Promotional Strategies of hyper retail stores
A Comparative Study of Big Bazaar and Reliance Fresh in India

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Abstract - Hyper retail stores are a new and growing phenomena in India. India is a fast growing retail market, retailers are competing with different promotional strategies. Big Bazaar and Reliance Fresh are two major players and have grown in retail space. This paper studies different sales promotion strategies and its effects. This paper also explains how sales promotion strategies help attract new consumer for these retailers and face the competition effectively. A descriptive study was done where primary data was collected from 100 employees of both the stores in different locations. Questionnaire was prepared with multiple choice and open-ended questions. It was found that both the retailers use strategies for short term increase in sales and to induce first trial. Branded packaged goods are important part of promotional strategies and there exists a huge scope for the growth of Big Bazaar and Reliance Fresh. Assortment is also an important part of promotional strategies for both the stores who are very aggressive in their strategies. Few suggestions are also made in the study.

Keywords - Promotional Strategies, hyper retail-stores, Retailing, Big Bazaar, Reliance Fresh.

INTRODUCTION
Definition of Retailing When man started to cultivate and harvest the land, he would occasionally find himself with a surplus of goods. Once the needs of his family and local community were met, he would attempt to trade his goods for different goods produced elsewhere. Berry Berman, (2006) Thus markets were formed and still it is dynamic and inventing new avenue of market. The simple format of early efforts to swap goods that developed into more formal gatherings has grown into complex retail industry today. There were several attempt made to define retailing. Few of them are as follows. Peter Fleming (2007) “Retailing is a set of business activities that adds value to the product and service sold to the consumer for the personal or family use.”

Role of Retailer in Distribution Channel
A retailer is a business that sells products and/or services to consumers for their personal or family use. Retailers are the final business in a distribution channel that links manufactures to consumers. Das Subhasish (2009). A distribution channel is a set of firms that facilitate the movement of products from the point of production to the point of sale to the end user. Manufacturers make products and sell them to retailers or wholesaler. Wholesalers buy products from manufacturers and resell them to retailers and retailers resell products to consumers. Philip Kotler, “Marketing Management”, Retailer’s Position within a Distribution Channel.

MANUFACTURER--- WHOLESALER ---RETAILER--- CONSUMER
Wholesalers and retailers may perform many of the same functions, but wholesalers satisfy retailer’s needs, while retailers focus to satisfy needs of ultimate consumers. In some distribution channels, the manufacturing, wholesaling and retailing activities are performed by independent firms, but most distribution channels have vertical integration. Vertical integration means a firm performs more than one set of activities in the channel, such as investment by retailers in wholesaling or manufacturing. Forward integration is when a manufacturer himself performs retailing activities such as Koutons operates its own retail stores. Batra Satish, (2008).

Top 10 Global Retailers

1. Wal-Mart Stores, Inc.
Wal-Mart Stores, is the world's largest brick-and-mortar retailer by a substantial margin. The company reported worldwide revenue of $485.7 billion for its 2015 fiscal year, a year-over-year increase of about 2%. It operates 11,453 store locations in 27 countries. About $228 billion of its 2015 revenue, nearly 60% of the total, is attributed to operations in the United States. Most of the company’s store locations worldwide operate under the Walmart brand. Francis Cherunilum (2002).

2. Costco Wholesale Corporation
Costco Wholesale Corporation (NASDAQ: COST) is a membership-only warehouse retail chain with operations in nine countries. The company reported worldwide revenue of $112.6 billion for fiscal year 2014, including more than $2.4 billion in revenue
attributed to annual customer membership fees. Year-on-year revenue growth amounted to about 7.1%. \cite{Lau.2004} Costco operates 671 warehouse locations around the world, including 474 locations in the U.S.

3. Kroger Company

Kroger Company (NYSE: KR) is the third-largest retailer in the world by revenue and the largest grocery retailer in the U.S. It reported total sales of $108.5 billion for fiscal year 2014, an increase of 10.2% over the prior year. Kroger operates 2,625 supermarkets and multi-department stores, which combine to make up 93% of company revenue. The company also operates 782 small-format convenience stores and 326 jewelry stores. It operates stores under more than 30 different brand names, including Kroger, Ralphs, Fry's, Fred Meyer, Food4Less, Littman Jewelers and QuikStop. Kroger has a market capitalization of $40.4 billion.

