



COMPARATIVE STUDY OF STRATEGIES ADOPTED BY BIG BAZAAR AND RELIANCE LTD.

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Abstract

Hypermarket retail stores are a burgeoning trend in India's rapidly expanding retail landscape. With India emerging as a high-growth retail market, companies are deploying diverse promotional tactics to gain a competitive edge. Among the prominent players, Big Bazaar and Reliance Retail Ltd. have significantly expanded their presence. This study explores various sales promotion strategies employed by these retailers and their impacts. It examines how these strategies not only attract new consumers but also effectively counter competition in the market.

The research conducted is descriptive in nature, involving primary data collection from Ranchi of both stores. A structured questionnaire comprising multiple-choice and open-ended questions was utilized. Findings reveal that both Big Bazaar and Reliance Retail Ltd. utilize promotional strategies aimed at short-term sales boosts and enticing initial trials. Branded packaged goods play a pivotal role in their promotional endeavors, underscoring substantial growth opportunities for both retailers. Additionally, assortment strategies are integral, reflecting the aggressive nature of their promotional efforts.

The study also proposes several recommendations based on its findings, aimed at further enhancing the effectiveness of sales promotion strategies for Big Bazaar and Reliance Ltd. in the competitive retail environment.

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

INTRODUCTION

Retailing began when early humans cultivated crops and found themselves with surplus goods beyond what was needed for their families and local communities. They started to trade these surplus goods for other products produced elsewhere, which led to the formation of markets. This simple barter system evolved into more organized gatherings and eventually developed into today's complex retail industry, which continues to innovate and create new market opportunities.

Various attempts have been made to define retailing. Peter Fleming (2007) defines retailing as "a set of business activities that adds value to the product and service sold to the consumer for personal or family use." Retailers play a crucial role in the distribution channel, being the final link that connects manufacturers to consumers.

In a typical distribution channel, manufacturers produce goods and sell them to wholesalers or directly to retailers. Wholesalers purchase products from manufacturers and resell them to retailers, who then sell them to consumers. Philip Kotler (Marketing Management) illustrates the distribution channel as: MANUFACTURER --- WHOLESALE --- RETAILER --- CONSUMER

While wholesalers and retailers may perform similar functions, retailers focus specifically on meeting the needs of the end consumer. In many distribution channels, there is vertical integration, where firms engage in multiple activities within the channel. For instance, some retailers may vertically integrate by investing in wholesaling or even manufacturing (forward integration). An example of forward integration is when a manufacturer, like Koutons, operates its own retail stores.

This integrated approach within the distribution channel ensures that products move efficiently from production to consumption, meeting consumer demand effectively.

Top 10 Global Retailers

As of recent data, here are the top 10 global retailers based on their retail revenue and market presence:

1. **Walmart (United States)** - Known for its extensive network of hypermarkets, discount department stores, and grocery stores globally.
2. **Amazon (United States)** - Dominates e-commerce with a vast range of products and services, including Amazon Retail Ltd. and Whole Foods Market.
3. **Costco (United States)** - Operates membership-based warehouse clubs offering bulk goods at discounted prices.
4. **Schwarz Group (Germany)** - Parent company of Lidl and Kaufland, specializing in discount supermarkets and hypermarkets across Europe and increasingly worldwide.
5. **The Kroger Co. (United States)** - One of the largest supermarket chains in the U.S., operating multiple formats including supermarkets, hypermarkets, and convenience stores.
6. **Aldi (Germany)** - Known for its low-cost business model and offering a limited range of private-label products across discount supermarket formats globally.
7. **Carrefour (France)** - One of the largest hypermarket chains globally, operating in various formats including hypermarkets, supermarkets, and convenience stores.
8. **Ahold Delhaize (Netherlands)** - Operates supermarkets, hypermarkets, and online grocery services in Europe and the United States under various banners like Albert Heijn and Food Lion.
9. **Target Corporation (United States)** - Retail chain offering discount department stores and hypermarkets in the U.S., expanding its e-commerce presence.
10. **7-Eleven (Japan/United States)** - Known for its convenience store chain with a global presence, offering a wide range of products including snacks, beverages, and essential items.

