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MARKANDA NATIONAL COLLEGE

Shahabad (M.)

A Project report of

Retailing(Add on course)

In partial fulfillment of the

Requirments For

Certificate course in retailing(2022-23)

{A case study of Reliance Industries ltd.}

Submitted by:

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Reliance

Industries Limited

Reliance Industries Limited (RIL) is an Indian conglomerate company headquartered in Mumbai, Maharashtra, India. The company operates through three business segments: petrochemicals, refining, and oil and gas; other divisions of the company include textiles, retail business, special economic zone (SEZ) development and telecom/broadband business.

FOUNDER CHAIRMAN

Growth has no limit at Reliance. I keep revising my vision.
Only when you can dream it, you can do it."



Dhirubhai H. Ambani
Founder Chairman Reliance Group
December 28, 1932 - July 6, 2002

Retail Management

(A Case Study on Reliance Industries)

Dr Seema Singh Rathore*

PrivankaRathore**

ABSTRACT

Retailing in India is becoming increasingly important, and organized retailing is poised to grow at an exponential rate. These growth opportunities have even attracted global majors who are setting up shop in India. The growth of the retail sector will make retailers powerful intermediaries in the marketing channel, bridging the gap between manufacturers and consumers. Therefore it will be the power of the consumer as well as that of the retailer in the marketing channel that will spearhead the growth of retailing in India. The main objectives of the study is to know the present system and weakness of Retail Management in Reliance and to suggest measures to improve the quality of goods purchased from reliance stores, it is being studied by filling 730 questionnaires from the customers of the selected stores of the Reliance stores in Jaipur city by the Convenience and Random sampling This study is descriptive and empirical in nature where it is totally based upon observational study which is being done by collecting the primary data, interview based, and secondary data based. According to survey on reliance fresh it has been observed that in spite of having all the modern retail outlets facilities and technologies the sales are decreasing and Reliance retail industry is catching the eyeing of every management prospects to get into for their career options and it look forward for future career option in the most lucrative and opportunistic. The study suggests that reliance industry needs to Connect with the customer by considering sales per square foot or potential sales at a particular location in addition to rent, Reliance it can also increase the variety of items that customers can purchase, and can also negotiate price on items with suppliers. At last the conclusion of the study is that Retail Marketing focuses on the segmentation, targeting, positioning and branding of a retail store and the methods of communicating this to the consumer. The marketing tools that a retail organization uses to pursue its marketing objectives are termed as the retail marketing mix a long- term performance is largely determined by its strategy the strategy coordinates employee's activities and communicates the direction the retailer plans to take. Retail market strategy describes both the strategic direction and the process by which the strategy is to be developed.

INTRODUCTION

Reliance Fresh concerned it has been realized that Reliance Fresh is very different from what any retail has offered in India so far. Unlike global retailers who operate on thin margins, Reliance Fresh is looking at a fairly high-margin business model. Reliance Fresh is a unique format. It deliberately stopped short of being a full-fledged supermarket (a tried and tested model in India). Reliance wants to build a high-profitability business and F & V, dairy items & grocery items are perhaps, the best place to start. That is because the Indian food supply chain is grossly inefficient. There are several intermediaries, each of whom adds his profit margin to the cost. Besides, there is a huge wastage in transit. This offers potential for savings and profits.

Globally, supply chains are fairly mature and efficient. This gives the retailer little opportunity to improve margins. But in India, any retailer who builds an efficient supply chain stands to gain. Efficient sourcing is one of its advantages. They bring down the cost of real estate (and increase profits).

According to survey on Reliance Fresh it has been observed that in spite of having all the modern outlets, facilities and technologies the sales are decreasing. But sales can be increased or decreased if Reliance Fresh emphasises more on the following areas:

- Range of Products
- Checking Out
- Prices
- Parking
- Comparable cost
- Customers
- Customer service
- Location

Finally, Reliance retail industry is catching the eyeing of every management prospect to get on their career options and it looks forward for future career options in the most lucrative and opportune Reliance retail industry.

REVIEW OF LITERATURE

Retailing is the set of business activities which adds value to the product and services to consumers for personal or family use. All retail operations require the retailers to have a deep understanding on how to serve the needs of their customers. Nair Suja (2006), Organised retailing is the most happening sector today. The technological advancements are considerably influencing the retail sector, helping to improve customer service and organise it better. It thrives mainly on electronic technology. Babunagendria and Avina (2007), Today suburban sprawl is driving the appearance of new warehouse retail formats that are often located in large spaces away from residential areas and, online retailing has made location somewhat less central as a store choice criterion. Achabal, Gorr and Mahajan (1982), They find that store environment factors, particularly price, quality, employee service quality, merchandise price, merchandise quality, and merchandise presentation, significantly affect consumers' perception of merchandise price, merchandise quality, and merchandise presentation. Baker et al. (2002), Store atmosphere has a social identity effect on consumers' perception of socially communicative products, particularly price, merchandise quality, and merchandise presentation. Schlosser (1998), They develop a product saliency framework to examine how consumers form an overall store price image. Manroe and Desai and Talukar (1999, 2003), They show that retail promotions in any one category do not affect

influence a consumers store choice decision , but they indirectly affect where the catrgory is purchased Buckling and Lathin (1992) ,customer shopping experience , product variety at different price points and cost advantage were studied by Sahudebajani and Mishra (2018).

OBJECTIVES OF THE STUDY

- To know the present system and weakness of Retail Management in Reliance.
- To assess the role of Retailing in meeting the emerging needs and challenges facing the Reliance Industry.
- To highlight the current policies with regard to retailing in the Reliance Industry.
- To suggest measures to improve the existing Retail Management.
- To see the response of the shoppers towards malls which are now opening up in the metros and big cities as perceived by retailers.
- To study the customer satisfaction and the employment generating schemes of retail stores.
- To suggest measures to improve the quality of goods purchased from reliance stores.

HYPOTHESIS OF THE STUDY

- There is no significant difference in customers age group and about retail store practices implemented by various departmental store
- Goodwill of reliance store has improved due to better retail management.
- Retail store has affected the business of local shops.
- Opening of retail store has increased the customer satisfaction and employment generation
- People are highly satisfied with the services of reliance retail store.

RESEARCH DESIGN & METHEDODOLOGY

The research design was descriptive in nature. An attempt has been made to outline major decision taken by researchers to execute empirical study relating to Reliance Retail management implemented in 2005 -09 in Jaipur city. No testes have been applied it is totally based upon Observation of primary data, Interview and Secondary data.

SAMPLE DETAILS

The primary data was collected from 730 customers from the selected branches of reliance retail store in Jaipur city. The research has used the convenient and random sampling method to collect the data.

SAMPLING MEDIA

The collection of primary data was personally administered Questionnaire with personal interview programme by the researcher at the randomly selected branches across the Jaipur city of Reliance Retail store.

LIMITATIONS OF THE STUDY

- The employees of store are not willing to give any information regarding the working of stores.

5. VARIOUS BRANDS OF RELIANCE RETAIL AND THEIR PRODUCTS:

Reliance Retail operates chain of various business outlets across the country [19]. Each of these have their own priorities and line of business. The following table summarizes some of the many of Reliance retail

Table 2: Various brands and products of Reliance Retail

Brand	Description and Products	Website / e-shopping site
Reliance Fresh	Largest chain of store for Fresh Vegetables, fruits and dairy products	-
Reliance Smart	Supermarket offering everything including fresh produce, bakery, dairy products, home appliances and general merchandise under one roof	https://www.reliancesmart.in
Smart Point	A convenience store to order goods online and pick them up from local Smart Point	http://reliancesmartpoint.com
Jio Mart	Online Grocery Store	https://www.jiomart.com
Reliance digital	Largest consumer retail chain of electronic items and goods	https://www.reliancedigital.in
Trends	Largest fashion shopping spot for men, women and kids	https://www.trends.ajio.com
Trends footwear	Largest retail chain of footwear	-
Reliance jewels	Leading jewellery specialty retail chain	https://www.reliancejewels.com

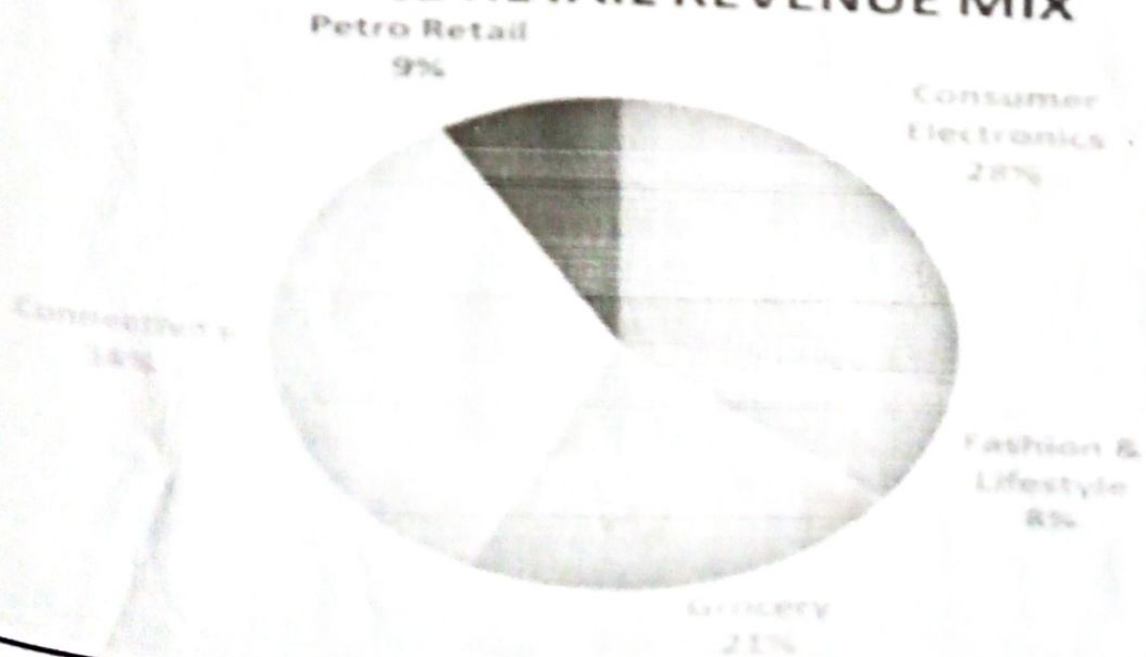


Reliance

RETAIL

Reliance Retail Revenue Mix (FY 2019-20)

RELIANCE RETAIL REVENUE MIX





THE RELIANCE GROUP

Unlike the Tata and the Birlas which are a household name in India for centuries, Reliance saw its roots in post independent India in the late 60s. Reliance started as a fledgling establishment dealing in textiles with gradual diversification in the next decades.

The Early Years

Dhirajlal Hirachand Ambani more popularly known as Dhirubhai Ambani formed the Reliance Commercial Corporation in 1966 trading in textiles. They popularized the brand "Vimal" and made a household name through its extensive marketing by the company. The company was renamed Reliance Industries in 1973 and eventually taken public in 1977. The corporation gradually moved into petrochemicals, media, telecommunications and other industries eventually becoming a US 155 billion company at the time of Dhirubhai Ambani's death in 2002. Following his death, the two sons of Dhirubhai Ambani Mukesh and Anil Ambani split the company into Reliance Industries Limited (RIL) headed by Mukesh Ambani and Reliance Anil Dhirubhai Amabani Group (RADAG) headed by Anil Ambani. RIL currently operates in the petrochemicals, petroleum and natural gas, textiles, retail, telecommunications and media industries offering a slew of products and services. RADAG currently operates in the financial services, construction, entertainment, power, health care, aviation and defense industries. Reliance Communications which is owned by RADAG filed for bankruptcy in 2019 following accumulation of debts to the tune of Rs.50, 000 crores (over US 85 billion).

