

Big bazaar one of
leading indian retail
chains



**ASSIGN
BUSTER**

Executive Summary

Big-Bazaar is one the leading retail chain in India. This retail chain is exemplary in terms of performance. Many other business leaders have entered in this retail business seeing the success of Big-Bazaar in India. It is considered epitome of operational and efficiency excellence in India. IT is one of the most successful ventures initiated by Kishore Biyani of Future Group. With the success of this retail chain, it has expanded its branches all over the India and now they are planning to venture into a foreign land. This is the study of Big-Bazaar's marketing plan if it will plan to enter in United Arab Emirates. Through this study we are planning to have detailed study of Big-Bazaar future plan of entry in United Arab Emirates. This Study will check the Marketing Objective, Marketing plan, Financial Plan and resource acquisition plan of Big-Bazaar with its retail chain launch in United Arab Emirates. This study will study in detail about the profit generation, Retail chain operational planning and its profit generation analysis. Here, we will start from where we have left last time. We did cultural analysis and enabling factors for Big-Bazaar in last Phase I project. Now in phase II project we are going in detail about the study of marketing plan and promotion mix to attract customer and to establish its trademark operational efficiency in providing superior service at rock Bottom price. Here, in this study we will take the traditional approach of making the marketing plan of Big-Bazaar. We will proceed in the following manner. First we are going to study about the marketing objective, and then we will start with the Marketing plan. This will be followed by financial plan which will detail about the financial items like product costing and financial statements including income statements.

We will discuss about the promotion mix and resource requirement for the retail chain operation.

Marketing Plan

Introduction

Marketing Plan will check how to strategize the opening of Big-Bazaar retail chain in UAE. It will also check out the advertisement, Packaging and promotion plans for this new retail chain. The detailed study will work as the starting plan for the launch of product in UAE and it will then be made to change gradually with sale increase from the expectation to the aspired. It will change with course of time depending on the success and failure of the program. We are going to study about the marketing tactics in this section.

Marketing Objective

Target Market

Citizens of United Arab Emirates will be the target market for Big-Bazaar.

Presence of lot of expatriates will be boon for the company as they have the ready visibility for this brand. For Company the basic target group will be the shoppers who are willing to spend their money economically and those who the value of their money. Therefore our target customer will be the people who are married and who belong to the middle class family. Company will also be cashing on the presence of Indians there. (Retail Market in Middle East)

Expected Sales

Sales objectives define the amount of sales company want to have in very first year. Since company is totally new in the United Arab Emirates, we are

planning to have a sale of around 234 million US \$ or 734 Million of AED in the very first year with its operation in nearly 12 stores in 12 different areas.

Profit Expectation

Profit Expectation of Big-Bazaar will also be bit on lower side only. With the sale of total of 734 AED of grocery, Big Bazaar will be gaining overall profit of 23 million AED. This shows that we are expecting Big-Bazaar to be profitable in very first year only and we are expecting it to earn a big name through its operational efficiency.

Promotion Mix

Advertising

Objective

Main objective of advertisement is to make customers aware of the brand and make them take our brand image in the same way in which we want to communicate. Therefore here operational efficiency doesn't matter until and unless you really tell the customer that we are excellent in managing operation in the same way as Honda stresses the quality part of its product in its advertisements. Therefore here the objective will be to communicate shopper that it is the cheapest shopping point. Company will have to communicate the low price with high quality of its brand. Company cannot play with brand name by tarnishing its image with its cheapness. Company should communicate the proud of giving genuine product at such a low price.