4. Walgreens Boots Alliance, Inc.

Walgreens Boots Alliance, Inc. (NASDAQ: WBA) is a holding company formed during the merger of drugstore giants Walgreen Company and Alliance Boots at the close of 2014. For the fiscal year ending on Aug. 31, 2015, Walgreens Boots Alliance reported sales of $103.4 billion. However, this figure only includes sales arising from Alliance Boots operations after the merger was completed on Dec. 23, 2014. Consequently, true full-year results for the combined company are not yet available. The combined company operates more than 12,800 drugstore locations in 11 countries. It has a market capitalization of $92.2 billion.

5. Tesco PLC

Tesco PLC is a global grocery retailer headquartered in the U.K. For fiscal year 2015, the company reported revenue of £62.3 billion excluding value-added tax (VAT), equivalent to approximately $101.3 billion at average exchange rates for the reporting period. This represents a 2% decline in revenue compared to the prior year, making Tesco one of only two companies on this list not experiencing sales growth. Tesco operates 6,814 stores in 11 countries. In addition to its grocery stores in the U.K. and Europe, Tesco has major operations in Thailand, Malaysia, India and China. The company has a market capitalization of $19.9 billion.

6. Carrefour SA

France's Carrefour SA reported sales of billion excluding VAT, equivalent to approximately $99.1 billion at average exchange €74.7 rates for the period. Revenue growth amounted to 2.9% on the year. At the close of 2014, Carrefour had 10,860 store locations in 33 countries. It operates stores in a variety of formats, including small convenience stores, mid-size supermarkets and large-scale superstores offering both food and general merchandise. Carrefour opened or acquired a total of 1,128 new stores during the 2014 year, adding more than 650,000 square meters of retail space. The company has a market capitalization of about $22 billion.

7. Amazon.com, Inc.

Amazon.com, Inc. (NASDAQ: AMZN) is the world's top online retailer. It reported sales of approximately $89 billion for the 2014 fiscal year, an increase of about 19.5% over the previous period. The company operates 14 country-specific retail websites and ships products to customers around the globe. About 62% of Amazon.com sales take place outside the U.S. Both domestic and international sales figures have shown continued fast growth in recent years. Sales of media products account for 25.3% of net sales, while electronics and other general merchandise account for about 68.4%. As of December 2015, Amazon.com has a market capitalization of $314 billion, the highest market cap of any company on this list by a substantial margin.

8. Metro Group AG

Germany's Metro Group is a European retail giant with far-flung operations in Russia, China, Japan, Thailand, Pakistan and India. The company reported sales of €63 billion excluding VAT, equivalent to approximately $85.5 billion at average exchange rates for the period. Sales were down about 4% from the prior year. Metro Group operates 2,200 stores under several brands, including the warehouse retail chain, Metro Cash & Carry, which is responsible for more than 48% of the company's sales. Other Metro Group retail operations include the supermarket chain Real, the consumer electronics retailers Media Markt and Saturn, and the department store chain Galeria Kaufhof. Metro Group has a market capitalization of $9.9 billion.

The Home Depot, Inc. (NYSE: HD) is the world's biggest home-improvement retailer. It reported sales of $83.2 billion for the 2014 fiscal year, an increase of about 5.5% over the previous year. The company operates 2,273 stores in total, including 1,977 in the U.S. and its territories, and the remainder in Canada and Mexico. The Home Depot offers a variety of proprietary and exclusive brands in its stores, including Hampton Bay home products, Glacier Bay home fixtures, Vigoro lawn care products and Husky tools, among others. As of December 2015, The Home Depot has a market capitalization of just over $170 billion.