Reliance Industries Limited

Following the split of Reliance Industries in 2006, the Mukesh Ambani led RIL's core business was in the petroleum, natural and petrochemicals sector. RIL was quick to realize the potential of the then untapped Indian retail sector which currently is worth over US \$600 billion. Reliance retail began operations in 2006 with its first store Reliance Fresh in Hyderabad, India. Since then, Reliance Retail (a wholly owned subsidiary of RIL) has expanded exponentially and currently is the largest retailer in India operating over 10,000 stores across India with the Future Retail following at a distant second with over 3,000 stores. Revenue from Reliance Retail stood at US \$19.32 billion as of 2018-19.

9. FINANCIAL GROWTH OF RELIANCE INDUSTRIES :

Financial analysis is the phenomenon of determining the performance and suitability of and feasibility of projects, budgets, and other financial operations. The following table shows the Financial growth of Reliance for the past years from 2016-2020 [29].

Table 3: Financial statements of Reliance Industries :

Rs (in Crores)					
	Mar'20	Mar'19	Mar'18	Mar'17	Mar'16
<u>INCOME</u>					
Net Sales Turnover	335978	371616	290042	242025	233158
Other Income	14541	8822	8220	8709	7821
Total Income	350519	380438	298262	250734	240979
<u>EXPENSES</u>					
TOTAL EXPENSES	284125	312762	238301	198769	193811
Operating Profit	51853	58854	51741	43256	39347
EBITDA	66394	67676	59961	51965	47168
Depreciation	9728	10558	9580	8465	8590
EBIT	56666	57118	50381	43500	38578
Interest	12105	9751	4656	2723	2562
EBT	44561	47367	45725	40777	36016
Taxes	9413	12204	12113	9352	8632
Profit and Loss for the Year	35148	35163	33612	31425	27384

1. BUSINESS STRATEGY ADOPTED BY RELIANCE RETAIL:

Porter's Five Forces Model is simple yet a powerful tool to assess and get to know about the competitive factors which affect the environment in a business and also to know about how to achieve and make profits.

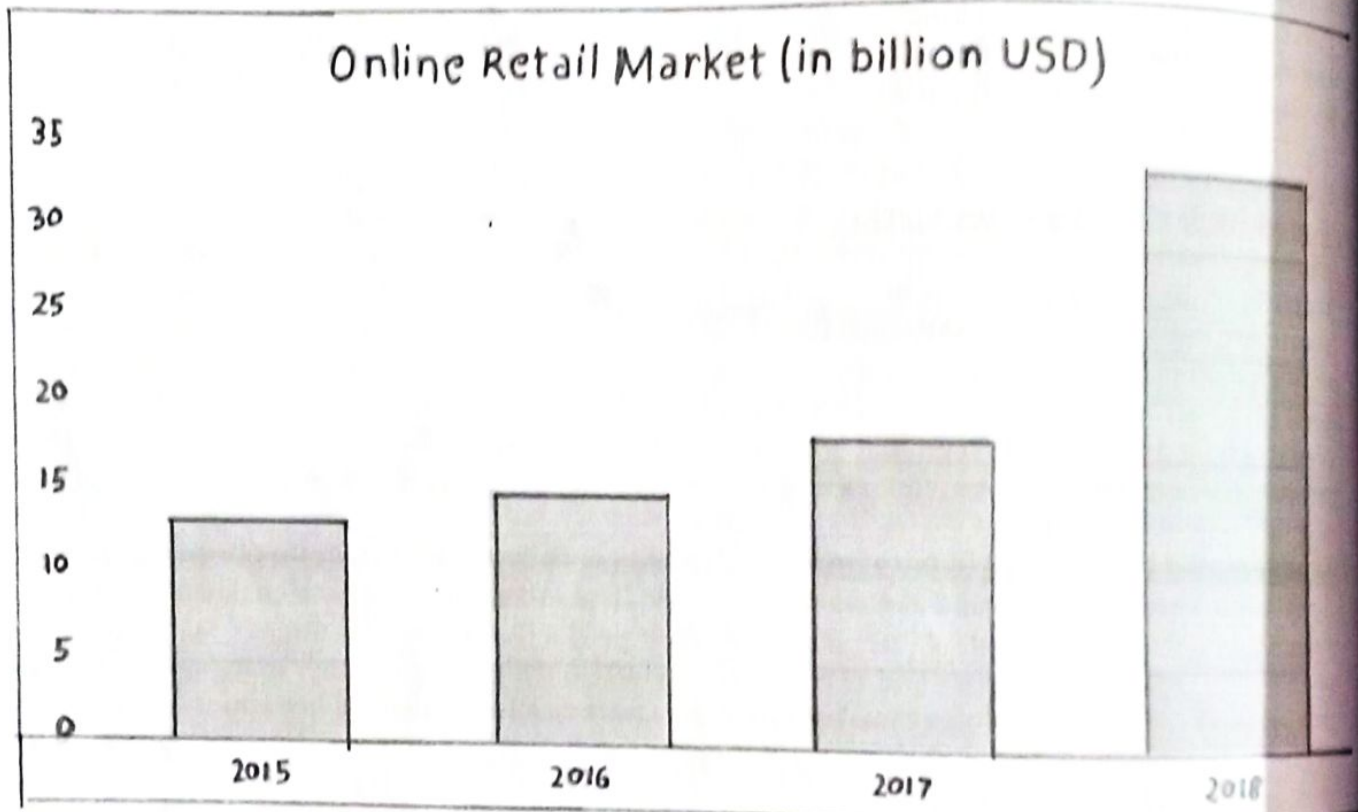
According to Porter, there are five forces which takes an Industry to the topmost position [20]. These forces are:

1. Fear of fresh entrants to the market
2. Suppliers and their power to bargain
3. Buyers and their power to bargain
4. Fear of like/substitute Products
5. Rivalry from Competitive products

Reliance Retail closely comply to Porter's Five Forces Model which is as discussed below:

- (i) **Fear of fresh entrants to the market:** According to Porter, new companies and retail industries in the current scenario can introduce new products and can drastically reduce product prices and also the profit of the existing industry or firm. Any Retail sector is exposed to high threats of new entrants due to low setup cost and need for infrastructure. But Reliance Retail is able to withstand the threat of new entrants by making themselves unique among all other retail companies by providing a very good customer support and high quality products and a variety of products. The price of all retail products is kept reasonably nominal with various discount offers from time to time, which is not possible for any new entrants. Reliance is already an established brand which acts as a barrier for new entrants into the market.
- (ii) **Suppliers and their power to bargain:** This depends on the concentration of suppliers, that is how many such suppliers exist and the amount of work. The other factors which enhance Supplier's strength are the total count of suppliers for every product and also the unique feature of the products/service [20]. Reliance has a very good potential supplier base for each of the products that they sell and also have their own brand of products, which makes it beneficial in terms of uniqueness of products and also helps in keeping other suppliers under control so that they don't increase the prices and terms and conditions.
- (iii) **Buyers and their power to bargain:** Assessing the power of buyers to bargain can be done by asking a simple question such as 'how easy is it for buyers to bring the prices down of your products?'. This is related to a number of factors, such as how important every buyer is to your business, how important your product is to the buyers, how often the buyers usually switch from your product to that of the competitors or circulation of similar products in the market. Sometimes the powerful buyers may rule you by their dictating terms [20]. In the case of Reliance retail, this is minimal. The reason being the low price, good quality and, of course, customer loyalty. Over time the company's popularity increases with the increase in the number of customers. This is so true with Reliance retail.
- (iv) **Fear of like/substitute Products:** This is one of the important driving forces to bring down business. This refers to the way your customer finds a substitute for what you have been doing or offering. A substitution in this way can always weaken the position and also pose a threat to the profitability of the business. Definitely, there has been a great deal of threat from substitute products for Reliance Industries. Especially from the products that are manufactured in China, the Philippines and Thailand. This has been happening for quite some time now and has posed a great threat to all companies and industries. But Reliance retail has been able to cope up with the threat of substitutes in a unique way by offering quality products unlike the ones that are manufactured in other countries and also by pricing them aptly and giving to the customers.
- (v) **Rivalry from Competitive products:** Competitive Rivalry means how many competitors you have and what the capability of your competitors is. If business has a large number of competitors offering equally attractive and good products and services, then that business will have little or no power at that point of time. Suppliers, buyers and competitors will not continue their business with you if they come to know that there is no benefit from you. Also, if nobody is able to offer the products at the

Indian Online Retail Market Size



Source: Indian Brand Equity Foundation

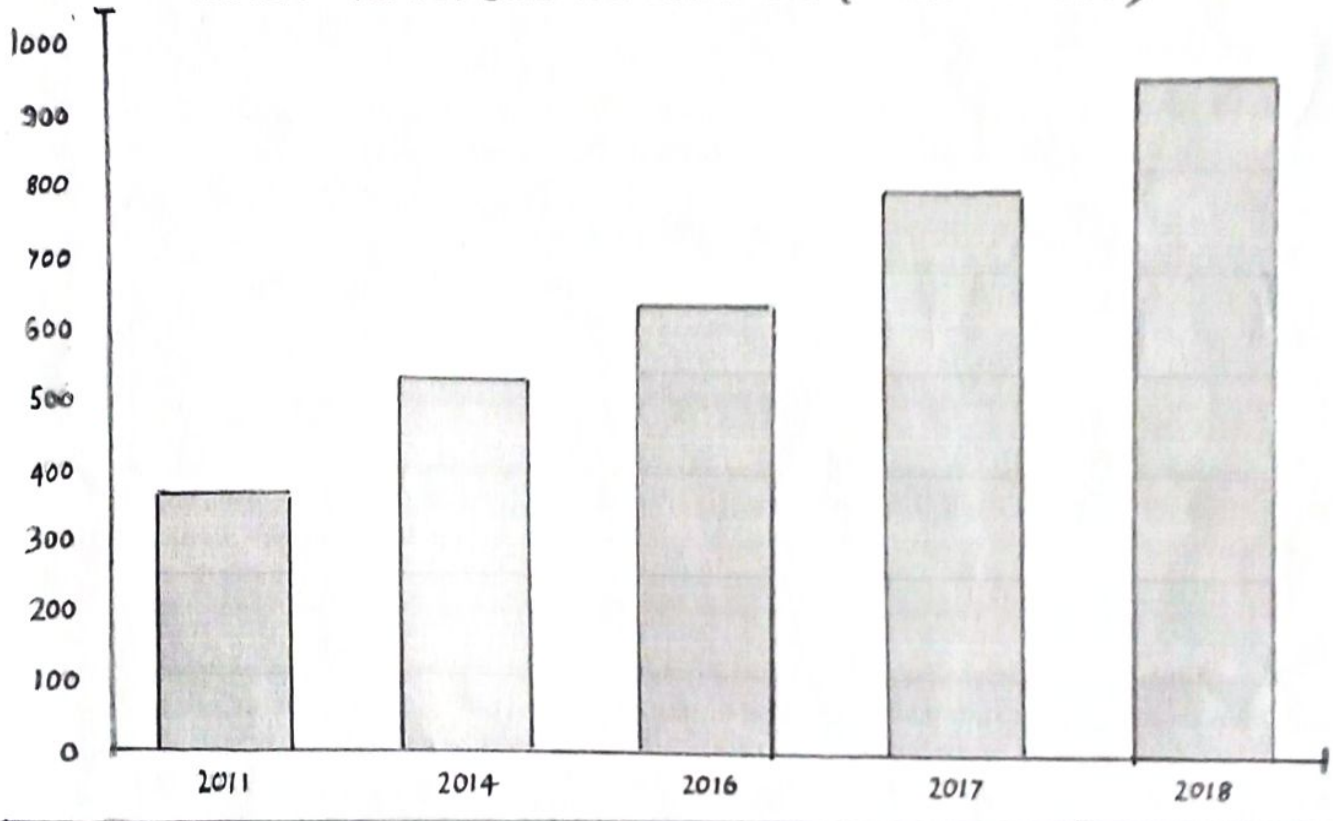
EXHIBIT 5

Performance of Amazon and Flipkart (all figures in INR crores)

		2016	2017	2018	2019
Amazon	Revenue	2275.4	3256.6	5018.1	7594
	Loss	3679.9	4830.6	6287.2	5685.4
Flipkart	Revenue	1951.7	2253.5	2790.9	4234.5
	Loss	2305.7	1639.3	1160.6	1625.7

Indian Retail Market Size

Retail Market Size Across India (in billion USD)



CONCLUSION

Retail Marketing focuses on the segmentation, targeting, positioning and branding of a store and the methods of communicating this to the consumer. The marketing mix that an organization uses to pursue its marketing objectives are termed as the retail marketing mix.