These retailers are ranked based on their retail revenue, global footprint, and impact on the retail industry worldwide. Each of them operates across various formats and channels, catering to diverse consumer needs and preferences.

As of recent data, here are the top 10 Indian retailers based on their market presence, revenue, and impact in the retail industry:

1. **Reliance Retail** - A subsidiary of Reliance Industries Ltd., operating a wide range of formats including supermarkets, hypermarkets, wholesale cash & carry, and online grocery.
2. **Future Retail** - Part of Future Group, operates Big Bazaar, one of India's largest hypermarket chains, along with other formats like fbb, Foodhall, and Easyday.
3. **Tata Group (Trent Ltd.)** - Operates Westside, a popular chain of department stores offering fashion and lifestyle products, along with Zudio and Star Bazaar.
4. **Aditya Birla Retail** - Operates supermarket and hypermarket chains under brands like More and Aditya Birla Supermarket, offering a wide range of products.
5. **Spencer's Retail** - Part of RP-Sanjiv Goenka Group, operates hypermarkets and supermarkets across India, known for its focus on Retail Ltd. produce and gourmet foods.
6. **DMart (Avenue Supermarts Ltd.)** - Known for its discount retail model, operates DMart hypermarkets and supermarkets, focusing on value for money offerings.
7. **BigBasket** - India's largest online grocery platform, offering a wide range of products and services including Retail Ltd. produce, groceries, and household essentials.
8. **Croma (Infiniti Retail Ltd.)** - A leading electronics retail chain in India, offering a wide range of consumer electronics and durables under the Tata Group.
9. **V-Mart Retail** - Operates a chain of value retail stores primarily in tier-II and tier-III cities, offering apparel, footwear, and accessories at affordable prices.
10. **Nature's Basket** - A premium grocery retail chain offering gourmet foods, imported products, and organic produce, part of Spencer's Retail.

These retailers are recognized for their diverse formats, strong market presence, and contributions to the retail landscape in India, catering to the evolving needs of Indian consumers across various segments.

Big Bazaar was the largest chain of hypermarkets in India, was launched by the Future Group in September 2001 with the opening of its first four stores in Kolkata, Indore, Bengaluru, and Hyderabad within just 22 days. Currently, it operates over 200 stores across 90 cities, covering approximately 16 million square feet of retail space. Initially focused on fashion, selling apparel, cosmetics, and accessories, Big Bazaar has expanded its offerings to include a wide range of products from groceries to electronics. It aims to recreate the atmosphere of traditional Indian bazaars by integrating sections for fashion, general merchandise, furniture, food products, books, fast food, and entertainment. Since 2003, Big Bazaar has successfully expanded into smaller towns and cities, starting with Nagpur. The chain has received numerous awards and commands a significant share of India's modern retail food and grocery market. Recently, Big Bazaar announced plans to enhance its service portfolio by offering free services such as grinding, de-seeding, and cutting fruits and vegetables. Known for its value-for-money proposition, Big Bazaar is part of the Future Group, which also owns Pantaloons, Brand Factory, Central Hypermart, eZone, HomeTown, futurebazaar.com, and KB's Fair Price.

Spencer's Retail, headquartered in Kolkata, is a multi-format retailer primarily focused on food products. It launched its first Foodworld store in Chennai in 1996 and now operates around 400 stores in 60 cities across India. Spencer's offers a diverse assortment of products including Retail Ltd. and packaged foods, groceries, electronics, garments, fashion accessories, toys, home and office essentials, and personal care products. Its stores are categorized into convenience stores under the Spencer's brand and hypermarkets under Spencer's Hyper. The company has earned several awards and boasts a range of private labels such as 'Spencer's Smart Choice' for juices, noodles, cookies, honey, and air Retail Ltd.eners, along with 'Clean Home' for home improvement and 'Tasty Wonders' for snacks and impulse foods. Spencer's has successfully launched its general merchandise products under the brand MAROON, encompassing non-stick cookware, hard-anodized cookware, plasticware for home use, and foils.