10. Target Corporation

Target Corporation (NYSE: TGT) reported revenue of $72.6 billion for fiscal year 2014, an increase of 1.9% over the prior year's results. Target is a big-box retailer with 1,790 stores across the U.S. In addition to its large-format stores, the company also operates eight CityTarget stores in an ongoing test phase. CityTarget locations are designed as small-format stores for densely populated urban areas. Further expansion in this segment is planned for fiscal year 2015. Target has a market capitalization of $45.3 billion.

Retailers in India

**Big Bazaar** is the largest chain of hypermarts in India which was introduced by the Future Group in September 2001 by the opening of its first four stores in Kolkata, Indore, Bengaluru and Hyderabad in just a period of 22 days. A present there are more than 200 stores across 90 cities and towns in India covering around 16 million sq.ft of retail space. Promoted by Kishore Biyani of Future Group it started mainly as a fashion format selling apparels, cosmetics, general merchandise and accessories (www.pantalooneetail.in). Over years it has evolved into selling wide assortments of products and services, ranging from groceries to electronics. It has been designed as an agglomeration of Indian bazaars which has sections of fashion and apparels, general merchandise, furniture, food products, books, fast food and leisure and entertainment products. It aims to deliver customers a feel of the local marketplace. In 2003, Big Bazaar entered into small towns and cities and has been successful. The first store in this category was launched that year in Nagpur. It has many awards to its credit and captures a major share of the food and grocery market of the modern formats of retail in India. Big Bazaar recently came out with its plan to add more retail services to its portfolio like grinding, de-seeding and cutting of fruits and vegetables at free of cost. Big Bazaar scores over other stores due to its value proposition for Indian customers. Apart from Big Bazaar the Future group presently owns Pantaloons, Brand Factory, Central Hypermart, eZone, HomeTown, futurebazaar.com and KB’s Fair Price. Kumar, Sinha (2008).

**Spencer’s** is a multi format food first retailer providing a wide assortment of products to discerning young customers. Headquartered in Kolkata the company launched its first Foodworld store in 1996 in Chennai. Presently it has around 400 stores in 60 cities of India. It has a wide range of product assortments which includes fresh and packaged food, groceries, electronics and electrical equipments, garments and fashion accessories, toys, home and office essentials, and personal care products. Its stores are mainly of two types convenience stores with the name Spencer’s and hypermarkets with the name Spencer’s Hyper. The company has won many awards. Spencer's boasts of a wide range of private labels in both foods as well as non foods FMCG category. 'Spencer's smart choice' is the leading in store brand which has a large number of products ranging from juices, noodles, cookies, honey, Air freshener etc. The 'clean home' range of home improvement products and 'Tasty wonders' a range of snacks and impulse food range. Apart from this Spencer's has smartly and successful launched its general merchandise products under the brand name of MAROON which includes Non Stick, Hard Anodized, Home Plastic and Foils (www.spencerretail.com)

**Shoppers Stop** was started in 1991 by the K Raheja Group with its first store in Andheri, Mumbai. It is one of the leading retail stores in India which began by operating a chain of department stores under the name “Shoppers’ Stop” in India. Shoppers Stop has 56 stores across the country (with the latest one being the outlet at Kumar Pacific Mall, Pune) including three airport stores. Shoppers Stop Ltd was awarded "the Hall of Fame" and won "the Emerging Market Retailer of the Year Award", by World Retail Congress at Barcelona on April 10, 2008. It got listed on the BSE in 2011. Shoppers Stop retails a range of branded and private label under the following categories of apparel, footwear, fashion jewellery, leather products, accessories and home products. Cafe, food, entertainment, personal care and various beauty related services complement the above categories. Shoppers Stop also has its e-store which was launched in 2008 with delivery across major cities in India. The website retails all the products available at Shoppers Stop stores, including apparel, cosmetics and accessories (www.shoppersstop.com).