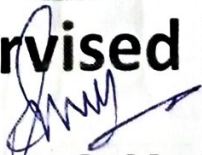
The components of the retail marketing mix are Product, Price, Place, Promotion, Presentation, People and Customer Service. The retail marketing mix is used to develop an appropriate marketing strategy for the store, depending on the target market to be serviced. Markets are large and varied and so are the needs of the customers. The marketing strategy evolved as a result of segmentation, targeting and positioning is commonly known as STP marketing. The segment of the market and the positioning strategy adopted by the retailer dictates the image of the store. This in turn, decides the communication mix that the retailer needs to communicate with consumers.

Communication is an integral part of the retailer's marketing strategy. Promotional communication is used to inform the customers about the retailer, the merchandise and the services. It also serves as a tool for building the store image. The retailer can use various platforms/channels for communication. The most common tools are Advertising, Sales Promotions, Public Relations, Publicity and Personal Selling.

A Retailer is a business that sells products or services, or both, to consumers for their personal or family use. Retailers attempt to satisfy consumer needs by having the right merchandise at the right price, at the right place, when the consumer wants it. Retailer also provide markets for producers to sell their merchandise. Retailers are the final business in a distribution channel that connects manufacturers to consumers. A distribution channel is a set of firms that facilitate the movement of products from the point of production to the products from the point of sale to the ultimate consumer.

A
Project Report
On
Add on course
Submitted to
Markanda National College Shahabad
In
Retail mechanism of Nike
Diploma in Retail Management
(2022-2023)

Supervised by:


Prof. S.S.Kajal

Submitted by:


Aanchal Verma

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INTRODUCTION

Nike, Inc. is an American multinational association that is involved in the design, development, manufacturing and worldwide marketing and sales of apparel, footwear, accessories, equipment and services.

The company's world headquarters are situated near Beaverton, Oregon, in the Portland metropolitan area (USA). It is a major producer of sports equipment and one of the world's largest suppliers of athletic shoes and apparel.

It employs more than 44,000 people worldwide and in 2014 the brand alone was valued as \$19 billion (€17,5 billion), making it the most valuable brand between sports businesses. Founded by Bill Bower man and Phil Knight on January 25 1964, as Blue Ribbon Sports, the company became officially Nike, Inc. on May 30 1971. The company was named after the Greek goddess of victory, Nike.

Apart from its own brand, Nike market its products under Nike Pro, Nike+, Nike Golf, Nike Blazers, Air Jordan, Air Max and other as well as subsidiaries including brands Jordan, Hurley Int. and Converse.

Nike sponsors many high-profile athletes and sports teams around the world, with the highly recognized trademarks of "Just Do It" and the Swoosh logo (which represents the wing of the Greek goddess Nike).

Nike has acquired several apparel and footwear companies over the course of its history, some of which have since been sold. In order to refocus on its core business lines, Nike began selling some of its subsidiaries in the 2000's. Since 2013, Nike owns two key subsidiaries: Hurley Int. and Converse, Inc.

Nike does omnichannel right :

You wouldn't think the shopping experience at a fortune 500 company would make the day, but my recent encounter with Nike did just that! Recently, a buddy came down to visit. While here, we visited the Nike store on Newbury street in Boston. This was not a super special shopping trip, but he thought maybe he would grab some shoes and a pair or two of shorts. Nothing huge, but upon entry to the Nike store, I noticed the experience they were providing was really something different, and

masterful in their approach to omnichannel retail. From the vibrant entrance to the well-placed mannequins and great displays, the store already setting customers up to feel happy enough to buy. But it doesn't stop there. This post will explore the omnichannel retail implementation at Nike from the perspective of a consumer, with my comments as a technologist so you too can apply these concepts/technologies, strategies into your own omnichannel retail presence.

Design for omnichannel retail :

In this Nike store, as I mentioned they truly are making the actual store design accessible and easy to navigate. They make great use of colors/textures/design to truly enhance the actual mood of the customer. If you look at Google for a second, who has come to be the epitome of fun/vibrant workplace design to get more out of their people, the same applies to retail stores. Filling their stores with colors, placing their most vibrant designs on mannequins and using natural textures delivers a powerful buying environment. The Nike store is a marvel of omnichannel retail design. It helps make the connection for consumers that this is not simply a retail store, but they are a brand with the right technology in their products to deliver great activewear, which is reflected in the quality of the store design itself. Since a picture is worth a thousand words, check out the designs below. This is obviously a large space, and does have a lot of room for design aesthetics, but the point is they make you feel good about the brand before you've even decided to buy something, making it easy to consider an actual purchase. In addition to the store, if you look at the Nike website, the very first thing is a whole page of all different color jerseys. This is to A) appeal to a wider range of people B) to excite the consumer to purchase. You can actually accomplish this easier than you might think, by using modern, chic looks which can come from Pinterest, using household materials and wood.

structures.



Getting product from everywhere

When you shop at Nike, or at Nike.com, you'll notice (maybe you wouldn't which is kind of the point) that you can shop anywhere and have the product show up anywhere you'd like. I'm referring to buying online, picking up in store or buying in store and receiving the product at home, or simply having it ordered and ready at another store. Whatever the case may be, the omnichannel retail system being utilized is ready to provide any product Nike carries, anywhere the consumer could possibly want it to be. This really is what consumers expect now. If you think about what this is from a technical perspective, it is simply one common database, with parameters to edit which locations the product is on hand, and which locations to ship the product too. It is not overly complicated, and yet many retailers are STILL missing this point. While Nike may have put a few million dollars into the entire customized system, you can have the same ability to operate across channels with SKUSavvy. This is not hard to implement or have someone implement for you, and will give you the same functionality across any channel you prefer to operate through while letting you manage it all from the comfort of any device.

The staff operates as omnichannel closers

When in this store, you realize the people of Nike have really educated and made aware their employees of all options a consumer has while shopping. Nike staff members are sensible about when a customer should

be approached, without being overly aggressive, but very attentive to needs of customers when a customer requests help. This is very important as customers in this sort of buying environment are susceptible to multiple purchases (also must consider location as an advantage here). However, many people making purchases here are international, buying in store and shipping to their home is a preferred option. Additionally, Nike gets a lot of customers purchasing online to pick up at this store. Each staff member is aware of this, and thus likely to suggest other options. One specific example is their use of NikeID. Because Nike has embraced a wide color palette for the production of their shoes, this can allow customers individuality. Staff members make this known to many people who are not online shoppers of Nike.com or are unaware of the website functionality. For Nike, this is a great way to introduce people personally to their omnichannel retail systems. They can sell them in store to make lifetime customers online.

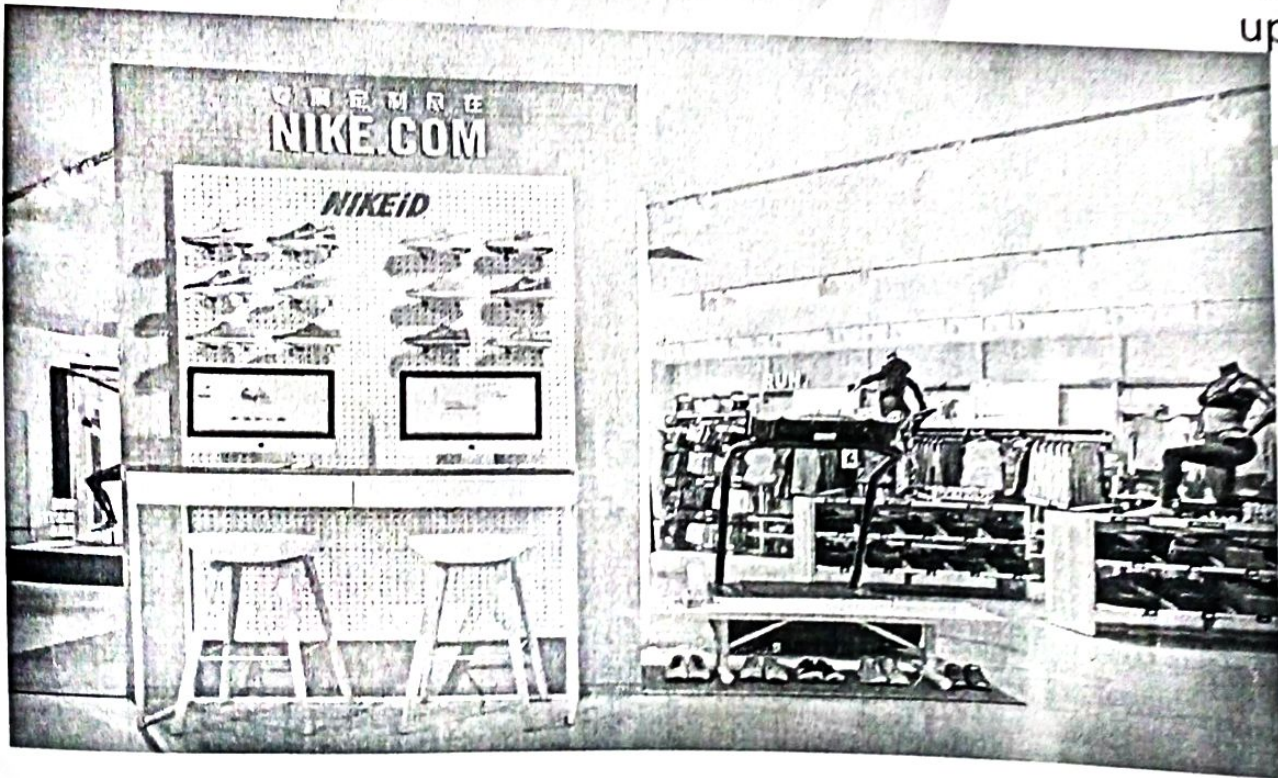
Product displays summarize technology

This is critical to the success of each person buying. Again here it is all about technology but it is centered around product technology. Nike has some really innovative materials and fabrics which are used to showcase quality and durability for athletes. Consumers don't recognize this unless they are shown clearly at purchase. Even online, where you can find all the details, it's nothing compared to the in-person product review. Nike handles this very well with the displays to clearly map out what features the products have both in store and online (ie. **Flywire, NikeID, Dri-Fit, Hyperfuse etc.**). On top of this, the store staff help points this out in terms of how it will help you with whatever it is you will use the product for, or they will show you where it is located within the store.

Frictionless checkout

As my friend worked with one of the staff to find the pair of shoes he liked, helpful tips took him around the store to several styles similar in color/design that my friend wanted. This was smooth, and the salesperson was helpful in his approach. As soon as the "yeah these are good" came, the staff member was there on the spot to scan (with Nike's app) the

to the code, accept the credit card, and complete the purchase. He gave the
important of an email receipt or physical receipt, and when asked for a
physical receipt he simply sent it to a little printer machine (three of them
throughout the store) to grab the receipt and bring back a bag. This both
stunned and awed us at how seamless it was. In any Nike store, the staff is
equipped with handheld point of sale (POS) systems to operate from.
From the same POS, they can buy items and have them shipped home, or
accept returns (though not all devices). This was a remarkable use of retail
technology which went a long way to enhancing the retail experience in a
large, heavily trafficked store. Going a step further, this frictionless
checkout can become even more frictionless with Epic Commerce, using
payments directly through a consumer's app to scan, buy, pick up, and
walk out without ever needing any assistance (still in beta, **signup** to
receive updates).



