

Business overview of big bazaar



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Wal-Mart is the retail stores of USA and is known all over the world for its fashionable and affordable materials and is known as one of the best in its field, big bazaar can be said as the Wal-Mart of India running a chain of more than 100 retail stores in India.

People around the country thinks that big bazaar is inspired from wal-mart and it is quite obvious to think as wal mart is world leading chain of retail shopping but actually the idea of big bazaar came to the ceo Kishore Biyani from a family run 25 years old store “ saravana” which run on the philosophy of “ low margin high turnover”.

Following its slogan of “ isse sasta or achha kahin nahi” (Meaning cannot find cheaper and better than this anywhere) it provides the consumer with the best of the materials at a rate less rest of the market.

Working in all the markets of India it provides the commodities according to the culture and demand of the consumers taking care of all the modern facilities which a retail store can provide, dealing with the different market segments and culture existing in India it satisfies its customer as well being from a part of India I can tell u that it is really difficult to exist with the same policy in all parts of India as the culture, beliefs, languages and choices of customers is completely different if you move from one city to another

It is said that:

“ Every 100 Km in India you can find a different language and culture”

And is absolutely true and big bazaar is one of the retail stores that is equally successful in every part of India.

I was also one of the regular customers of Big Bazaar and I am telling all this from my personal experience.

Literature review:

Big bazaar is the subsidiary of Future Group, Pantaloons Retail India Ltd.

It is formed by the C. E. O of future group Mr. Kishore Biyani.

At present, the Future Group comprises various formats and brands like Pantaloons, F123, Copper Chimney, Etam, Staples, One Mobile, Urbana, Brand Factory, LootMart, HomeTown and Central. The Big Bazaar has several stores located all over the India, among that Chennai, Hyderabad, Ahmedabad, Bangalore, Kolkata, Pune, Mumbai and Delhi is those metro cities where the stores of Big Bazaars are located.

Big bazaar open its first store in Kolkota , west Bengal, India in 2001 allowing people to buy all the needed items under one roof and this idea became a big hit and as now can be seen big bazaar captures the market opening more than 100 retail stores in all over India.

In order find out the position of big bazaar in the indian market we have to go through a detailed swot analysis but before doing that let us be aware of the term swot analysis:

SWOT analysis:

SWOT Analysis is the assessment of the four factors affecting an organization that is:

Strength: strength is the assessment of the strengths of the company in terms of its resources, assets, manufacturing, finance, marketing etc

Weakness: it is the assessment of the negative points or the weak points of a company which should be taken into consideration and corrected as well

Opportunities: the assessment and evaluation of the market opportunities that are available to the organization and how successfully it can utilize it.

And Threats: it is the evaluation of the threats available to the organization in terms of competition, customer's choice, market share, new entrants etc.

Source: <http://realswotanalysis.blogspot.com/2010/05/improve-your-business-using-swot.html>

Analysis of big bazaar:

Analyzing the situation and position of big bazaar on the basis of its strengths, weaknesses, opportunities and threats:

Targeting the market segment of upper middle class and middle class people in India big bazaar covers whole country in terms of its market affordability.

Strengths:

Enjoys high brand equity: the concept of brand equity captures the notion that marketing actions can lead to brands possessing equity in the sense that they become valuable strategic assets of a firm. Positive brand equity enables the firm to expect future revenues that are higher than that for an identical non-branded product as a result of the brand's positive influence on consumer purchase behaviour. Following the same big bazaar has high

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brand equity through its promotions and marketing it has created a different brand for its products as the cheap and best.

Infrastructure:

Evaluation: it has a really outstanding and appreciating infrastructure

Availability of all the household stuffs in the same roof:

Evaluation: people prefer those places where they can get the maximum products they need and big bazaar provides the customers with the privilege of getting into it and get whatever they want.

Everyday new promotions and schemes of low prices and discounts:

Evaluation: targeting the customers which are attracted by the low prices big bazaar offers new promotions and prices according to the day in the week.

Capacity of investment is really high:

Evaluation: big bazaar offers 1, 70, 000 products and owns more than 100 retail stores all over India and has the strong financial background.

Cheaper than anywhere:

Evaluation: its products are cheaper than anywhere else in the market by 5 to 60%.

Largest chain of retail marketing in India:

Evaluation: Big Bazaar is the largest and most successful Retail chain in India until now.

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Gives a family shopping experience :

Evaluation: it offers itself as a family shopping destination where the entire family can visit together.

Facilities like online booking and delivery of goods:

Evaluation: it is not just a chain of retail shopping but also provides online shopping facility to the consumers.

Observing Customers Regularly

Evaluation: Regular customer feedback is also an influential factor for the success of Big Bazaar. The Big Bazaar has a separate team that looks for customers purchasing pattern and how they like or dislike products, how they approach particular products. For example, unlike other stores where the most expensive and catchy item is placed at the front display, Big Bazaar places the “ Value for Money” items at check-out points.