Shoppers Stop, founded in 1991 by the K Raheja Group, opened its first store in Andheri, Mumbai. It has since become one of India's leading retail chains, operating under the name "Shoppers' Stop." With 56 stores across the country, including three at airports, Shoppers Stop received the "Hall of Fame" and "Emerging Market Retailer of the Year Award" at the World Retail Congress in Barcelona in 2008. The company went public on the Bombay Stock Exchange in 2011. Shoppers Stop offers a wide range of branded and private-label products across categories including apparel, footwear, fashion jewelry, leather goods, accessories, home products, cafes, food, entertainment, personal care, and beauty services. In 2008, Shoppers Stop launched its e-store, providing delivery services across major cities in India, offering all products available in its physical stores, including apparel, cosmetics, and accessories.

Reliance Retail Ltd., a subsidiary of Reliance Industries led by Mr. Mukesh Ambani and headquartered in Mumbai, was established in 2006. It has grown into a significant organization serving millions of customers, farmers, and vendors with a core strategy of backward integration. Reliance Retail operates multi-product, multi-brand retail outlets across several Indian cities, selling food, groceries, vegetables, fruits, farm implements, electronics, apparel, footwear, lifestyle products, home improvement items, flowers, consumer durables, travel services, consumer goods, health and wellness products, entertainment and leisure products, educational products, and services. Subsidiaries and divisions under Reliance Retail include Reliance Retail Ltd. (convenience stores), Reliance Hypermart (hypermarkets), Reliance Digital (consumer electronics), Reliance Jewels (jewelry), Reliance Time Out (lifestyle stores), Reliance Trends (apparel), Reliance Footprints (footwear and accessories), Reliance Wellness (pharmaceuticals), and Reliance Super (supermarkets). Reliance Retail faced challenges during its expansion, particularly in Uttar Pradesh and West Bengal, where local vendors opposed its entry, prompting the company to modify its approach in those regions. Despite this, Reliance Retail continues to expand and innovate, including forming an alliance with Apple to establish iStores, specializing in Apple products.

LITERATURE REVIEW

Kline and Wager (1994) presented a comprehensive classification of retailing, describing it in various dimensions: • Activities involved; • As part of a larger process; • Having a defined structure; • Acting as an intermediary in distribution channels. Mukerjee (2008) argued that retailing can be understood from multiple perspectives, encompassing both tangible and intangible elements within a distribution framework.

A thorough literature review is essential for gaining a comprehensive understanding of a research topic. It enables researchers to build upon existing academic and industry knowledge, formulate a clear research framework, and avoid unnecessary duplication of efforts (Mitchell, 1979). By reviewing both theoretical insights and empirical findings, this study aims to provide a balanced perspective on retailing.

Parasuraman et al. (1980s) conducted an exploratory study to define service quality and developed a model highlighting ten criteria, termed as "service quality determinants." Their findings revealed that consumers universally use similar criteria to evaluate service quality (Parasuraman et al., 1985). Subsequently, these criteria were consolidated into five dimensions: Tangibles, Reliability, Responsiveness, Assurance, and Empathy.

Dawar and Parkar (1994) emphasized that a retailer's reputation serves as a proxy for credibility, crucial for assessing product quality across the store's assortment. Dabholkar et al. (1996) developed the Retail Service Quality Model (RSQS), integrating 28 items from SERVPERF, focusing on dimensions such as Physical Aspects, Reliability, Personal Interaction, Problem Solving, and Policy.

Sinha and Batra (1999) identified a positive relationship between price consciousness and the purchase of private label brands, noting variations across different product categories. Shah (2001) highlighted the prominence of Kerala's Margin Free Market (MFM), a 160-store chain offering a diverse range from electronics to FMCGs, embodying the essence of Indian retail diversity.

Das (2000) underscored India's unique retail landscape, contributing 10-12% to GDP, surpassing many Western economies, yet facing challenges such as low retail space per capita and diverse market densities. Johnson (2000) discussed India's retail challenges, including real estate constraints and the potential for leapfrogging traditional retail models with innovations like drive-through shopping.