As always we need to first segment the population of United Arab Emirates in categories. Since here in United Arab Emirates per capita income is much more than India, therefore the cheap price will not be only factor that will attract consumers towards their product. Big-Bazaar should be showing the

good shopping environment over and above the capability to sell it so cheap. After segmenting population we need to target the middle income segment population. After setting the target company needs to set its positioning to provide cheap and good quality products. (Westwood, 2006)

Media Mix

We are planning to have the media mix which can make big-Bazaar to approach every single people in United Arab Emirates. This should also make them aware of this new retail shop coming in their nearby market. Since it is future group's first company that will be launching its retail chain in UAE, it has to take care of the brand image of the Bi-Bazaar from getting tarnished by competitors. Since the retail chain will be starting on such a large scale in UAE it needs to do more and more advertisements in UAE starting from its launch only. Hence we will need following media-mix:

- Billboards

- Banners

- TV program

- Kiosks

- Magazines

The method company can plan to make this promotion successful is to have it in various phases. Actually this is one of the most important criteria which company usually follows while entering into a new market.

Message

Big-Bazaar has the image of providing good quality of items at the rock bottom price. Its image is like everything under one roof. Therefore it has to communicate this image to the consumer showing happy family buying their groceries from a place where every family member got something of his/her choice. Company should communicate this image by stressing its image on tag line which it is going to use while conveying its brand image. Message can be similar to “Cheaper than this, doesn’t exist!!!”

Cost**Advertisement**

Newspaper	\$ 20,	AED 73,
Advertisement	000. 00	440. 00
Billboard	\$ 5,	AED 18,
	000. 00	360. 00
TV	\$ 30,	AED 110,
Advertisement	000. 00	160. 00
Kiosk	\$ 10,	AED 36,
Advertisement	000. 00	720. 00
Promotion	\$ 30,	AED 110,
	000. 00	160. 00
Banners	\$ 5,	AED 18,
	000. 00	360. 00

Advertising \$ 100, AED 367,
Expense 000. 00 200. 00

Sales Promotion

Objective

The main objective of sales promotion is attracting more consumers in least possible time with a communication that you are offering more value per unit of money to your consumer. In the very first year, company should try making products as much cheaper as it can by bringing small packs or by giving more and more offs on its grocery. Free goodies can be one of the methods to attract more and more consumers towards it.

Premiums

Premium is generally used in a way in to associate the product with something of real use to customer. Big-Bazaar can use this age old technique by associating some free gifts on spending more than AED 1000 in the in any of the Big-Bazaar retail chain.

Coupon

Coupons will be some free coupon either of service or of entertainment. This really helps in shoppers incoming into the mall. Big-Bazaar can utilize this technique by attaching coupons with the bill in case the shopper buys more than a threshold limit of goods. Big-Bazaar can offer free movie coupons or next time buying's discount coupon. (Details of Big Bazaar's Offer in Festive Seasons " Big Bazaar Maha Bachat Shopping Discount Independence Day Offer")

Cost

Big-Bazaar always cash on low cost model therefore promotion will play a major role here. Company will have to cash in the opportunity of providing more and more goods with the promotional scheme as its very first year and this year's performance will work as a make or break for the company. Therefore we have allotted \$30000 for the promotional scheme only.

Advertisement

Newspaper	\$ 20,	AED 73,
Advertisement	000. 00	440. 00
Billboard	\$ 5,	AED 18,
	000. 00	360. 00
TV	\$ 30,	AED 110,
Advertisement	000. 00	160. 00
Kiosk	\$ 10,	AED 36,
Advertisement	000. 00	720. 00
Promotion	\$ 30,	AED 110,
	000. 00	160. 00
Banners	\$ 5,	AED 18,
	000. 00	360. 00
Advertising	\$ 100,	AED 367,
Expense	000. 00	200. 00

Personal Selling

Big-Bazaar is a retail chain. It will not need to sell its product personally but it should have the facility of home-Delivery so that the groceries of higher cost should be delivered safely to consumer's home without any damage to create superior experience for consumers.

Other Promotional Method

No other promotional method should be taken by the company as it is its very first year of operation. It should take traditional method of operation.

