Vishal Mega-Mart

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Abstract: Out of sight of high consumerism and pay of the urban shoppers, in late year, various organizations have communicated their advantage towards retail part outlets. Subsequently, quantities of shopping centers have begun their operations in metro and urban territories. Pantaloon, Big Bazaar, Vishal Mega Mart, Reliance Fresh are the best known cases of retail area outlets in India.

Retailing is the interface between the maker and the individual customer purchasing for individual utilization. This rejects coordinate interface between the producer and institutional purchasers, for example, the administration and other mass clients. A retailer is one who stocks the producer's merchandise and is included in the demonstration of offering it to the individual customer, at an edge of benefit. All things considered, retailing is the last connection that associates the individual customer with the assembling and dissemination chain. A portion of the key components of retailing include:

- Selling specifically to clients without having any middle men
- Selling in smaller units/amounts, breaking the mass
- Present in neighborhood or in the area which is very helpful to the clients.
- Very high in numbers
- Recognized by their administration levels
- Fitting any size and area

The target of this article is to contemplate the Marketing Mix and Shareholding example of Vishal Mega-Mart, an eminent name in Retail Industry of India.

Keywords: Retail, Consumerism, Manufacturing, Individual, Selling, Marketing-Mix, Shareholding.

I. Introduction

Most recent couple of years India has witnessed radical changes in the creating of malls deserting the customary high road shops. Indian land designers got models from the west, transformed them to suit the Indian setting to touch base at a quickly developing number of home-developed shopping centers. Indigenous elements, for example, accessibility of physical space, populace densities and city arranging and financial parameters have added to this shopping center surge in the Indian market.

In spite of the fact that the basic role of a shopping place is to take into account the retail necessities of its customers; excitement and nourishment courts are now and again connected to give a total shopping, eating and amusement encounter.

In India, the main operational shopping center was opened in Mumbai in 1999. Around the same time, Ansal Plaza was begun in New Delhi. In the course of recent years, those first shopping centers have developed into 6 million square feet of operational shopping center space in Mumbai, Delhi, Bangalore and Hyderabad. Huge designers like Unitech, DLF, TDI, Ansals, Omaxe and Parsvanath, Aerens and BPTP have officially understood the capability of these shopping centers. To offer something new to the clients, engineers have been trying different things with various retail designs like specialty stores, hypermarket, comfort stores and grocery store. New shopping centers are coming up in level II and level III urban areas. Contrasted with the extensive urban areas, sorted out retailing in residential communities is developing at a stunning rate of 50 to 55 for each penny. More than 700 new shopping centers are being arranged all over India. In this aggressive environment, Vishal Mega Mart has additionally made a space and picture in the brain of clients.

II. About Vishal Mega-Mart

Vishal Retail Ltd. (Figure-1) has a solid nearness in assembling and retailing of readymade pieces of clothing (array); retailing of non - attire and a huge assortment of FMCG items. The gem in Vishal Group's crown is its lead organization Vishal Retail Ltd., an organization occupied with Hyper advertise stores with a normal zone of 25,000 to 30,000 sq. ft. through a noteworthy chain of 172 completely incorporated stores in spread over the zone of more than 24,00,000 sq. ft. in around 129 urban communities crosswise over India in 24 states. The turnover of the organization for 09-10 was 1105 Crore. Keeping up the most elevated guidelines in quality and outline, these stores have come to offer the finest design pieces of clothing at rational value structure. It additionally has 29 distribution centers situated in 9 enter urban areas in India covering more than
1,053,066 sq. ft region.

It began as a retailer of instant attire in Kolkata in 2001. At the season of consolidation, the enrolled office of the Company was arranged at 4, R. N. Mukharjee Road, Kolkata 700 001. In 2003, it obtained the assembling offices from Vishal Fashions Private Limited and M/s Vishal Apparels. It takes after the idea of significant worth retail in India. At the end of the day, their business approach is to offer quality merchandise at sensible costs by either producing them self or straightforwardly acquiring from makers (principally from little and medium size merchants and makers). It encourages one-stop-shop comfort for their clients and to take into account the requirements of the whole family. Mr. Smash Chandra Agarwal, CMD, Vishal Retail Ltd. has been positioned as the 28th most sad individual in the Indian retail industry. The adventure of Vishal Group goes back to 2001 when its executives predicted the rising possibilities in the retail business which is to be sure the biggest segment in the worldwide economy. Guzzling its imaginative ideas and strategies the Group recognized the incomprehensible extent of development in retailing for the regular man.