Poviah and Shirali (2001) described shopping malls as self-service stores popularized in India, focusing on groceries, household goods, and personal care products. They noted that while malls attract shoppers seeking convenience, traditional 'kirana' shops continue to dominate daily essentials.

Purohit and Srivastava (2001) highlighted a retailer's reputation as a critical cue influencing consumer perceptions of product quality and purchase decisions. Chandrasekhar Priya (2004) identified emerging hot markets like China, Hong Kong, Taiwan, and India, projecting sustained growth opportunities.

Shekhar M. Raj (2005) examined the evolving dynamics between high streets and Indian retail, observing the rise of malls offering integrated shopping, entertainment, and leisure experiences, catering to changing consumer preferences.

Overall, these studies underscore the evolving landscape of Indian retailing, influenced by consumer behavior, technological advancements, and the dynamic interplay between traditional and modern retail formats.

Retailing encompasses the business activities involved in selling goods and services directly to consumers for personal, family, or household use (Johnson, Kirtz, & Schying, 2002). It represents the final stage in the distribution process and plays a crucial role in the economy. Today, organized retail companies often surpass manufacturing giants in terms of sales volume (Kassarjian, 1991), highlighting the sector's significant economic impact and growth potential.

In India, traditional retailing, known as unorganized retailing, has been ingrained in society for generations. These neighborhood stores, often referred to as 'kirana' or 'mom and pop' stores, cater to daily needs by selling items such as groceries, spices, dairy products, and Retail Ltd. produce in small quantities (Lesser & Hughes, 1986). They dominate the market with approximately 96% share, reflecting their deep-rooted presence and importance in local communities.

On the other hand, organized retailing is a relatively recent phenomenon in India, experiencing rapid growth over the past decade. It is characterized by modern formats that offer a contemporary shopping experience and various amenities. Despite its growing popularity, organized retailing holds only a 4% share in the Indian market (Kumuda Tripathy, 2007), indicating significant potential for expansion in the future.

In conclusion, while traditional retailing continues to thrive in India's local communities, organized retailing is poised for substantial growth, driven by evolving consumer preferences and expanding market opportunities.

RESEARCH METHODOLOGY

Objectives of the Study:

- To examine various sales promotion strategies.
- To assess the impact of sales promotion strategies in the retail industry.
- To analyze how sales promotion strategies attract new consumers.
- To understand the role of sales promotion strategies in effectively managing competition.

Research Design:

- The research design employed in this study is descriptive in nature, providing a detailed overview of sales promotion strategies.

Sample Size:

- The study involves a sample size of 100, selected to represent a broader population within the retail industry.

Research Instrument:

- Questionnaire: A questionnaire was meticulously designed to align with the study's comprehensive objectives. It includes open-ended and multiple-choice questions to gather diverse perspectives and insights.

DATA ANALYSIS**• Is your Sales Promotion Strategy customer-oriented?**

- Interpretation: According to our survey, 100% of retailers (50 from Big Bazaar and 50 from Reliance) indicated that their Sales Promotion Strategies are customer oriented.

• Are customers satisfied with your sales promotion activity in Big Bazaar?

- Interpretation: From our survey of 50 retailers, 70% of customers (35) are satisfied with the sales promotion activities at Big Bazaar, while 30% (15) are not. Retailers should explore new methods to satisfy the remaining 30% of dissatisfied customers.

• Are customers satisfied with your sales promotion activity in Reliance Retail Ltd.?

- Interpretation: According to our survey of 50 retailers, 73% of customers are satisfied with the sales promotion activities at Reliance Retail Ltd., leaving 27% unsatisfied.

• Do customers seek various schemes in the product? (Both Big Bazaar and Reliance Retail Ltd.)

- Interpretation: The data shows that Price-Off is the most preferred sales promotion strategy at 45%, followed by Bundling and Extra Quantity at 22% and 20% respectively. Scratch Cards and Coupons are the least preferred options.

• Which sales promotion strategy is most used in Big Bazaar?