Distribution from Origin to Destination**Mode of Distribution**

Big-Bazaar will be having products which are of all kinds. It should have its warehouse too in order have extra storage facilities. This warehouse should be optimally located and should be in vicinity to all the 12 stores which are there in the United Arab Emirates. In the very first year of operation company can afford to have two storehouses. There will be staffs working in them and company will be needing one big-bazaar van to commute from store house to store in order to have low empty shelf space time. (Luther, 2011)

Packaging**Marking and Labeling Regulations**

Until and unless Big-Bazaar is not launching its own brand product like it sells KOREO in India, it doesn't need to worry about labeling as its general business to sell other brand's product at a cheaper price.

Containerization

Company doesn't need to care for this packaging issue apart from putting RFID on all the products for easy tracking of their availability and presence. The reason is that it will be different brands who are selling under Big-Bazaar's brand name that will have to take care of containerization problem.

Costs

Since packaging is an issue for the brands which are going to sell under the tag of Big-Bazaar here therefore packaging will not be problem for Big-Bazaar.

Price Determination**Transportation Cost**

Transportation cost is always there whenever one opens a retail chain. Here the major transportation cost will be there in the movement of goods from warehouse to main retail shops. The transportation should be there in Big-Bazaar's own dedicated vehicle. All the transportation cost is there included in Distribution Cost only. The \$10000 amount is allotted to it.

Handling Expenses

Handling expense for product will be borne by company and is included in miscellaneous expense of \$4000. (Dubai's rental information " Commercial To Let In Dubai, Properties In Dubai")

Whole and Retail Mark Up and Discounts

Product Cost	Percentage of Total Expense
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Saleable	\$	AED
----------	----	-----

200, 734,
 Grocery 000, 400,
 Cost 000. 000.
 00 00

Big AED
 Bazaar's 1 \$ 20,
 Average 0 73,
 margin % 000,
 on Cost 000. 440,
 000.
 00 000.
 00

\$ AED
 Total 220, 807,
 revenue 000, 840,
 000. 000.
 00 00

AED
 Selling \$ 2,
 Expense 750, 754, 72. 3%
 000.
 00 000.
 00

Advertisi \$ AED 9. 6%
 ng 100, 367,
 Expense 000. 200.

	00	00	
	\$	AED	
Distributi	183, 671,		
on	000. 976.	17. 6%	
Expense	00	00	

		AED	
	\$ 4,		
Misc	000. 14,		
Expense	000. 688.	0. 4%	
	00	00	

	\$ 1,	AED	
Total	037,	3,	
Expense	000. 807,	864.	
	00	00	

Pro-formal financial Statement and Budget

Introduction

This section will check the financial associated with the marketing and operation plan of opening of Big-Bazaar Retail.

Marketing Budget

Advertisement/Promotion Expense

Advertisement

Newspaper \$ 20, AED 73,

Advertisement 000. 00 440. 00

Billboard \$ 5, AED 18,

000. 00 360. 00

TV \$ 30, AED 110,

Advertisement 000. 00 160. 00

Kiosk \$ 10, AED 36,

Advertisement 000. 00 720. 00

Promotion \$ 30, AED 110,

000. 00 160. 00

Banners \$ 5, AED 18,

000. 00 360. 00

Advertising \$ 100, AED 367,

Expense 000. 00 200. 00

Distribution Expense**Distribution Cost(per annum)**

		AED
Store Payroll	\$ 20,	73,
	000. 00	440. 00

		AED
Store Management	\$ 20,	73,
	000. 00	440. 00

Rent(@ 2	AED	
Warehouse 1000	\$ 85,	312,
sq. ft.)	000. 00	120. 00

Transportation	\$ 10,	
	000. 00	

Utilities	AED	
	\$ 20,	73,
	000. 00	440. 00

Depreciation	AED	
	\$ 5,	18,
	000. 00	360. 00

Repair	AED	
	\$ 5,	18,
	000. 00	360. 00

Maintenance	AED	
	\$ 18,	66,
	000. 00	096. 00

	AED	
Total		
Distribution	\$ 183,	671,
Expense	000. 00	976. 00

Product Cost

Product Cost	Percentage of Total Expense
---------------------	--

\$ AED

Saleable 200, 734,

Grocery 000, 400,

Cost 000. 000.