Increasing customer confidence

As we neared the end of our shopping experience, my friend mentioned how excited he was about the 30-day money back guarantee. This is, in fact, a great policy if you can pull it off. Many new brands utilize this method to sure up any customers on the purchase decision. In this case, Nike offered to let you wear the shoe for 30-days, and if you weren't satisfied, you can return them and get Nike credit. While I'm guessing

most will not do this, it automatically delivers a happy post-purchase experience for a customer and helps reassure during the purchase that you will be satisfied, even if it requires a new pair of



Order Online



Ship From Warehouse or Store



Pickup In Store



Authorized Retailer

Buy In Store



Mobile POS



Ship Home



Pickup Nearby

shoes.

Omnichannel retail technology utilize

seamless shopping experience. Nike has most definitely customized and built-from-scratch a significant amount of their own technology. This is something they need to do, as they have a large. It really was a great display of technology to deliver a distribution and complex supply chain. If we think about what they are actually using, it can be broken down into a few different pieces (aside from the stores, warehouses, and other physical items). When you look at it, the software behind everything is as such:

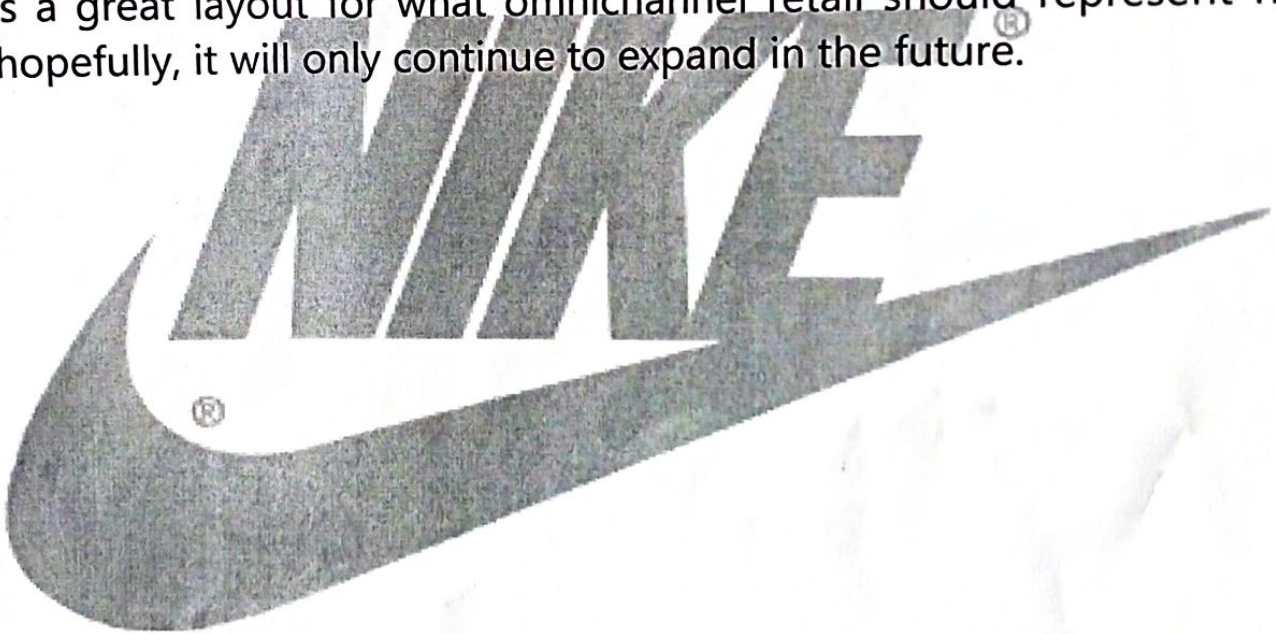
- central warehouse/vendor management system
- inventory system centrally connected with store and warehouse availability
- website to handle orders/distribute proper order details for warehouse/store orders
- personalized CRM for detecting past purchases
- in-store mobile-based POS

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This pretty much sums it up. Really, the system just needs to route the proper order details across all channels while keeping accurate inventory updated. This is something Nike has done a nice job of. This system, however, is **already available** for small to medium-sized retailers. You can have a **full omnichannel retail presence** and not have to pay the dollars Nike has in order to make it happen. The key is to get it started sooner rather than later.

With that, we will conclude the Nike shopping experience. As you can see, it is a promising time for retailers who can combine the right use of technology with proper in-store implementation. While not every part of retail is perfect, this was an experience many customers can jive with. It offers a great layout for what omnichannel retail should represent now, and hopefully, it will only continue to expand in the future.



**MARKANDA NATIONAL COLLEGE
SHAHABAD (M.)
A PROJECT REPORT OF
RETAILING (ADD ON COURSE)
IN PARTIAL FULFILLMENT OF THE
REQUIRMENT FOR
DIPLOMA COURSE IN RETAILING (2022-23)
{A CASE STUDY OF VIZURI}**

SUBMITTED BY:

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SUBMITTED TO:

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It is my profound privilege to express sense of indebtedness to my esteemed advisor Prof. S. S. Kajal (HOD of commerce), Dr. Bhavini Tejpal, Prof. Harish and Prof. Neha for their co-operation and guidance.

Finally I wish to give thanks to Dr. Ashok Kumar Principal of M.N.college, Shahabad (M.) who provide me so good environment in the college.



VIZURI

Retail Case Study

COMPANY OVERVIEW

"As the company's IT systems evolved over time they became very challenging and costly to operate and maintain

The customer is a nationwide specialty retailer of women's fashion and accessories, known for offering the latest trends of the season at attractive values. They employ more than 500 associates at their brand headquarters and approximately 7,500 part-time and full-time associates throughout their retail locations.

Most of the company's major functions including Merchandising, Design, Marketing, E-Commerce, Finance, Human Resources, IT, Loss Prevention, Purchasing and Facilities, Production and Sourcing, Planning and Allocation, Real Estate and Store Operations are housed at the brand headquarters. They operate more than 550 regular price, outlet and ecommerce stores in 44 states and are one of the fastest growing retailers in America.

CHALLENGES

As the company's IT systems evolved over time they became very challenging and costly to operate and maintain (e.g. human capital, time, effort, opportunity cost). Many legacy systems were built from aging technology or computing environments with limited access to requisite skills in the job force.

This disparate IT infrastructure resulted in a platform that was not robust, scalable, or extensible, and was unable to support go-forward business initiative aligned with real-time inventory and cross-channel integration.



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Vizuri is an award-winning IT services and expert consulting firm that combines expertise in modern software architecture, tools, and processes with a solid foundation in engineering principles and focus on open standards. Vizuri specializes in cloud enablement, enterprise application design, development, integration and performance management. Our clients benefit from our disciplined and focused approach to providing solutions that are unique and highly valued.

Additionally, Vizuri serves as a strategic partner and authorized reseller for a select group of leading Enterprise software vendors and cloud service providers including Red Hat, Open Shift, Mango DB, App Dynamics, and Amazon Web Services.



MISSED OPPORTUNITIES

Modern retailers often have multiple distribution channels through which their products reach the market. It is often the case, however that the systems within one distribution channel (E-Commerce web site, retail location, distribution centers, etc.) are not integrated with the others (siloes), and therefore are not aware of the inventory in these other channels.

"One of the most problematic effects of siloed distribution channels is known as a stockout, or unfulfilled inventory request.

One of the most problematic effects of siloed distribution channels is known as a stockout, or unfulfilled inventory request. As an example, a stockout occurs when a potential customer wants to buy a specific product, however the particular store they have visited doesn't have it in stock, and can't quickly find it and allow the customer to make the purchase. Being unable to purchase the item, the customer leaves the store.

The product the potential customer was looking for may be in transit to the store, at another retail location, at a warehouse or other distribution center, or available on the retailer's e-commerce site, however since it isn't at the same retail store as the potential customer it cannot be seen by that store's systems. If these distribution channels were integrated, however, a store associate could quickly locate the product and offer to have it shipped directly to the customer, thus 'saving the sale.'

To meet these challenges and support new business initiatives, the customer therefore needed to integrate their siloed distribution channels and provide store associates with a unified view of inventory and an ability to "save the sale". This would allow them to implement a fully integrated marketing and sales program that leverages all distribution channels, promotes the brand consistently, and increases revenue.

The technical challenges required a new Order Management System (Sterling Commerce) to be implemented and integrated with existing information systems (MICROS-Retail, ATG Commerce, in-house) as well as third-party service providers (GSI Commerce) in a unified, orchestrated fashion.

DESIRED SOLUTION

The desired solution required an integration platform that maximized cost efficiencies, removed complexity, and reduced CAPEX and OPEX costs associated with software licensing and personnel. This required the institution of standards for processes and procedures that aligned with industry standards and accepted best practices. The adoption of these standards would provide the best approach for consolidating existing operating systems and reducing platform variations, and reduced both licensing and human capital costs, and eliminated proprietary vendor integrations.

As a first step, the customer worked with Vizuri to create an IT Architectural Roadmap for integration that began with a Service Oriented Architecture (SOA) Proof-Of-Concept. The goal was to leverage out-of-the-box functionality that JBoss SOA-P provides coupled with Enterprise Integration Design Patterns to create a reference architecture and methodology that established a baseline for enhancing the timeliness and accuracy of information to/from its retail locations through enterprise integration.



The customer then started Phase I of a multiphase project to deliver cross-channel selling to the enterprise. This phase of the project integrated MICROS-Retail Point-of-Sale (POS), Sterling Commerce Order Management System (OMS), ATG Commerce and third-party fulfillment partner GSI Commerce's Warehouse Management System (WMS) to provide inventory visibility and online ordering at the POS. This enabled store associates to ship merchandise directly to customers not found in the retail store and complete the sale that may have otherwise been lost.

The program was built upon three key architectural components that provide higher levels of customer service, product assortment, and merchandise availability independent of selling or fulfillment distribution channel:

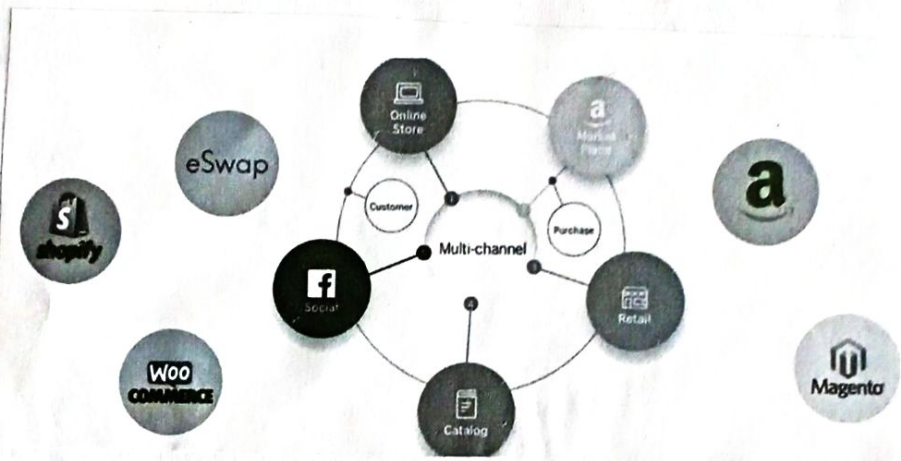
1. The Point-of-Sale systems were enabled to look up and sell inventory at the distribution center, nearby stores, and accommodated multi-vendor SKUs to view available-to-sell inventory based on style, class and size (across all colors).
2. The Order Gateway captures special orders received from Point-of-Sale, Pushes orders to Warehouse for fulfillment, receives status updates from vendors, emails status updates to customers, and receives ship confirmations from the Warehouse.
3. The Centralized Order Integration Hub establishes a foundation for the end state, leverages existing fulfillment infrastructure, and reduces customer, manual and fault laden processes. It provides an aggregated and synchronized inventory across the network of stores and distribution centers.

