

Case study vishal mega mart marketing essay



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VISHAL MEGAMART is a retail house in India.

It operates 50 retail stores, including two stores which are operated by their franchisees. These 50 stores are spread over about 1, 282, 000 square feet and are located in 18 states across India. In its efforts to strengthen their supply chain, it has set up seven regional distributions centres and an apparel manufacturing plant.

It started as a retailer of ready-made apparels in Kolkata in 2001. At the time of incorporation, the registered office of their Company was situated at 4, R. N. Mukherjee Road, Kolkata 700 001. In 2003, it acquired the manufacturing facilities from Vishal Fashions Private Limited and M/s Vishal Apparels.

Subsequently, with evolution of retail industry in India and change in consumer aspirations, it diversified their portfolio of offerings to include other retail goods. Currently, it sell ready-made apparels and a wide range of household merchandise and other consumer goods such as foot tar, toys, watches, toiletries, grocery items, sports items, crockery, gift and novelties.

It follows the concept of value retail in India. In other words, their business approach is to sell quality goods at reasonable prices by either manufacturing them self or directly procuring from manufacturers (primarily from small and medium size vendors and manufacturers). It endeavthier to facilitate one-stop-shop convenience for their customers and to cater to the needs of the entire family. It believes this concept has helped them grow to their current size within a short time frame of their years. Mr. Ram Chandra Agarwal has been ranked as the 28th most pitiful person in the Indian retail

industry. In order to reduce costs and take advantage of economies of scale it has embarked on backward integration of their products.

Type of retail format being used by that retail chain and reasons for the choice:-

The type of retail format of vishal mega mart is franchisees. The main motives of the opting of these stores believe in facilitating one-stop-shop convenience for their customers.

Give Strengths, Weaknesses, Opportunities & Threats of using particular format:-

Strengths:-

It believes that the following are their principal competitive strengths which have contributed to their current position in the retail sector in India:

Understanding of the 'value retail' segment

Their business plan involves implementation of the concept of the 'value retailing', targeting the middle and lower middle income groups, which constitute majority of the population in India. It intends to provide quality products at competitive prices. It sells a vast range of merchandise across apparels and accessories, FMCG (frequently marketed consumer goods) products, food products and consumer durables with over 74,000 SKUs. Their emphasis has been to maximise the value that the customers derive in spending on goods bought in their stores.

It endeavours to continuously reduce their costs through a variety of measures, such as, in-house production of apparels, procurement of goods

directly from the small and medium size vendors and manufacturers, efficient logistics and distribution systems along with customized product mix at their stores depending on the regional customer behavior and preferences. Central to their value retail strategy is to pass on the benefits of cost reduction measures to their customers.

Supply chain management:-

Their supply chain management involves planning, merchandizing, sourcing, standardization, vendor management, production, logistics, quality control, 'pilferage' control replacement and replenishment. Their supply chain management provides us flexibility to adapt to changing patterns in consumer behavior and their ability to add value at various steps/levels. In particular, their supply chain management gains strength from their ability to undertake in-house manufacture, design and development of apparels.

Logistics and distribution network:-

Their distribution and logistics network comprises seven distribution centres. Besides, it has its own fleet of 41 trucks, which helps us to transport and deliver their products in a cost and time efficient manner. It believes that their distribution and logistics set up is well networked and allows us to fulfil the store requisition within short time period of generation and receipt of order, which has helped us to optimize in-store availability of merchandise and minimize transportation costs.

Their strong distribution and logistics network has enabled us to dispense with the requirement of a dedicated storage space at every store, which is an industry practice, and instead undertake periodical replenishment of

depleted stock. Due to adoption of an efficient racking system, it is able to benefit from optimum utilization of the space allocated for display in their stores. This provides us assistance in maintaining a low working capital requirement and less carrying cost

Geographical spread:-

Their stores and distribution centres are spread in various parts and regions of the country. This has not only enabled us to build their brand value but also facilitated us to explore cost-effective sourcing from different locations, identify potential markets and efficiently establish new stores in different locations. An aggregate of 43 of 50 of their existing stores are located in Tier II and Tier III cities, which, it believes, enables us to capture market share in locations where a majority of their target customers are located.

Identifying new locations:-

It believes that it possesses the ability to identify locations with potential for growth, in particular in Tier II and Tier III cities. It has an exclusive site identification and assessment team, which undertakes systematic analysis of the business prospects, taking into account factors such as population, literacy levels, and nature of occupation, income levels, accessibility, basic infrastructure and establishment and running costs. Further, it has a dedicated warehouse for the purposes of storing the materials essential for setting up of new stores.