Shareholders, No. of shares & Shareholding pattern (Figure-2) are as follows:

<table>
<thead>
<tr>
<th>Name of Shareholders &amp; Number of Shares % of shareholding</th>
</tr>
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<tbody>
<tr>
<td>1. Unicon Marketing Private Limited 315,000 49.53</td>
</tr>
<tr>
<td>2. Ricon Commodities Private Limited 300,000 47.17</td>
</tr>
<tr>
<td>3. Mr. Ram Chandra Agarwal 12,010 1.89</td>
</tr>
<tr>
<td>4. Mrs. Uma Agarwal 9,010 1.42</td>
</tr>
<tr>
<td>Total 656,020 100.00</td>
</tr>
</tbody>
</table>

Up till now metros have been at the center of all the organized retail action. As this market is now saturating, VMM is moving towards tier-2 and tier-3 cities because here the opportunities for growth are high. Real estate prices in these cities are comparatively low and resources are easily available so the cost of operation is less. Also Tier-2 and tier-3 cities have large base of middle class customers who are educated and have rising disposable Income.

### III. Positioning & Establishment of Vishal Mega-Mart

VMM has established itself in the first quadrant of Organization Value and Customer Value Matrix (Figure-3). The key features that have shaped in establishing of brand includes:

- It facilitates one-stop-shop convenience for their customers and to cater to the needs of the entire family.
- Maintaining the highest standards in quality and design, these stores have come to offer the finest fashion garments at down-to-earth price structure.
- VMM’s business approach is to sell quality goods at reasonable prices.
- It follows the concept of value retail in India.
- VMM target middle class as it is the largest consumer base in India.

### IV. Marketing-Mix of Vishal Mega-Mart

7P Marketing Mix is more valuable for administrations enterprises and information escalated businesses. Fruitful promoting relies on upon number of key issues. The seven keys issues are clarified as:

**4.1 Product**

VMM offers an extensive variety of items which run from attire, nourishment, cultivate items, furniture, youngster mind, toys, and so on. Results of all the real brands are accessible at VMM. Additionally, there are many in house brands advanced by VMM. Vishal Mega-shop sold more than 300,000 of pants, 50,000 DVD players and 25,000 microwave-stoves. Taking all things together, the design, hardware and travel fragments made up around 70% of offers. A year ago, these classifications made up just around 60%.

**4.1.1 In-house fabricating support edge**

Vishal Retail works two assembling offices with a limit of 1.5 mn pieces each. The Gurgaon producing office started operations in 2004 and at present works at 80% use. The Dehradun office, right now working at 40% usage, started operations in September, 2007. The organization likewise makes FMCG items, similar to napkins, ketch-up, and so on., through a pastry kitchen in Gurgaon. The in-house made items empower change in working edge. In FY 06, the items fabricated by organization contributed 9.7% to deals. This commitment is diminishing each year because of consideration of different classifications in the item blend. We expect the share of fabricated items (Figure-4) to lessen encourage because of further expansion in classes going ahead.

**4.1.2 Changing item blend**

Vishal Retail started operations with the retailing of readymade array for children, ladies and men. Step by step, it extended its item portfolio to incorporate non-clothes and FMCG items. With more than 100,000
SKUs, attire (63.2% in FY07) is the biggest patron to deals. However this blend is relied upon to change with the expansion in the assortment of items. We expect the share of clothes to decrease to half throughout the following two years. Subsequently the share of non-clothes and FMCG (Figure 5) on the whole is required to increment to half. The adjustment in the item blend will empower the organization to diminish regularity, pull in more footfalls and look after edges.

4.2 Price
They take a shot at the model of financial matters of scale. There estimating goal is to get "Most extreme Market Share". The different procedures utilized at Vishal Mega-shop are:

- Value Pricing (EDLP - Every Day Low Pricing): Vishal Mega-bazaar guarantees customers the most minimal accessible cost without coupon cutting, sitting tight for markdown advancements, or correlation shopping.

- Promotional Pricing: Vishal Mega-shop offers financing at low loan fee. The idea of mental marking down (Rs. 99, Rs. 49, and so forth.) is utilized as special device. Vishal Mega-shop additionally cooks on Special Event Pricing (Close to Diwali, Holi, Raksha-Bandhan and Durga Pooja).

- Differentiated Pricing: Time evaluating i.e. contrast in rate in view of pinnacle and non-crest hours or days of shopping is additionally an evaluating system utilized as a part of Indian retail, which is forcefully utilized by Vishal Mega-store.