"The program was built upon three key architectural components that provide higher levels of customer service, product assortment, and merchandise availability independent of selling or fulfillment distribution channel"

RED HAT & JBOSS SOFTWARE: A FOUNDATION FOR SUCCESS

This solution established an intelligent Retail Brand HQ Integration Platform. JBoss SOA-P serves as the integration hub for all of the systems to integrate and exchange information. It is vendor neutral and provides a central repository for all business rules, workflows, and data exchanges. In addition, "Ask Us" Program has enabled the customer and Company to:

1. Establish an Integration Hub outside of any vendor point technology.
2. Provide a repository for centralized business rules that enables process automation and metric reporting.
3. View and report on process metrics, even long running (multiple day) processes and/or transactions.
4. Integrate with internal and external systems
 - a. Message Transformation and Enrichment
 - b. Protocol Mediation
 - c. Message Routing and Splitting
 - d. Error Reporting/Interface Compliance
5. Eliminate costly point-to-point integrations
6. Enable other systems to interface in a secure, standard, and compliant manner



Scalability, performance, and reliability were paramount and critical to the success of the program. Red Hat Enterprise Linux was selected as the core operating system for the new Sterling Commerce OMS, Oracle database, and server platform for the JBoss SOA-P and JBoss EAP environments. It was critical to the business that the systems performed under load especially during the retail holiday season.

JBoss EAP is now utilized at brand headquarters and is responsible for running the Sterling Commerce OMS. It is deployed in a highly-available configuration capable of failing over gracefully to ensure that no orders are lost.

JBoss EAP Kiosk is utilized at the Retail Stores providing a stable, uniform, and manageable environment. It is responsible for receiving messages and invoking workflow locally at the store. Its use will grow significantly in the future as it works collaboratively with the brand headquarters SOA-P infrastructure.

MULTI-CHANNEL DISTRIBUTION: GREATER CROSS-SELL AND HAPPIER CUSTOMERS

The customer is now able to deliver higher levels of customer service, product assortment and real-time inventory availability™

The initial pilot rollout to 100 of the company's retail locations was extremely successful during the holiday shopping season. The project's ROI numbers well exceeded expectations, and is projected to achieve more than 1800%. The remaining 450 retail stores have now successfully implemented the program. In addition, other business units are looking to add additional functionality and customer choice at the store through additional services. Given the positive results, New York and Company has selected the JBoss SOA-P, JBoss EAP, and JBoss EAP Kiosk cornerstone technologies of its Multi-Channel road map.

BENEFITS

The customer is now able to deliver higher levels of customer service, product assortment and real-time inventory availability to drive revenue, consumer satisfaction, and brand equity. They have elevated their level of customer service by providing their associates with the tools to deliver value to their consumers, increase the emotional connection to their brand, and drive sales by improving the overall customer experience in stores and online.

INTEGRATED TERMS: MAXIMIZING RETURN ON INVESTMENT

New York and Company selected Vizuri, a Premier Red Hat Business Partner with past credentials for delivering innovation to assist us on the project. Vizuri was instrumental in developing the IT Architectural Road Map, SOA proof-of-concept, Retail Store JBoss Kiosk design, and the design and build out of our SOA Reference Architecture. They were key and essential team members to the "Save the Sale" program who helped us shape

the business strategy for the intelligent Retail Brand HQ Integration Platform from inception through rollout. Vizuri's deep understanding of the customer's business goals and Red Hat products were of great value and allowed them to serve as trusted advisor to the customer.

ADVICE FOR OTHERS

In today's economy, companies are asking their IT departments to deliver more services and innovation with the same or less budget. Integration can be very cost-effective and is not as hard as organizations make it out to be. Our recommendations include establishing a central integration hub using open standards based technologies, providing a repository for centralized business rules outside of technology platforms (e.g. databases, third-party COTS, etc.), aligning with industry standards and best practices, and find a qualified partner to assist in your efforts.

"In today's economy, companies are asking their IT departments to deliver more services and innovation with the same or less budget."

**MARKANDA NATIONAL COLLEGE
SHAHABAD (M.)
A PROJECT REPORT OF
RETAILING (ADD ON COURSE)
IN PARTIAL FULFILLMENT OF THE
REQUIRMENT FOR
DIPLOMA COURSE IN RETAILING (2022-23)
{A CASE STUDY OF BIG BAZAR }**

**SUBMITTED BY:
TAMANA (BCOM 2ND)
1212112003024**

Tamana

**SUBMITTED TO:
PROF. S.S. KAJAL
(H.O.D. COMMERCE)
(CONVENER OF COURSE)**

[Signature]

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BIG BAZAAR



Overview - India Retail Industry

Retailing is the world's largest private sector contributing to 8% of the GDP and it employs one sixth of the labor force. The estimated retail trade is expected to be 7 trillion US \$. As far as India is concerned, The Indian Retail Industry is the largest among all the industries, accounting for 10% of our GDP and 8% of employment which is the second largest sector next to agriculture which provides employment to more number of persons. Now according to a survey by the US-based global management consulting firm, A T Kearney in its 8th annual Global Retail Development Index (GRDI) 2009, India has been ranked as the most attractive nation for retail investment among 30 emerging markets.

With the development in technology, the economic growth of people and increase in the number of nuclear family, the whole concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. So, developing India is gradually moving towards the organized retail marketing from the traditional unorganized retail marketing, bringing a great boom in the retail industry. Still the organized retail contributes 5% of total retail industry in India and shows the good potential of growth.

Modern retail has entered India as seen in sprawling shopping centers, multi-storied malls and huge complexes offer shopping, entertainment and food all under one roof. The Indian retailing sector is at an inflexion point where the growth of organized retailing and growth in the consumption by the Indian population is going to take a higher growth trajectory. In India, the organized retail sector presently exists in following formats

- Supermarkets
- Hypermarkets
- Department Stores
- Specialty Stores

Introduction

Future Group, led by its founder and Group CEO, Mr. Kishore Biyani, is one of India's leading business houses with multiple businesses spanning across the consumption space retailing as its core business activity. Future Group believes in developing strong insights on Indian consumers and building businesses based on Indian ideas, as espoused in the group's core value of 'Indianness.' The group's corporate credo is, '**Rewrite rules, Retain values**'. Kishore Biyani led the company's foray into organized retail with the opening up of the Big Bazaar in the year 2001

It is a unit of Pantaloon Retail (India) Ltd, the group operates over 16 million square feet of retail space in 73 cities and towns and 65 rural locations across India. Headquartered in Mumbai (Bombay), Pantaloon Retail employs around 30,000 people and is listed on the Indian stock exchanges. The company follows a multi-format retail strategy that captures almost the entire consumption basket of Indian customers. In the lifestyle segment, the group operates Pantaloons, a fashion retail chain and Central, a chain of seamless malls. In

Big Bazaar is launched mainly targeting the middle class family. Saving is the key to all Indian middle class consumers. In India, when the customer needs something for home or any other purpose, a typical thought is to seek it from the bazaar. A bazaar is a place where a complete range of all the products are available and customer can get any of his choice, a complete freedom of selection and stores in bazaar would offer a large mix of products in discounted price.

From this thought and belief, it was name BIG BAZAAR with the vision to make it a complete shopping complex for people of all the walk of life and avail the goods of wide variety at the cheapest price compare to outside market.

Price was the basic value proposition at Big bazaar. The Big bazaar outlets sold a variety of products at prices, which were 5 to 60 percent lower than the market price.

Its values and missions are to be the best in Value Retailing by providing the cheapest prices and hence go the tag-line

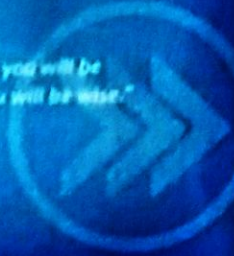
“Is se sasta aur achcha kabin nahin”

It sells variety of merchandise at affordable rates, the prices of which it claims are lowest in the city. Usually the items are clubbed together for offers as on the lines of Wal-Mart and

CORE VALUES

MOVE FORWARD IN FAITH

"Take risks: if you win, you will be happy; if you lose, you will be wise."
— ANONYMOUS



CARE & RESPECT DEEPLY

"Respect for ourselves guides our morals; respect for others guides our manners"
— LAURENCE STERNE

DO THE RIGHT THING, EVEN WHEN IT'S HARD

"Integrity is telling myself the truth and honesty is telling the truth to other people."
— SPENCER JOHNSON



KEEP YOUR PROMISES

"Commitment is not just a word."
— EARL BATHWATER



RELENTLESS GROWTH, BUT NOT ALONE

"Whether you think you can't, you're right."
— KENNETH FORBES



GRIMM BISSELL

Carrefour, offer weekend discounts and works on the same economy model as Wal-Mart and has considerable success in many Indian cities and small towns.

There is always a 'first mover advantage' in an upcoming sector. In India, that advantage goes to "Big Bazaar." It has brought about many changes in the buying habits of people. It has created formats which provide all items under one roof at low rates, or so it claims.

Also, with the ever increasing array of private labels, it has opened the doors into the world of fashion and general merchandise including Home furnishings, utensils, crockery, cutlery, sports goods and much more at prices that will surprise you. First Food Bazaar format was added as Shop-In-Shop within Big Bazaar in the year 2002. Big Bazaar and Food Bazaar blend the look, feel and touch of Indian Bazaar with modern retail concepts of choice, convenience and quality. And this is just the beginning. Big Bazaar plans to add much more to complete your shopping experience.

Big Bazaar is now the largest hypermarket chain in India operating out of more than 120 stores in over top 70 cities and top 25 stores register a cumulative footfall of 30 lakh a month on an average.

Vision and Mission

Group Vision:

Future Group shall deliver Everything, Everywhere, Everytime for Every Indian Consumer in the most profitable manner.

Group Mission:

It shares the vision and belief that its customers and stakeholders shall be served only by creating and executing future scenarios in the consumption space leading to economic development.

It will be the trendsetters in evolving delivery formats, creating retail reality, making consumption affordable for all customer segments - for classes and for masses.

It will infuse Indian brands with confidence and renewed ambition.

It will be efficient, cost- conscious and committed to quality in whatever it does.

It will ensure that its positive attitude, sincerity, humility and united determination shall be the driving force to make it successful.

The tagline of Future Group is "Rewrite Rules, Retain Values"

Core Values



Target Market

A broader group targeted by a company; sharing common characteristics, needs, and preferences. For example: people who enjoy movies



Target Audience

A specific subset within the target market - it's a more focused group that the company directs its marketing efforts towards. For example: young adults enjoying action dramas.

- Leadership: to be a leader, both in thought and business.
- Respect & Humility: to respect every individual and be humble in our conduct.
- Introspection: leading to purposeful thinking.
- Openness: to be open and receptive to new ideas, knowledge and information.
- Valuing and Nurturing Relationships: to build long term relationships.
- Simplicity & Positivity: Simplicity and positivity in our thought, business and action.
- Adaptability: to be flexible and adaptable, to meet challenges.
- Flow: to respect and understand the universal laws of nature.