Imbibed Entrepreneurial Spirit in Organization

Evaluation: Decision making power is given to every level of employees at Big Bazaar. Kishore Biyani has given risk-taking power, which led to exposure of entrepreneurial spirit in every employee. Everybody in Big Bazaar operates with speed and confidence when it comes to decision making.

Building on Core Values:

Evaluation: Core values of Indian-ness, valuing and nurturing relationships, and simplicity shaped the brand. Kishore Biyani always believes in long-term

relationships, with customers, suppliers and employees. Once thinking about offering gifts to employees close to Diwali, Kishore Biyani suggested giving them wall-paints to keep their house clean. The paint is used in Indian culture to keep house clean and brings freshness. The motive behind this was to keep everything clean and bring freshness in organization.

Nurturing Relationships:

Kishore Biyani (CEO) follows strategy to develop trust and nurture relationships with suppliers. This trust led to strategically correct decisions most of the time. Whoever works with Future Group, either leaves in initial deals or continues forever.

Use of Technology, Scenario-Planning & Story-Telling

Evaluation: Big Bazaar planning and design used advance technologies like scenario-planning and story-telling. These techniques were mainly used for store-design layout, store-location selection. The strategy to use user-focused, prototype-based development tool made the brand adapt to the fast-changing external environment.

Design Management

Evaluation: Design-led thinking helped Big Bazaar to achieve customer first objective and ultimately led to better financial performance. Big Bazaar strategy to focus on design led to creation of Idiom, an independent design and consultancy firm, based in Bangalore. They are one of the few organizations in India having economists, ethnographers and sociologists working across various teams as a part of Design Management team.

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Back-end Operations, Supply Chain:

Evaluation: Harvard Business School just did a case study on Pantaloons' Supply Chain and it says that Pantaloons' is the most cost-effective supply chain in the world. India may not have a modern supply chain but it definitely has a cost-effective one. Retailers have made use of the existing supply chain.

Weaknesses:

Perception of low price= low quality:

Evaluation: the general perception of people that quality comes with price distracts the people who crave for quality no matter what is the price.

Targets at the middle class and upper middle class :

Evaluation: it targets at the middle and upper middle class due to which it ignores the upper and elite class people.

Overcrowded:

Evaluation: during offers, promotions and even on weekends the place is overcrowded with people and sometime even there is the situation of closing the store due to it.

Incapable to meet the store opening target until now:

Evaluation: it is still unable to cover the no of stores target it was about to open all over india.

Time taking:

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Evaluation: there can be seen a long que on the billing counters making the consumer wait for hours.

Limited to low price value offering products:

Evaluation: the products are limited to the low price one a no of brands are still missing in the stores of big bazaar for ex: Jockey, Van Heusen.

Opportunities:

Organized retail only in 4. 15% of the indian retail market:

Evaluation: it has an opportunity to expand as it has just covered 4. 15% of the Indian retail market.

The increase in the mall culture in india:

Evaluation: india being a developing country is developing in terms of the mall culture also and nowadays people prefer to shop from mall hence giving an advantage to the big bazaars which is a hypermarket.

Changing consumer behavior in india:

Evaluation: Indian consumers nowadays prefer going to one big store and buy everything instead of visiting different places for different items.

THREATS:

Competition:

Evaluation: competition from other value retail chains such as Shoprite, Reliance (Fresh and trends), Hypercity, D mart and Vishal Mega Mart.

Unorganized retailing:

Evaluation: unorganized retail stores are a threat to the business of big bazaar as now also people prefer to go to the local stores which are convenient enough for them.

Change in government policy:

Evaluation: the changing policy of government can be harmful to the business of big bazaar as the changing tax policy or the restriction to open a store in the area can be harmful for its plans to move ahead.

Foreign competition:

Evaluation: there are a lot of countries which are planning to enter the Indian market like wal-mart, Carrefour and tesco which is a big threat to big bazaar.

Analysis:

Looking at all the four aspects of the organization big bazaar is holding a strong position in the market and is growing very fast instead of the threats of new entrants and competition from the existing one it captures the maximum indian market and with a strong financial background it has to go a long way through.

Following the low price strategy it is successfully running its business all over india and is still growing bigger and bigger following the low price strategy and is one of the favourite shopping centres in india.

There are various examples of companies which have been successfully running through using this strategy only such as: wal-mart, low cost airlines etc. But the question is that is this sustainable.

Sustainability:

Source: <http://www.coolavenues.com/know/mktg/ravi-big-bazaar-10.php>

Looking at the graph above it is clear that the no of stores of big bazaar has increased enormously since the last 10 years and is increasing till now and yet it hasn't covered its target no of stores.

In terms of sustainability its low price strategy is working from the last 10 years and is sustaining through the same strategy but it also keep in mind the need of consumers and what they want? and how they want?

The CEO Mr. Kishore Biyani , the brain behind the big bazaar take care of all the necessary things whether it is the supplier the customer or the employees.

Taking a look at the product life cycle of big bazaar:

Source: <http://www.coolavenues.com/know/mktg/ravi-big-bazaar-14.php>

Looking at the product life cycle of big bazaar it can be seen that it has reached its decline stage and it need to do something in order to break the life cycle and keep moving along