00 00

Big AED

\$ 20,

Bazaar's 1 73,

000,

Average 0 440,

000.

margin % 000.

00

on Cost 00

\$ AED

220, 807,

Total

000, 840,

revenue

000. 000.

00 00

Selling \$ AED 72. 3%

Expense 750, 2,

000. 754,

00 000.

00

	\$	AED	
Advertising Expense	100,367,000.00	200.00	9.6%

	\$	AED	
Distribution Expense	183,671,000.00	976.00	17.6%

	\$	AED	
Miscellaneous Expense	4,000.00	14,688.00	0.4%

	\$	AED	
Total Expense	1,037,000.00	3,807,864.00	

Other Cost

Miscellaneous Expense	\$ 4,000.00
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Pro forma annual profit and loss statement (Profit year)**Profit And Loss Statement AED**

		\$ 220, AED
		000, 807,
Income	Revenue	000. 840,
		00 000
Expense		
		200, AED
	Cost of	000, 734,
	Goods	000. 400,
	Sold	00 000
		\$ 750, AED 2,
	Selling	000. 754,
	Expense	00 000
		\$ 100, AED
	Advertisin	000. 367,
	g Expense	00 200
		\$ 183, AED
	Distributio	000. 671,
	n Expense	00 976
		\$ 4, AED
	Misc	000. 14,
	Expense	

	00	688
	201,	AED
Total	037,	738,
Expense	000.	207,
	00	864

	\$ 18, AED	
	963, 69,	
EBIT	000. 632,	
	00 136	
	\$ 10, AED	
	571, 38,	
Interest	890. 819,	
	00 980	
	\$ 8, AED	
	391, 30,	
EBT	110. 812,	
	00 156	
	\$ 1,	AED 6,
	678,	162,
Tax @	222.	431
20%	00	
	\$ 6, AED	
	712, 24,	
Net	888. 649,	
Income	00 725	

Resource Requirements

Introduction

In this section we will discuss about the Resource requirement. Here we will analyze about how company is planning to expand and what all it will require while expanding in this way. We are going step by step. First we are going to analyze the finances, Personnel and later we will discuss capacity or Scale in which Big-Bazaar should be operating.

Finances

Companies usually get their finances from two tools Debt or Equity. Debt is the fixed amount taken by company at fixed interest rates. This amount has its maturity associated with and it and after a certain interval of time company has to return. Equity is the money which company usually plans to have through dilution of its ownership. We taking all factors in account thinking about having a PE firm getting associated in financing just by having stake in our firms' ownership. We suggests that company should have a debt to Equity ratio of 6: 5 in long term and therefore company should invest 45% through its equity and should ask for remaining 55 % as debt from their local banks.

Personnel

Any firm whenever it starts its business usually needs Personnel to make the ideas take shape. Even the Big-Bazaar will need personnel for its operational requirements. Big-Bazaar will majorly look for following:

- HR personnel for Customer Care Department
- Sales Personnel
- Labors

- Managers
- Marketing Personnel
- Accounting Personnel
- Operation Personnel
- Distributor personnel

Depending on the scale which we are launching, Company's estimate of personnel for its first year of operation will be as below

Marketing	60
Sales	600
Accounting	18
Human Resource	12
Information Technology	5
Operations (including distribution and packaging)	120 0

Scale

Production capacity should be planned as per company's aim of expanding in future. As per seeing Nestlé's trend of expansion plan in other countries, we can assume following as company's capacity requirement in future.

Year I 12
 Shops

Year II 15

	Shops
Year III	18 shops
Year IV	22 Shops
Year V	25 Shops

Nestle should have production capacity accordingly.

Conclusion

As we can see from the analysis, Big-Bazaar operation in United Arab Emirates will be profitable only. In the very first year of its operation, The Company can aim to gain a profit of AED 24. 6 Million. Company's big brand name and operational expertise can work wonders for the company for its UAE operation. Therefore the verdict is that company should go ahead with its Emirates plan as it seems profitable from the analysis we have made till now.