**Reliance Retail Ltd.** is a subsidiary of Reliance Industries headed by Mr. Mukesh Ambani and is headquartered in Mumbai. Since its inception in 2006, Reliance Retail Limited (RRL) has grown into an organisation that caters to millions of customers, thousands of farmers and vendors. Based on its core growth strategy of backward integration, RRL has made rapid progress towards building an entire value chain starting from the farmers to the end consumers. It is the second largest retailer in India. It runs multi product multi brand retail outlets across several cities in India which sell food & groceries, vegetables, fruits, farm implements, electronics, apparel, footwear, lifestyle and home improvement products, flowers, etc. Its focus is on consumer durables, travel services,
consumer goods, health and well-being products, entertainment and leisure, energy, educational products and services. The below mentioned companies are operating as subsidiaries and divisions under Reliance Retail –

1) **Reliance Fresh** – It is a convenience store format selling fruits, vegetables, staples, groceries, dairy products, etc. Reliance Fresh store is of approximately 3000–4000 square feet and generally caters to a catchment area of 2–3km.

2) **Reliance Hyper mart** – Retail outlets selling fruits, vegetables, staples, groceries, Apparels, footwear, lifestyle and home improvement products, electronics, etc.

3) **Reliance Digital** – Retail stores selling Consumer Electronics.

4) **Reliance Jewels** – Retail stores selling Jewellery

5) **Reliance Time Out** – Retail lifestyle stores selling books, music, toys, stationery, movies, gaming, fragrances

6) **Reliance Trends** – Stores selling apparel and clothing

7) **Reliance Footprints** – Retail outlets selling footwear, baggage trolleys, wallets, belts, etc.

8) **Reliance Wellness** – Retail stores selling pharmaceutical products.

9) **Reliance Super** – Supermarket retail stores selling fruits, vegetables, staples, groceries, dairy products, fruit juices, etc.

Opening of reliance stores faced great resistance from local vendors in UP and West Bengal. The company dropped the idea to run its stores over there. The company may not stock fruit and vegetables in some states. Though Reliance Fresh is not going out of the fruit and vegetable business altogether, but it has decided not to compete with local vendors partly due to political reasons, and partly due to its inability to create a robust supply chain. This is quite different from what the firm had originally planned. Reliance Retail has also entered into an alliance with Apple for setting up a chain of Apple Specialty Stores which would be known as iStore. Its first store started in Bangalore; presently around 17 stores are operational.

**BestPrice** is a cash and carry format promoted by the Bharti Wal-Mart joint venture with a 50:50 stakes in Bharti Wal-Mart Private Limited. It started in 2009 and sells goods from a wholesale house. This format sells bulk food, consumables and supplies to businesses. The BestPrice store operates in a size of about 54,000 square feet. Its first Cash and carry facility started in May 2009 in Amritsar. They have their stores now in Jalandhar, Bhopal, Kota, Ludhiana, Indore, Vijaywada, Zirakpur, Meerut, Raipur, Lucknow, Jammu, Aurangabad, Bhatinda, Guntur, Amravati, Rajahmundry and Hyderabad. They sell more than 5000 items in product categories of fresh fruits and vegetables, general merchandise, dairy products, packaged foods, apparels, footwear, office supplies, household and electronics appliances, etc. under one roof. Their mission is to enable small business to prosper.

**LITERATURE REVIEW**

Kline, B and Wager, J (1994) provided a comprehensive classification of retailing and suggested that retailing can be described in several ways:

- In terms of activities;
- As part of a process;
- As having structure; and
- As an intermediary in a channel of distribution. Mukerjee A (2008) argued that retailing could be viewed from multiple perspectives, including tangible and intangible items, and a distribution channel.

Review of literature is necessary to have a proper knowledge on the subject. It helps in proper understanding of the research work done by academicians and industry people in the relevant field of study. Review of literature helps in devising a proper framework to structure the research and define the research problem. It avoids the chance of unnecessary duplication of efforts in the same direction. Mitchell, A A (1979) So every research should be preceded by an in-depth review of related literature as it familiarizes the researcher with the studies carried out by other people in the same area, the methods adopted by them, their results and the recommendations for further research. The literature review in this study tries to present the inputs from both theoretical as well as empirical perspectives. Retailing encompasses business activities in selling goods and services to consumers for their personal, family or household consumption. Every sale to the final consumer ranging from cars to clothes to movie tickets to meals at restaurants is a part of retailing. Johnson, Kirtz and Schying (2002)

It’s the last stage in the distribution process. Retailing today is at a fascinating crossroads. Sales of some of the leading companies in organized retailing are well ahead of some manufacturing giants. Ex.-Sales of Wal-Mart is ahead of General Motors, ExxonMobil.
While retail sales remains at the highest peak in the history on one hand, the retailers face numerous challenges on the other hand.

