more than 17,000 stores.

# As of the close of fiscal 2020, Dollar General operated 17,177 stores in 46 states, a net increase of 899 from 16,278 stores in 44 states in 2019. Its stores are located within five miles of about 75% of the U.S. population.

# Related: Dollar General promotes Emily Taylor to chief merchant

# At the top line, fiscal 2020 net sales jumped 21.6% to $33.75 billion from $27.75 billion a year earlier, fueled by a sales lift from new stores and comparable-store sales growth, Dollar General said. Same-store sales surged by 16.3% year over year, reflecting a higher average basket size partially offset by decreased customer traffic.

# Dollar General noted that changes in shopper behavior triggered by COVID-19 had a “significant positive effect” on net and same-store sales in fiscal 2020. Comp-store sales growth reflected net sales gains in the consumables (+19.7%), seasonal (+25.3%), home products (+37.1%) and apparel (+24%) categories.

# The bottom line rose by nearly $1 billion in fiscal 2020. Full-year net income totaled

# $2.66 billion, or $10.62 per diluted share, versus $1.71 billion, or $6.64 per diluted share, in fiscal 2019. Net earnings for 2020 showed no significant change on an adjusted basis, compared with adjusted net income of $1.74 billion and $6.73 in 2019.

# Analysts, on average, had forecast fiscal 2020 adjusted earnings per share of $10.73, with estimates ranging from $10.59 to $10.93, according to Refinitiv.

# Dollar General notched its 31st straight year of same-store sales growth in 2020, according to CEO Todd Vasos.

# “In 2020, we celebrated the opening of our 17,000th store and the launch of our newest store concept, popshelf. In total, we completed a record 2,780 real estate projects during

# the year, exceeding our initial target of 2,580 projects as we continued to build and strengthen the foundation for future growth,” Vasos told analysts in a conference call on Thursday. “From a position of strength, we also made targeted investments in other key areas, including the acceleration of certain strategic initiatives to strengthen our competitive position and further differentiate and distance Dollar General from the rest of the discount retail landscape.”

# New store concepts on tap

# For 2021, Dollar General has 2,900 real estate projects in the pipeline, with plans to open 1,050 new stores, remodel 1,750 stores and relocate 100 stores. That includes two new prototypes that build on the Dollar General Plus (DGP) and Dollar General Traditional Plus (DGTP) format, which is larger than traditional Dollar General stores to accommodate more coolers and freezers for food and beverages.

# “Similar to our larger-footprint DGP concept, the first new format has selling space of approximately 8,500 square feet, which compares to about 7,300 square feet of selling space for our traditional store. Beginning later this year, this new format along with our DGP concept will become our base prototype for nearly all new stores, replacing both our traditional and higher-cooler-count DGTP formats, allowing for a more optimized assortment and room to accommodate future growth,” Vasos said in the call. “Our second new format is even larger, with approximately 9,500 square selling feet and will be deployed opportunistically across new-store, relocation and remodel opportunities.”

# Dollar General began piloting the two new store formats in 2020. “On average, our DGP and new store formats are outperforming the chain on a comp-sales basis and have considerably higher sales volumes compared to both the traditional and DGTP store, which bodes well for the future as we look to increase their unit counts in the years

# ahead,” said Vasos.

# Plans call for the first new format and DGP to account for more than 550 store projects this year, with the second new format earmarked for over 100 locations, according to Chief Operating Officer Jeff Owen. “With about 8,500 square feet of selling space, both our first new format and DGP concept allow for expanded high-capacity cooler counts, an extended queue line and a broader product assortment including NCI [non- consumables], a larger health and beauty section, and produce in select stores,” Owen told analysts. “The second new format consists of about 9,500 square feet of selling space. In addition to an extended queue line and broader assortment, this larger layout also includes nearly 50 high-capacity coolers, an expanded produce offering, fresh meat and additional checkout lanes including a self-checkout bullpen with multiple stations.

# “We believe this even larger format better positions us to meet the growing needs of our customers, particularly in highly underserved markets,” he explained. “Overall, these larger formats allow us to incorporate our best and most impactful initiatives and are designed to expand high-growth, traffic-building categories in a more customer-friendly format, all while continuing to drive strong returns.”

# Dovetailing with that are existing initiatives to boost perishables and home goods. Plans call for Dollar General to add fresh produce in about 700 stores in 2021, bringing the total number of stores with that offering to more than 1,800, Owen said. He described the retailer’s cooler expansion program as its “most impactful merchandising initiative.” During 2020, the chain added more than 62,000 cooler doors across its store base, and it expects to install more than 65,000 in 2021.