Target Audience

- Higher and middle class family
- The large and growing young working population is preferred customer segment
- Big Bazaar specially targets working women and home makers who are primarily decision makers

Marketing Strategy

Big Bazaar came up with the innovative ideas to increase the footfalls in its centers which prove to be great success in making good business. The strategy which they would adopt will have low price, high advertisements and it would offer different kind of schemes, offers, discounts, scratch cards, coupons. It would also give stress on providing the prompt services like home delivery, after sales services, guarantees and warranties, so as to sustain in the market and to create a good reputation. It keeps continuing these strategies every year during the same time.

- **Sabse Sasta Teen Din (Big Days)**

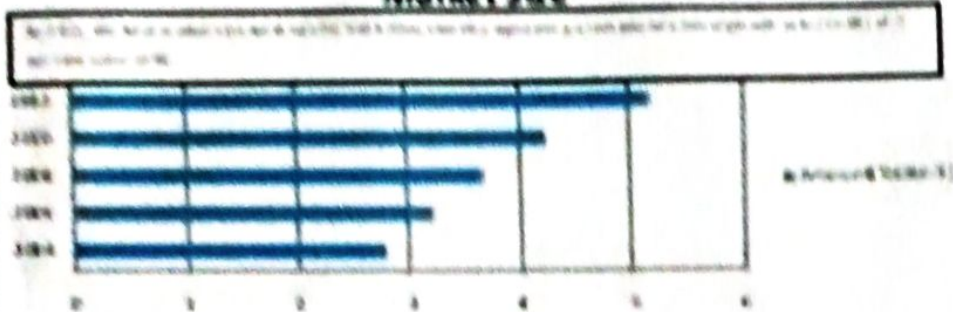
On 26th, Republic Day- a National Holiday, Big Bazaar Marketing Department gave a new thought on this day in 2006 they started a new shopping festival, i.e. Sabse Saste Teen Din.

Continuing its efforts to provide the best shopping deals and savings to empower Indian consumers and create abundance, Big Bazaar is all set to make every years' Republic Day weekend shopping, truly memorable, with rock bottom prices, best possible discounts and mega offers.

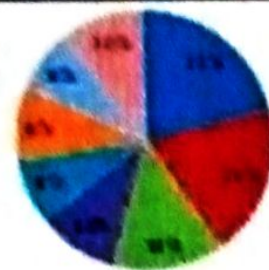
From daily household needs of food and grocery to apparels, footwear, toys, luggage, kitchenware, bed and bath ware, home décor, furniture, electronics and fine gold Jewellery; 'Sabse Saste Teen Din' will have an exciting array of attractive offers, deals

Market Highlights

Market Size

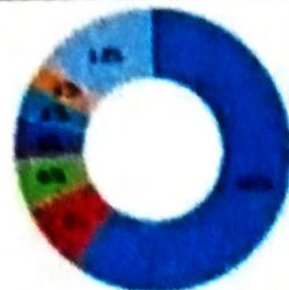


Mail Space Breakup



- Retail
- Business
- Residential
- Government
- Education
- Healthcare
- Other

Market Breakup



- Retail
- Business
- Residential
- Government
- Education
- Healthcare

and discounts, ensuring something for everyone in the family, to shop for, and a maximum 'value for money' for all customers.

- **The Great Exchange Offer**

Big Bazaar announced The Great Exchange Offer with a "Bring anything old and take anything new" concept which started from the 16th of Feb 2008. Under this offer, the customers are given the exchange coupons instead of cash on the exchange of old stuffs like, paper, utensils, plastics, tyres and anything you have. These coupons were valid up to particular date. During the validity date, customer can redeem these coupons on the purchase of goods.

The price range for these old products is as follows:

Old utensils and plastics is Rs. 75 per kg, old clothes are Rs. 200 per kg and old newspapers are Rs. 25 per kg. Even the old tyres can be exchanged at Rs. 50 per piece. You can even exchange old furniture, luggage, footwear, home needs. Old furniture can be exchange for up Rs. 10,000 depending upon the furniture you exchange. Old pet bottles can be exchanged for Rs. 25 per kg and electronics up to Rs. 5000. Old leather goods can be exchanged at Rs. 25 per kg and any other old products can be exchanged at Rs. 25 per kg.

You can use these exchange coupons to buy processed food, home care, electronic products, personal care products, and groceries if you can shop for 8 times their value. For example if you have an exchange coupon of Rs. 100 with you, you should buy products worth Rs. 800 to redeem this exchange coupon and thus getting a discount of Rs. 100 and thus you will need to pay only Rs. 700.

- **Wednesday Bazaar: Hafte ka sabse sasta din**

In January 2007, Big Bazaar introduced a Wednesday Bazaar concept called "Hafte Ka Sabse Sasta Din" with the aim to give homemakers the power to save the most on this day of the week. Sabse Sasta din- the best bargain day for Shopping- this concept was started by Shoprite, one of the main retail companies in South Africa. This concept was carried in India also. But unfortunately they were not able to carry forward this successfully. This concept was then acquired by RPG group's Spencer's and the Future group's Big Bazaar. On this day, , in all the outlets of Big Bazaar, there is heavy discounts in all products compared to other days.

Wednesday is promoted as Hafte ka Sabse Sasta Din. The reason to choose Wednesday for best bargain day is that majority of Indians doesn't shop on this day of the week. Reports have suggested that on Wednesday there are approximately twenty five percent footfalls as compared to weekends. Being middle day of the week, working women don't visit stores. Major customers of these superstores are housewives. So if discounts are given, footfalls can be increased and that result into more sales for the store. Everyone wants to saves and

wants value for money, so customers get attracted by these promotions and tend to shop more to save. On a single day store is able to do business of more than 70-80 lakhs. According to some customers due to this concept they able to save around Rs 3,000- Rs 4000 a month which means a big amount so they prefer to shop on this day.

- **5 Days Maha Bachat**

Like in Republics day, in the Independence Day period- Aug 15, Big Bazaar launched the "5 Days Maha Bachat" scheme in all the outlets over the India. This scheme is open on 12-16th August every year. In this scheme, there are various offers such as 'Buy One get One free' in apparels, 'Flat 20-50% discounts' in electronics, foods etc. Records showed that there were exceptional offers on more that 160,000 products and over 55 lakh customers visited in all the stores in the country.

- **Guerrilla Marketing.**

Big Bazaar has launched new marketing strategy which is based on Guerrilla Marketing. Guerrilla marketing warfare strategies are a type of marketing warfare strategy designed to wear-down the enemy by a long series of minor attacks, using principles of surprise and hit-and-run tactics. Attack, retreat, hide, then do it again, and again, until the competitor moves on to other markets. Herein guerrilla force is divided into small groups that selectively attack the target at its weak points. Corporate like Coke, Pepsi, etc have been using the same for quite some time now and the latest entrant is 'Future Group'- Big Bazaar, Pantaloons, Future Bazaar, eZone are all part of this group and they are taking on the biggies like Shoppers Stop, Lifestyle, and Tata's Westside.

In order to do the same, Future Group have come up with 3 catchy/cocky and cheeky ad campaigns which surely do catch our eyes and surely one can't resist appreciating the same.

"Keep West-aSide. Make a smart choice!"

"Shoppers! Stop. Make a smart choice!"

"Change Your Lifestyle. Make a smart choice!"

Marketing Mix: 7 P's Analysis

"Marketing" is the promotion of products, especially advertising and branding. Marketing practice tends to be seen as a creative industry, which includes advertising, distribution and selling.

Marketing mix is a deciding factor in formulating marketing techniques for the success of a particular brand, commodity or company. The components of marketing mix are:

- Product
- Price

The Retail Mix



- Promotion
- Place
- People
- Process
- Physical evidence

PRODUCT:

Big Bazaar offers the maximum variety for each category of product. It provides more than 2,00,000 items- food, grocery, utensils, kitchen needs, home needs, bath needs, toys, stationary, electronics & white goods which are sold at a discount to the maximum retail price. The product is the same in every store in the city but the brand options are more in Big Bazaar. Also, the quantity for each product is not limited to large packs only. The same product is available in various size and different packaging. The commodities sold by the retail chain also include its own products" (Private Labels). So costs are low for such products. The various categories of products available in Big Bazaar are as follows:

- Apparels-formal wear, casual wear, accessories, undergarments, cut pieces, sarees etc
- Food- ready to eat, ready to cook, spices, tea & coffee, dry fruits etc
- Farm Products-vegetables, fruits, dairy products
- Chill Stations-soft drinks, packaged juice, milk items, frozen foods, icecream
- Home & Personal care-shampoo, soap, detergents, liquid wash, deodorants
- Electronics- TV, washing machine, oven, fridge, laptops, camera, mobiles
- Furniture- Living room, bedroom, dining room, bathroom, bean bags, paintings
- Child care- Kids wear, Toys, Stationery

PRICE:

Price is the principal value proposition at these stores. Price is the critical point in a competitive industry. Big Bazaar works on a low cost model. It considers its discounted price as its USP. There is an average discount of 5-60% on the items in respect to their MRP. Prices of products are low because it is able to secure stock directly from the manufacturer. There are huge synergies in terms of bulk purchasing, central warehousing and transportation. These all factors help this retailer to keep low prices. Various Pricing schemes offered by Big Bazaar

- **Value Pricing(EDLP)**

EDLP means Every Day Low Price. Big Bazaar revises the price of few commodities such as cereals, grains, oil, vegetables etc every day depending up on the fluctuation in market and make sure that revised price is lowest in the market.

- **Promotional Pricing**

Promotional pricing is typically used when new products are being introduced to the market. It can also be used to stimulate demand for products or services with lagging demand. Whenever there are more stocks of the product or when new products arrived in the store, Big Bazaar offers the following promotional pricing.

- **Low Interest Financing**

Big Bazaar offer low or no interest financing for the purchase of furniture and electronics goods. It also provides easy EMI schemes for the purchase

- **Psychological Discounting**

In the every product, specially in the area of cereals, oils, grains, there is price list displayed with the MRP and the Current price to bring psychological impact on the customers. This creates the impulse in the customer to buy the produces looking at good amount of difference in MRP and current price.

- **Special Event Pricing**

There is special discount price marking some special national or local occasion or festivals such as New year, Holi, Gudi pawa etc.

- **Time Pricing**

Big Bazaar proves special price for some commodities with the price displayed as Today's special offers. The low discounted price for every Wednesday also comes in Time Pricing scheme of Big Bazaar.

- **Bundling**

The few related products are bundled together and offered in price less than the total price of all items together. This is called bundling. Big Bazaar practices bundling for sanitary items(Shampoo, liquid soap, detergents) , Packaged foods(Biscuits, noodles, Soup), Kitchen stuffs (Tea, sugar, coffee) etc.

PLACE:

Place means the location of the business. Big Bazaar has always worked on low-cost locations. It targets semi-urban population with its placement. Its strategy is to find a cheap location and it never goes for hot spots in the city. It relied on promotional activities to make up for unattractive locations. Another strategy used by Big Bazaar to overcome location disadvantage is use of internet. It has launched a merchandise retailing website www.futurebazaar.com which targets high-end customers ready to use credit cards. The promotion of this website is done through advertisement on Google. The website is put as sponsored link.

PROMOTION:

Big Bazaar has huge promotion budgets. The biggest idea behind all advertisements is to make people do bulk shopping. There are 2 types of promotional strategies of big bazaar. One is the holistic advertisement which promotes the brand and creates awareness among people. It is not targeted at promoting each store but only creates an image of Big Bazaar as low-cost shopping option. The store has advertised through TV, road shows and also started reality show-typed promotional campaign "The Big Bazaar Challenge." They choose the Mahendra Singh Dhoni as Brand Ambassador for its Brand endorsement. Promotions like "Sabse Sasta Din" and "Monthly Bachat Offers" are a very successful strategy to get footfall. In these products across categories such as apparels, furniture, electronics, utensils and food products at the lowest possible prices, coupled with attractive promotional schemes. Some of the most attractive offers being a 20-litre branded microwave oven with grill for Rs 2,499, jeans and trousers for Rs 199 and HCL laptops for Rs 22,990.