Kassarjian, H (1991) Traditional retailing or unorganised retailing is a part of the Indian society since generations. Traditional retailing signifies the small families run stores in our neighborhoods. These stores sell products in small quantities and as consumers we buy our daily need items several times in a month from them. They are also known as ‘kirana’ or ‘mom and pop’ stores which sell daily need items like rice, wheat, pulses, flour, spices, ghee, edible oils, snacks, jam, jelly, milk, vegetables, fruits, and many such items. They are small in size due to which they do not stock items in large quantities.

Lesser, J A and Hughes, M. A (1986) Their share is around 96% in the Indian retail market. Organized retailing or modern format of retailing is new to the Indian retail market but has emerged very fast in the last decade. It has gained high acceptance because of the modern look and various facilities which it provides but is still going through various changes. The organized retailing has both specialty stores as well as multibrand multiproduct stores which have become very popular among the consumers. Even with its high acceptance and growth the share of organized retailing is only 4% in the Indian retail market. But the small share also signifies a potential of high growth for the organized retailers in future.

Kumuda Tripathy (2007). conducted an exploratory investigation in the attempt to define service quality and develop a model of service quality. The results showed that regardless of the type of service, consumers used basically the similar criteria in evaluating service quality.

RESEARCH METHODOLOGY

Objective of the study:
- To study the different sales promotion strategies.
- To identifying the effect of sales promotion strategy in retail industry.
- To understand how a sales promotion strategy help attract new consumer.
- To know how a sales promotion strategy help to face the competition effectively.

Research Design
- The blueprint for conducting the marketing research is Descriptive in nature.

Sample size:
It is the process of selecting representative subset of a total population for obtaining data for the study of the whole population the subset is known as sample. The sample size is selected for the study 100 employees.

The research instrument:
Questionnaire: The questionnaire is prepared in such a way that is correct the comprehensive objectives of the study. Open end, multiple choice of questionnaire adopted in this research.

DATA ANALYSIS

1. Is your Sales promotion Strategy is customer oriented?

<table>
<thead>
<tr>
<th>Is your sales promotion strategy is customer oriented</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100</td>
<td>0</td>
</tr>
</tbody>
</table>

Interpretation:
As per our survey 100% Retailers (both Big-Bazaar (50sample) and Reliance Fresh (50sample)) said that they use Sales promotion Strategy are customer oriented.
2. Does customer really satisfied with your sales promotion activity in your BIG-BAZAAR?

Interpretation:
As per our survey Retailer (50 SAMPLE SIZE) says that 70% of customer (35) are satisfied with your sales promotion activity and remaining 30% (15) are not. So Retailers has to find some other new way to satisfy remaining 30% unsatisfied customer.

3. Does customer really satisfied with your sales promotion activity in your RELIANCE FRESH?

Interpretation:
As per our survey Retailer (50 SAMPLE SIZE) says that 73% of customer are satisfied with your sales promotion activity and remaining 27% are not.

4. Do customers look for various schemes in the product?(Both BIG BAZAAR AND RELIANCE FRESH)(Sample size of 100)

Interpretation:
From the above diagram we come to know that PRICE-OFF is most preferable Sales promotion strategy With 45% Followed by Bundling and Extra Quantity22 % &20% and the least preferable is Scratch Card & Coupons which is 2% &3%.
5. Which sales promotion Strategy you use most? A) (BIG-BAZAAR)

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extra Quantity</td>
<td>5</td>
</tr>
<tr>
<td>Bundling Offer</td>
<td>5</td>
</tr>
<tr>
<td>Lucky Draws</td>
<td>2</td>
</tr>
<tr>
<td>Scratch Cards</td>
<td>1</td>
</tr>
<tr>
<td>Price Off</td>
<td>4</td>
</tr>
<tr>
<td>Coupons</td>
<td>2</td>
</tr>
</tbody>
</table>

Interpretation:
From the above Diagram we come to know that in Big Bazaar Retailer Most concentrate on Extra quantity And Bundling to which they had given rating of point 5 to each and least is scratch card to which they had given only 1 point.