# Dollar General also plans to expand its Non-Consumables Initiative (NCI), which brings stores an expanded home section, including home decor, bath, kitchen and party items. More than 5,800 stores offered the NCI concept at the end of 2020. “Given our strong performance to date, we plan to expand this offering to about 5,700 additional stores this year, bringing the total number of NCI stores to more than 11,000 by year- end,” Owen said.

# Also in 2021, Dollar General aims to bring its popshelf $5-and-below store format into Dollar General locations as specialty shops. The company opened the first five popshelf stores in 2020, and their strong early performance has the retailer speeding up the rollout from an initially planned 30 stores to 50 stores by the end of 2021. Sized at around 9,000 square feet, popshelf stores offer on-trend seasonal and home décor, health and beauty care, home cleaning supplies, party goods and entertaining needs.

# “We also plan to incorporate this concept in up to 25 Dollar General stores in 2021,” Owen said. “In terms of our store-within-a-store concept, a smaller-footprint popshelf shop will be prominently positioned in the center of the store, and we will display both Dollar General and popshelf branding on exterior entrances to build and maximize awareness. From these initial stores, our goal is to test, learn and ultimately expand to more locations over time as we look to leverage the unique strengths of these complementary formats.”

# DG Fresh sees accelerated rollout

# Under the DG Fresh effort, Dollar General ended up self-distributing refrigerated and frozen consumables from 10 facilities to more than 16,000 stores at the end of fiscal

# 2020, up from its previous projection of 14,000-plus stores.

# “Overall, we remain well on track to complete our initial rollout across the chain in

# 2021,” Owen said during the analyst call. “The primary objective of DG Fresh is to reduce product costs on our frozen and refrigerated items, and we continue to be very pleased with the product cost savings we are seeing,” he noted. “In fact, DG Fresh continues to be the largest contributor to the gross margin benefit we are realizing from higher initial markups on inventory purchases, and we expect this benefit to grow as we continue to scale this transformational initiative.”

# Dollar General plans to open another two DG Fresh facilities in 2021, and the company expects its combination DG Fresh and dry distribution center in Blair, Neb., to be completed in late 2022.

# “Another important goal of DG Fresh is to increase sales in these categories. We are pleased with the success we are seeing on this front driven by higher overall in-stock levels and the introduction of new products in select stores being serviced by DG Fresh. Given our success to date, we are further accelerating the rollout of additional offerings with the recent introduction of even more products, including both national and private brands, as we look to further optimize our assortment while increasing our relevance with customers,” said Owen.

# “And while produce is not included in our initial rollout plans, we believe DG Fresh

# provides a potential path forward to expanding our produce offering to more than

# 10,000 stores over time as we look to further capitalize on our extensive self- distribution capabilities,” he added.

# Over the long term, Dollar General projects approximately 17,000 new store opportunities across its formats, including its mainline stores, popshelf outlets and DGX express/convenience stores.

# “We estimate there are now approximately 13,000 additional small-box store opportunities in the continental U.S. which are available for a Dollar General store. This compares to our prior estimate of nearly 12,000 opportunities and is inclusive of our

# 2021 new unit pipeline,” Owen said. “Although these opportunities are available to all small-box retailers, as a leader in small-box retail, combined with our proven track record of new-unit development and format innovation, we believe we are well- positioned to capture a disproportionate share.”

# Dollar General sees about 3,000 additional store opportunities for popshelf and 1,000 for the roughly 3,500-square-foot DGX format, introduced in 2017.

# Owen said these opportunities offer“long runway for new-unit growth” to Dollar General. “Overall, our real estate pipeline remains robust, and we are excited about the significant new-store opportunities ahead.”

# a. How has Dollar General, captured part of the US market? What is the strategy? (5 Marks)

# b. What do you think is the most successful period in a retailer’s life? What steps he should take to grow and make profits? (5 Marks)

# Answer 3.

## Part 3A.

### Introduction

One of the world's best-known retailers Dollar General established 1,000 new stores in 52 weeks; 1,670 stores were restored, 110 moved, and 101 units were closed, in the 52-week period of time ending January 29. Over the course of fiscal2019, 975 new sites were added, 1024 apartments were redeveloped, 100 apartments were relocated, and 67 corporations were closed across the

**Ans 3(b).**

In the debate regarding the bank capital law, one aspect that has been devoted to significant discussion has been the potential role that provisions for losses on bank mortgages may play as a component of a comprehensive capitalization regulatory issue. The Basel Committee on Banking