Offer at Monthly Bachat:

Atta 10 kg worth Rs 280 – for Rs 189 only

Toor Dal 1 Kg worth Rs 86 – for Rs 63 only

Spice whole Jeera 500 gms worth Rs 125 – for Rs 99 only

HTM Rice 1 Kg worth Rs 30- for Rs 26 only

Dhara Sunflower Oil 1 litre worth Rs 78 – for Rs 54 only

Surf excel Detergent 3.8 kg worth Rs 421- for Rs 356 only

Other type of promotion is the particular store oriented promotion which includes speaking on the loudspeaker in nearby blocks. Leaflets are given in local newspaper. There are promotional efforts even inside the store. Buy 2 Get 1 Free types of promotions are very common. Original prices are cut down and new prices are shown, of which customer takes quick notice. There are loyalty schemes which reward regular clients. Promotion is also done through co-branded credit cards with ICICI bank. They also give some amount (2.5-10%) of discount on the total bill sum if it exceeds 1000 or something there is gift offer for the purchase more than Rs 1000. They have introduced the future card which has flat 3% discount. They have very good strategy of impulse selling efficiently using the POS. They displayed the various stuffs in the trays and drums on the way to POS where customers have to stand in long queue for bill payment.

People

Big Bazaar equally takes care of its employees and staffs as it does for its customers. The HR department of Big Bazaar is very dynamic. Employees are the biggest strength and asset of any organization and the HR dept realizes this very well. HR Department takes utmost care to select, train, motivate and retain all the employees. Big Bazaar has continuous developmental programmes for all the employees. Big Bazaar its employees from following four sources

- Consultancy Services: For top level management
- Walk-ins- Main Source of Employee recruitment
- Employee Refererrals
- Campus Recruitment;- For young and fresh enthusiastic employee
-

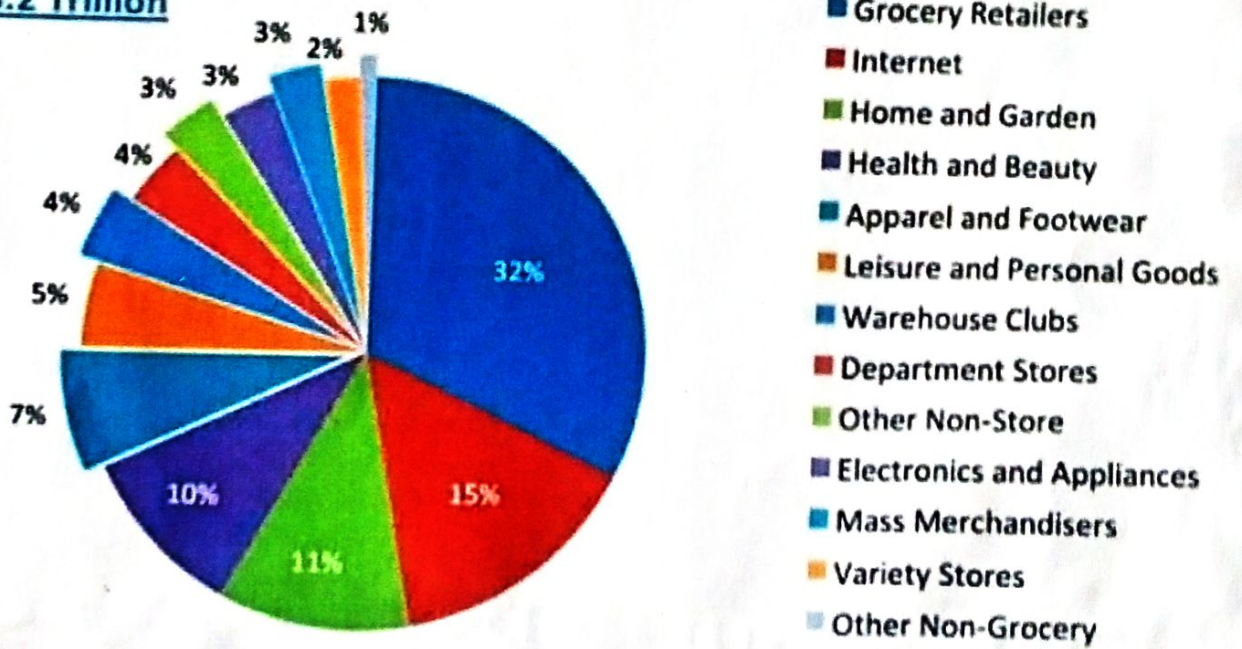
New employees selected will be given a 13 day induction and training program during which they will be informed about the company's business, different departments etc. and their roles, duties and responsibilities. The new employees will be on probation for a period of 6 months. After this period the HR period along with the department manager will review the performance of the employee. If the employee's performance is good and encouraging, the employee's services will be confirmed.

Employees are give the attractive pay package along with the PF, Cashless Mediclaim, Annual bonus during diwali. Each employee is given "Employee Discount Card" (EDC) which gives the special discount of 20-30% on the buy of any products. There is annual performance appraisal cycle in the month of April based on which employee will get the incentive and increment as well as promotion.

Future group has its own training division for all its employees, known as 'Future Learning & Development Limited' (FLDL). All the employees are given training for 20 days in a year.

Figure 1. Projected Retail Sales, by Sector (2020)

Total = \$3.2 Trillion



'Gurukul' which is a part of FLDL gives training to all the employees on various skills like team work, dedication discipline improving customer service etc to make them more knowledgeable and productive.

Employees of Big Bazaar are highly motivated by following factors

- Feeling of Belongingness
- Good wages and salaries
- Job Security
- Good working condition
- Full appreciation of work
- Tactful discipline
- Employee Loyalty to employees
- Interesting work
- Promotion and growth in the organization

Process

Big Bazaar avails various services to make help the customer and make their shopping easy and comfortable. It has the very powerful billing application which easily calculates all the discounts and bonus. The centralized database makes it possible to have the multiple billing counters in same and different floors. So Customers need not to worry about where to make the payment. He can make the whole payment in any one of counter irrespective of goods purchased.

There is customer help desk which is open whole day during the business hour to help the customer in any issues. It mainly helps in making the member, distributing the discount coupons and redeem the coupons. There is continuous announcement of new offer to make the customer aware. Any message customer wants to make it announced can be done requesting at office.

The trolleys of various sizes are available in plenty of numbers. So there is no need of waiting for the trolley to be free. While paying the bill, there are separate queue for cash and card counter. The sales boys are present in every corner of the stores to help the customer in any needs. The service of packing of goods is also very satisfactory in Bigbazaar. Home delivery services and Online Shopping facilities is available through the www.futurebazaar.com ,

Physical Evidence

The ambience of Big Bazaar stores is good and clean. The air conditioned multi-storey store has enough space for shopping. So customer won't feel suffocated inside the complex. The space is divided into various parts as per the product category to make the customer easy for shopping.

The products are arranged properly in the shelves considering the target group and nature of the product. All the most essentials and new arrival products are placed in the front. To facilitate the consumers, the price lists are displayed in boards and banners. And the hospitality of the employee and staffs and their willingness to help the customer is highly appreciable.

Strengths

Weaknesses

SWOT
ANALYSIS

Opportunities

Threats

SWOT Analysis

Strength

- Variety of products more than 2, 00,000 available under one roof.
- Good brands available at affordable prices.
- Cheap goods available to the consumers due to the absence of middlemen
- Many outlets all over India. It has a good customer base
- It is positioned to the customer as a place where the customer can shop each & everything of need
- Huge promotional activities to increase the footfalls
- Huge Infrastructure and good ambience
- Better understanding of customer needs and demands

Weakness:

- Big Bazaar has not yet trapped the whole market
- Facing problems due to political environment
- Store unable to meet the growing consumer demand. General Perception of consumer
- High cost of operation due to large fixed costs
- Very thin margin
- High attrition rate of employees.
- Do not use the costly method of advertisement

Opportunities

- Huge untapped market- only 5% is organized retail in India
- Lot of potential in rural penetration
- Can enter into the production of various of products due to its in depth understanding of customer's tastes and preferences
- Can expand the business in smaller cities

Threats

- Competition from various branded organized retails such as Reliance, Spencer, wal-Mart etc
- Competition of unorganized local retailers
- Government policies in tax
- Economic Condition and recession
- Lowering Margin

Recommendations

- Can start a concept of "HAPPY HOURS".
- Can initiate various Student Plans.
- Can look to target Rural Market.

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**MARKANDA NATIONAL COLLEGE
SHAHABAD (M.)
A PROJECT REPORT OF
RETAILING (ADD ON COURSE)
IN PARTIAL FULFILLMENT OF THE
REQUIRMENT FOR
DIPLOMA COURSE IN RETAILING (2022-23)
{A CASE STUDY OF AMAZONE}**

SUBMITTED BY:

PALAK (BCOM 2ND)

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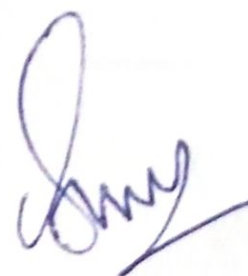
Palak

SUBMITTED TO:

PROF. S.S. KAJAL

(H.O.D. COMMERCE)

(CONVENER OF COURSE)



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RESEARCH ARTICLE

BUSINESS MODEL OF AMAZON INDIA – A CASE STUDY.

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Key words:-

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Abstract

Amazon is an American international e-commerce company. It was started by Jeffrey P. Bezos in the year 1994. And it was launched in India in June 2013. Three years back, Amazon had no infrastructure in India, and now it dominates the Indian markets. At the very start it was perception of investors that in India it will not go long like China as in the year 2004 when Amazon entered in China it hasn't seen much success there with Alibaba, its Chinese competitor, dominating the e-commerce market. After its bad run in China, Bezos is going all in for India.

Fact behind formation of Amazon in India was its huge number of headcounts i.e. 1.25 billion four times as big as the U.S.'s and more than doubles Europe's. Of these, 500 million, around 35 percent, are internet users. As per researches the yearly growth rate of internet users is highest in India around six million users join every month. Researchers expect the online shopping market in India to reach \$15 billion by 2016 up from only \$35 million in 2014.

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Introduction:-

Amazon is an American international e-commerce company. It was started by Jeffrey P. Bezos in the year 1994. And it was launched in India in June 2013. Three years back, Amazon had no infrastructure in India, and now it dominates the Indian markets. At the very start it was perception of investors that in India it will not go long like China as in the year 2004 when Amazon entered in China it hasn't seen much success there with Alibaba, its Chinese competitor, dominating the e-commerce market. After its bad run in China, Bezos is going all in for India. Fact behind formation of Amazon in India was its huge number of headcounts i.e. 1.25 billion four times as big as the U.S.'s and more than doubles Europe's. Of these, 500 million, around 35 percent, are internet users. As per researches the yearly growth rate of internet users is highest in India around six million users join every month. Researchers expect the online shopping market in India to reach \$15 billion by 2016 up from only \$35 million in 2014.

Platform-based markets have become increasingly prevalent, and comprise a large and rapidly growing share of today's economy (e.g., Eisenmann 2007). Such markets are often described as multi-sided because multiple groups of participants—such as consumers and complementors—need to gain access to the same platform to interact with each other, and a platform's success depends on its ability to bring them on board (e.g., Rochet and Tirole 2003; Parker and Van Alstyne 2005).