Private labels:-

It has a number of private labels for apparels (i. e. apparels manufactured by us) such as Zeppelin, Paranoia, Chlorine, Katina Studio, Famine, Flthierier

Women and Roseau. In fiscal 2007, their income from their private labels was Rs. 583. 60 million, which accounts for 9. 68% of their It intends to pursue the following strategies in order to consolidate their position as an operator in the ' value Retail' segment in India.

Their growth strategy is based on:

Total sales for fiscal 2007. It believes that their focus on their private labels and their recognition in their customer segment enables us to differentiate themselves from their competitors.

Information technology systems:-

It believes that efficient information technology systems, processes and business applications are essential to handle retail chain of their magnitude. Their office processes are computerized which support procurement, supply chain logistics, distribution centres management and store operations including inventory management and billing. It is in the process of implementing SAP. All their stores and distribution centres are connected through a company-wide virtual network connection which helps to efficiently manage their network of outlets throughout the country.

Experienced and skilled management team:-

It has an experienced management team which is complemented by a committed workforce. Their management team comprises of talented professionals who are skilled in the retail sector. This has assisted us in management of their stores. It believes it has created the right balance of performance bonuses and other incentives for their employees.

Strengths Points:-

Demographic favour.

Rising disposable income

Increase in number of people in earner category.

Urbanization

Shopping convenience

Low labour cost of skilled ones.

Changing consumer habits and lifestyles.

Plastic card revolution.

Greater availability of quality retail space.

Weakness:-

Policy related issues

Lack of industry status for retail.

Numerous licence, permits and registration.

Requirement.

-farmer and retailer unfriendly APMC act.

Limited consumer insight.

-lack of detailed region specific customer

Data.

-less data on spending pattern.

Inadequate human resources.

-lack of trained personnel at all level.

-stringent employment and industry laws.

-fragment approach to human resources.

Taxation hurdle

-inconsistent octori and entry tax structure.

-vat and multiple taxation issues.

-large grey market presence.

Underdeveloped supply chain

-underdeveloped logistics infrastructure.

-absence of national cold chain networks.

-lack of national distribution networks and hubs

Lack of adequate utilities

- lack of basic infrastructure like power, transport and

communication creates difficulty in sustaining retail

operations across the large geographical spread of country.

Opportunities:-

Potential for investment.

Location advantage.

Sectors with high growth potential.

Fastest growing format.

Falling real estate cost.

Retail franchising.

Threats:-

Political issues.

Social issues.

Inflation.

Nostalgia.

Lack of differentiation among the malls that are coming.

Poor inventory turns and stock availability measures.

Discuss the organization structure within the store, citing various advantages and disadvantages:-

The organizational structure within the store of vishal mega mart is:-

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Owner.

Store manager.

Salesman.

Cashier.

Security guard.

Employees.

Sweepers.

Supervisor.

Housekeeper.

Advantages of this organisation structure:-

The owner has hired a store manager to manage his works in a well organised way.

The salesmen play a vital role by convincing their customers to buy more and more products from the store along with the products they want.

Employees help in finding out the things and help to carry them out.

Cashier manages all the cash dealings in the store.

There are sweepers cleaning the store from time to time to maintain the cleanliness in the store.

Supervisor supervises the dealings of the store.

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Disadvantages:-

The customers those who are not convinced by salesman they do not visit the stores in future.

There are chances of theft in the store as security sensors are very costly.

The employees can be fraudulent by stealing the things in the store.

Give recommendations on basis of study conducted:-**Suggestions and recommendations:-**

Customer facility should always be under watch.

Store should provide free home delivery facility.

Company should take initiative to open new outlets in sub-urban area also to improve the life standard of people living there.

Company should ensure that quality and quantity of the commodity is accurate.

Generate employment in that area in which the retail store is situated.

Company should do some CRS initiatives in that area to develop the economic condition of people living in that area.

Company should provide regular training to their staff and aware them with the moderate technique of selling and customer dealing.

To be improved the parking facility.

Range of products should be maintained.

Pricing of products compared to other stores should always monitor.

Freshness and quality of products should be always checked.

Teach the counterman how to behave with the customer and maintain courtesy and helpfulness of store staff.

There is a long delay at the billing/payment counter. mainly because of less number of billing machines.

There is always a lot of crowd at the weighing counter of the vegetable section. People do not follow queue system but charge directly to the counter without considering that other people are in the line. The placement of the weighing counter is also not appropriate, creating lot of inconvenience of shopping.