- Interpretation: Based on the survey results, Big Bazaar retailers focus most on Extra Quantity and Bundling, each receiving a rating of 5. Scratch Cards received the lowest rating of 1.

• In which categories do customers show more interest in Big Bazaar? (out of 50 samples)

- Interpretation: The data indicates that customers are most attracted to FMCG products (15 out of 50), followed by Apparel (12 out of 50). Stationery attracted the least interest, with only 1 out of 50 customers.

- **In which categories do customers show more interest in Reliance Retail Ltd.? (out of 50 samples)**

- Interpretation: According to the survey, customers are most attracted to Vegetables, FMCG products, and Fruits (10 customers each out of 50). Electronics attracted 9 customers, while Kids' Products were the least attractive.

- **Do you consider promotional schemes while visiting Big Bazaar? (out of 50 samples)**

- Interpretation: Among the surveyed customers, 36 look for promotional schemes while visiting Big Bazaar, while 14 do not actively seek any schemes.

- **Do you consider promotional schemes while visiting Reliance Retail Ltd.? (out of 50 samples)**

- Interpretation: From the survey data, 30 customers consider promotional schemes while visiting Reliance Retail Ltd., whereas 20 do not prioritize them.

- **How do you compare Reliance Retail Ltd. with Big Bazaar?**

- Interpretation: Based on the survey responses, 25 customers compare Big Bazaar and Reliance Retail Ltd. based on price, while 23 compare based on product availability. Only 7 customers compare the two outlets based on customer service.

Conclusion

- These promotional tools have proven effective in generating short-term sales increases and enticing initial trials. It is essential to maintain consistency in these promotional schemes while adjusting them seasonally and in response to competitors' strategies.
- The proliferation of supermarkets has elevated branded packaged goods to serve as silent salespersons. Consequently, sales promotion plays a pivotal role in stimulating consumer demand within these establishments.
- Effective utilization of sales promotion tools is crucial for achieving organizational objectives.
- The changing lifestyles, modernization, and westernization trends present significant opportunities for the expansion of Big Bazaar and Reliance Retail Ltd., posing a threat to unorganized retailing.
- Big Bazaar outlets offer a comprehensive range of products spanning food, health, beauty, clothing, footwear, and durable goods, providing customers with a convenient one-stop shopping experience compared to unorganized retailing.
- Aggressive marketing strategies are imperative for capturing a larger market share in this sector, given its considerable untapped potential.

Findings and Recommendations

It is evident from the study that emphasis should be placed on sales promotion strategies. Retailers are advised to increase displays and offer more discounts. The entry of organized retailers, employing fully integrated marketing practices, franchising agreements, contractual selling, joint ventures, and co-promotions, poses a significant threat to unorganized retailers. This has compelled them to transition from convenience-based to intensive business models.

The research highlights that unorganized retailers specializing in clothing, footwear, furniture, appliances, and beverages have been particularly impacted. Traditional retailers have traditionally benefited from their proximity to customers in local neighborhoods, longstanding personal relationships, and services such as home delivery and credit facilities.

Additionally, the study, based on a small sample survey assessing the impact of malls on small shops and hawkers in Mumbai, indicates a decline in sales across various categories including groceries, fruits and vegetables, processed foods, garments, shoes, and electronic goods. Consequently, approximately 50% of these retailers face the imminent threat of closure or significant business decline.

Suggestions

- The company should allocate significant resources to advertising and promotion to establish a strong brand image for its products.
- Implement frequent advertising campaigns across both print and electronic media platforms.
- Participating in corporate events such as trade fairs can be advantageous for enhancing the brand image of its products.
- Tailor offers discounts to meet specific customer preferences and demands.
- Expand the variety of similar items offered to cater to diverse consumer needs.
- Offer substantial discounts on fast-moving consumer goods (FMCG) products.
- Enhance customer service to improve overall satisfaction and loyalty.
- Ensure meticulous product displays to capitalize on impulse purchases, as approximately 70% of sales are influenced by impulse buying. Neglecting proper display arrangements can negatively impact impulse sales.

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