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Challenges:-

Amazon has consumer market in United States but it is a growing online consumer market in India having different challenges. The first and foremost challenge in India faced by the amazon was restrictions on foreign companies using e-commerce to sell their products directly to the Indian consumer. The Indian government, however, plans to allow foreign companies that manufacture their products in the country to sell them directly to consumers over the internet. But Amazon would have to start making its products in India to take advantage of the change in the law. Another difficulty that Amazon India faced was the limited infrastructure available to get the goods to consumers. In India less than 12% of people uses plastic cards i.e. credit or debit cards, so Amazon has had to adapt to a "Cash on Delivery" model, which isn't yet available in all the areas. There is no shortage of goods produced by Indians, but most vendors in the country are small. Three years ago, relatively few retailers there sold their products online because they believed e-commerce to be too complex and time consuming. And India's cash economy did not facilitate online transactions.

Amazon India Business Models:-

E-commerce business model generally consists of eight key components i.e. value proposition, market opportunity, revenue model, competitive environment, competitive advantage, market strategy, organizational development, and management team (Chosh, 1998).

Value proposition specify how product and service are put together and extended to fulfil customer needs by company (Karniel et al., 1996). For attracting the customer Amazon India is doing a lot for this it has enlisted mom-and-pop store owners as partners in its delivery platform. In small villages and remote areas where few people have internet access, residents can go to their local store and use the owner's internet connection to browse and select goods from online Store. Store owners record their orders, alert customers when their products are delivered to the store, collect the cash payment, and pass along the money — minus a handling fee to Amazon. And store owners report increased sales of their own while customers are on-site.

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Company acquired many IT & e-commerce start-ups like pets.com, audible.com, Jungle.com, IMBD.com, Zappos.com, Wood etc. for providing high value to their customers using existing technology of the acquired partners at low cost.

Company's CRM records data on customer's buying behavior. It enables them to offer individual items, related items or bundle them as an offer, based upon preferences demonstrated through purchases or items visited.

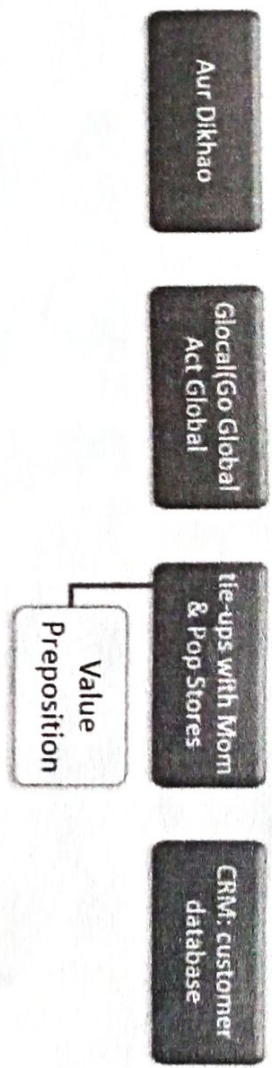


Figure 2:- showing e-commerce business models

Revenue model defines how a firm aims to generate higher return on investment and profits. Important e-commerce revenue models include advertising, subscription, transaction fee, sales, and affiliate revenue models (Laudon and Traver, 2009). Market opportunity gives description of possible revenue a company is likely to generate from its proposed marketplace.

Amazon's strategy involves discounts, low prices and wide range of products sold via direct selling or marketplace. In the U.S., by contrast, Amazon holds and sells its own inventory of toys, books, and more in addition to selling goods from third-party sellers. The Indian Government, however, plans to allow foreign companies that manufacture their products in the country to sell them directly to consumers over the Internet. But Amazon would have to start making its products in India to take advantage of the change in the law. Amazon's model in India differs slightly from the business model in United States. As we discussed earlier that Indian government doesn't allow companies with major foreign ownership to operate retail locations having their own inventory. Because of this, Amazon serves as a middle man between sellers and buyers, and doesn't sell any inventory of its own. But Amazon helps sellers with warehousing and shipping goods. In the U.S., by contrast, Amazon holds and sells its own inventory of toys, books, and more in addition to selling goods from third-party sellers.

Competitive environment pertains to rival companies operating in same market space, potential new entrants in the market, product substitutes available in the market and bargaining power of customers and suppliers over your business (Porter, 1979).

Market strategy is the program company designs to outline how it will get into the market and draw in customers (Laudon and Traver, 2009).

Organizational development strikes a balance between all the functions and skills necessary to carry out each job in a company, which require timely recruitment of suitable candidates. Management team comprises employees at the highest level of company who determine growth and expansion. Amazon has the same business model considering all key components.

How Amazon Model Works:-

First of all, Portals shows the Sellers List who sell the desired portfolio products and then get customers browsing through those products. After matching seller and customers it creates appealing discounts after that Customer Shops for the desired products and then Seller ships the product to customer. If Product Accepted and Not returned back then Seller gets his agreed price of the product minus the commission charged by Amazon for doing everything.

they do. Thus the core trend and heart of the Model is “X% commission on the total sale value given to the seller”. This model has been shown by the Figure 1.

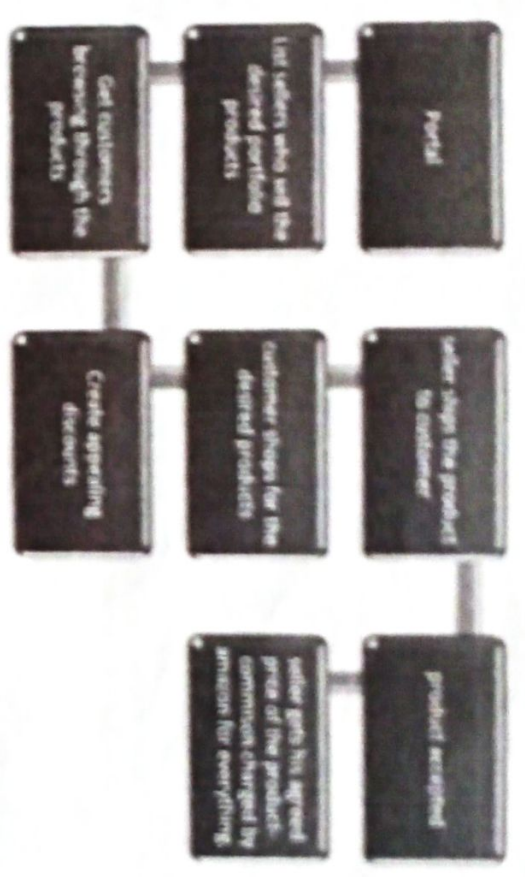


Figure 1:- showing workings of Amazon model

Strategies for Sellers:-

Amazon moved out a program “Amazon Chat Car” these are the mobile tea carts that navigated city streets, serving refreshments to small-business owners and teach them the benefits of e-commerce. The Chat Car team reportedly traveled more than 9,000 miles across 11 cities and engaged with more than 10,000 sellers.

Other move that Amazon created was Amazon Takkal, a self-described “studio on wheels” that provides a suite of launch services, such as registration, imaging, cataloging, and sales training so far it has been covered in 15 cities. Takkal enables Small and Medium Businesses (SMBs) to get online and sell on Amazon.in in less than 60 minutes. Starting with New Delhi, Amazon Takkal will traverse the country, engaging with thousands of entrepreneurs, artisans, manufacturers and sellers and help them sell online on the spot.

Amazon in has five core products from 75,000 sellers. The number of sellers has witnessed a 250 percent growth annually in 2015 and as per the officials of Amazon this launch would help thousands of small and medium businesses in India.

The company also introduced “Easy Ship and Seller Flex” With easy ship Amazon counters pick up packaged goods from a seller’s place of business and deliver them to customers. And with the seller flex, sellers registered under Amazon designate a section of their own warehouses for products to be sold on the website, and Amazon coordinates the delivery logistics. This “neighborhood” approach is convenient for sellers and has benefited Amazon by speeding up delivery of some products.

Amazon also had to adapt delivery and fulfillment. In the U.S., Amazon uses a centralized shipping platform, which it calls Fulfillment by Amazon (FBA), to store and distribute the products it sells. Sellers send their goods to Amazon’s fulfillment centers and pay a fee for the corporation to store, pack, pack, and ship their wares. Amazon implemented FBA in India as well, and to date has built nearly two dozen warehouses there, the largest one in Kothur in Telangana.

Objectives:-

- Assess the issues and challenges of running Amazon in India
- To study amazon business models to overcome these challenges and become the leading e-commerce company in India.
- To study expansion strategy of Amazon in India

Challenges:-

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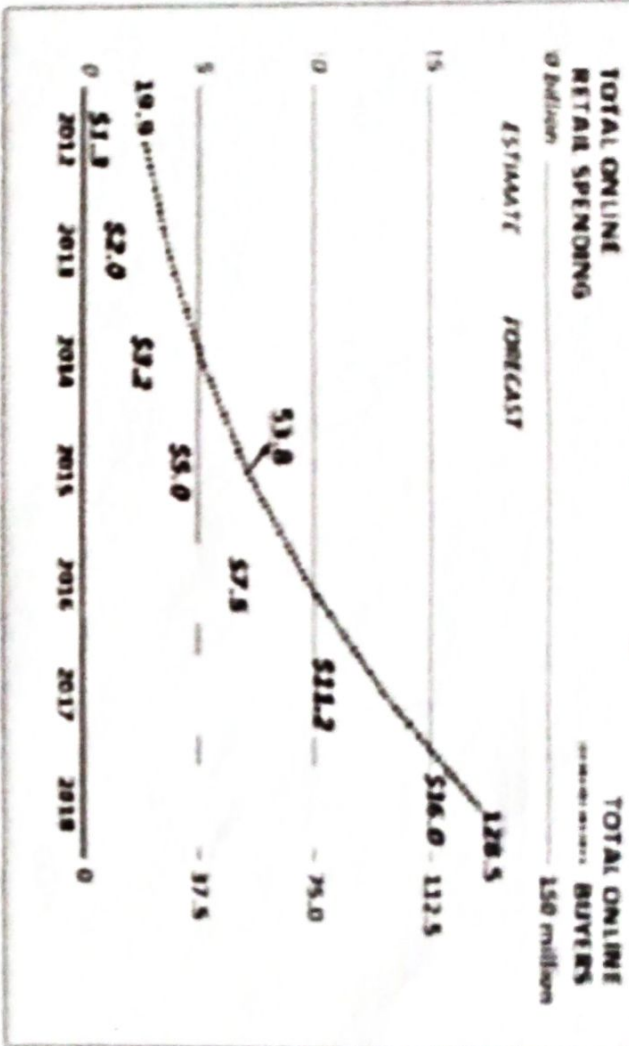
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Online Retail Spending in India



Source: Forrester Research online, Retail Forecast, 2013-2018, Asia Pacific

They just required an innovative business model, beginning with finding products to sell in India though, with FDI restrictions in Retail. Amazon launched Jungle.com though the website did not allow any transaction on the site, and it helped Amazon get an insight into the e-commerce space in India as well as to build brand loyalty. Amazon opted marketplace model. Market place model provides small businesses a huge scaling opportunity without having to build the technical or operational infrastructure of scale. For example small business seller or dresses in Rajasthan, currently their reach is very constrained and growth is much limited. But by participating in these market places, this small business can now reach all over India. All the marketplaces have specific services for sellers that define onboarding, verification, tools to provide insights and fulfillment services. For example, Amazon has Vendor services to make it very easy for a vendor to bring their warehouses online. Apart from all these Amazon provides studio services that support the vendor to photograph all the products and make them ready for online selling. Through the whole life of the relationship for example, these market places provide inventory reports, order reports and trends. The vendors need to focus on their products and find easy ways to ship their products to the Warehouses of the Marketplace.

India's growth potential in e-commerce industry is growing and changes can be seen over a year. The sector in India has grown by 34% (CAGR) since 2009 to touch 16.4 billion USD in 2014 (Internet and Mobile Association of India (IAMAI), CRISIL, Gartner, PwC analysis and industry experts). The sector is expected to be in the range of 22 billion USD in 2015.

Dk gangeshwar. (2013). "e-commerce or internet marketing: a business review from Indian context", international journal of u- and e- service, science and technology concluded that the e-commerce has a very bright future in India