6. On which category customer attract more in Big Bazaar? (out of 50 sample)

- FMCG 15
- Apparels 12
- Vegetables 10
- Stationary 1
- Kids Product 10
- Luggage 2
- Consumer Durable 10
- Fruits 10
- Electronic 9
- Vegetable 10
- Other 7

Interpretation: We can see from the figure that the category to which customer get attract more is FMCG Which is 15 CUSTOMER OUT OF EVERY 50 Followed by Apparels which is 12 And the least attract segment is stationary which is only 1 out of every 50 footage.

7. On which category customer attract more in Reliance Fresh? (out of 50 sample)

- FMCG 10
- Apparels 7
- Kids Product 4
- Vegetable 10
- Fruits 10
- Electronic 9

Interpretation:
We can see from the Diagram that the category to which customer get attract more is Vegetable ,FMCG, FRUITS Which is 10 CUSTOMER EACH OUT OF EVERY 50 Followed by Electronic which is 9 And the least attract segment is kids product which is only 4 out of every 50 footage.
8. Do you consider promotional schemes while visiting Big-Bazaar?(OUT OF 50 SAMPLE)

![Bar chart showing 36 respondents preferred promotional schemes at Big-Bazaar, 14 did not]

**Interpretation:** Thus from the above Table and Diagram we come to know that 36 Customers Look for the promotional schemes while visiting BIG-BAZAAR and 14 does not look for the any scheme.

9. Do you consider promotional schemes while visiting RELIANCE FRESH(OUT OF 50 SAMPLE)

![Bar chart showing 30 respondents preferred promotional schemes at Reliance Fresh, 20 did not]

**Interpretation:** Thus from the above Table we come to know that 30 Customers Look for the promotional schemes while visiting a RELIANCE FRESH and 20 does not look for the any scheme.

10. How do you compare Reliance Fresh with Big-Bazaar?

![Bar chart showing comparison of Price Factor, Availability of Product, and Customer Service between Big-Bazaar and Reliance Fresh]

**Interpretation:** From the above diagram we come to know that customers compare both retail outlets on Price basis by 25 and 23 in Big-Bazaar and Reliance Fresh out of 50 samples, 18 and 17 are comparing both retail outlets on the basis of Availability of product. And only 7 and 10 customers compare on the basis of Customer Service out of 50 customers each outlet.

**CONCLUSION**

- We have noted that these kinds of promotional tools are useful for short term increase in sales and to induce first trial. These types of promotional schemes should be consistent and changed from time to time depending upon season and competitor’s schemes.
- With the Increasing number of supermarket, the branded packaged goods work as silent sales person. So in such stores, sales promotion plays a more effective role in stimulating consumers’ demands.
• Thus proper use of sales promotion tools help to achieve the objective of organization.
• With the changing lifestyle, modernization and westernization there exists a huge scope for the growth of Big Bazaar and Reliance Fresh and is therefore a threat to unorganized retailing.
• Big bazaar stores are able to provide almost all categories of items related to food, health, beauty products, clothing and footwear, durable goods so it become quite easier for the customer to buy from one shop and hence is a convenient way of shopping when compared to unorganized retailing.
• Aggressive marketing is the key to increasing the market share in this area, since the market has a lot of potential both in terms of untapped market.

SUGGESTIONS

- Company need to spend a lot on advertising and promotion to create brand image of its product.
- Make frequent advertisement in both print and electronic media.
- Making stalls in corporate melas like trade fair may be beneficial to create brand image of its product.
- Need to provide additional offers and discounts as per customer requirements.
- Need to include varieties of similar items.
- Provide more discount on FMCG products.
- Provide better customer service.
- Maintain proper display to create impulse. (It is assumed that near 70% of the sales comes from impulse marketing and if proper display is not maintained impulse can be created).

References