- Bundling: Selling combo-packs and offering rebate to clients. The combo-packs increase the value of client.

4.3 Place
Vishal Mega-shop stores are situated in 129 urban communities with 172 outlets. VMM has nearness in all the real Indian urban communities. They are forceful on their extension arranges (Figure 6).

Vishal Retail targets urban communities with urban populace of 1 million individuals or above or can be delegated Tier-2 and Tier-3 urban communities. In Tier-1 urban communities, the organization opens retail outlets on the edges, instead of the prime range. Its objective market incorporates individuals with center wage and lower pay levels. This empowers the organization to conquer rivalry to some degree because of its first mover advantage (as contenders have moderately less space in level 2 and level 3 urban areas) and brings down rental cost. As at 3Q FY08, 78% of the organization’s 82 stores are in Tier-2 and Tier-3 urban areas (Figure 7). The organization arrangements to keep up the proportion of Tier-2 and Tier-3 to Tier-1 urban communities at 80:20.

4.4 Promotion
Publicizing has assumed a critical part in working of the brand. VMM notices are found in print media, TV, Radio (FM) and street side announcements.

Vishal Mega-store began numerous new and creative cross-offer and up-offer procedures in Indian retail advertise. The different promotion strategies utilized at VMM include:

- 5 Din Ki Maha Bachat
- 2 din Ki Maha Loot
- Dhan-teras Dhamaal
- Great Savings
- Vishal Mega Mart Gift Voucher Rs. 1000.
- 25% Off On All Items – Every Month
- Discount Offers At Various Festive occasions
- Grand Winter Sale – 50% & 60% discount for 2 days
- Paise Bachao Aandolan – 9 Din Ki Maha Loot
- Vishal Reward Plus: Consumers can make purchases at any store and accumulate points at a central level. These points are redeemable at any of our stores.

- Cross category promotions are now catching up where discounts are being offered on grocery purchases, redeemable against purchase of apparel and household products.

4.5 People
4.5.1 Strong administration with demonstrated execution ability
Vishal Retail has been built up by Mr. Smash Chandra Agarwal, an original business person. He has been instrumental in extending the business from an attire store in Kolkata to 82 esteem retail locations with container India nearness. The administration group has a pool of capable experts with right blend of working background. Experts are one of the key resources for any association. The striking elements of staff of VMM are:

- Monthly, week after week and every day deals targets are conveyed to the staff and endeavors are made to
- Employees are roused to thoroughly consider of-the-container. Retail area is in development arrange, so staff is enabled to make creative strides.
- Multiple counters for installment, staff at store to keep stuff and security protects at each entryway, makes for a client well disposed climate.
- VMM spurs and holds store staff and keeps up a positive workplace.
- Well-dressed staff enhances the general appearance of store.
- Strong Recruitment Cell, 2,509 workers participated in 2009.
- 8500 worker Strength.

Because of exceptional rivalry, the prerequisite of gifted labor is expanding. In the meantime, the accessibility of talented labor is declining and wearing down rates are expanding all through the business. We anticipate an expansion in the worker cost going ahead (Figure 7) because of organization's endeavors to draw in and hold the representatives. In spite of the fact that representative cost is expanding; still the organization's thought process is to hold the important workers in the organization.

4.6 Process
VMM embraced the plan of action as appeared in (Figure-9) to run their exercises easily. This procedure incorporates four stages as takes after:
- Fabricating Capacity; Strong Logistics; Products; Retailing
- The merchandise's dispatch and acquiring territory has certain remarkable components which include:
  - Multiple counters with trolleys to convey the things acquired.
  - Proper show/notices of the place like (Kids Wear, Grocery, and Stationary and so on.).
  - Home conveyance counters to be begun soon.
  - Three Layer Security Checks.
  - No. of Parallel Billing Counter
  - Retail Exchange Software Solution – PRIL
  - Integrated With SAP and ERP

4.7 Physical Evidence
It manages the last deliverable or the show of composed actualities. This incorporates the present framework and accessible offices. - Infrastructure – Stand Alone Commercial Building
- Clean, Air-molded outlet
- Equipment – PC, BCR, Desk and so forth State of Art

V. Valuations of Vishal Mega Mart
Vishal Retail is a retailer in the esteem fragment (Figure-10). The sorted out retail industry is at an incipient stage in India. Esteem retailing is the quickest developing model in the retail business as lion's share of the populace in the nation is working class or lower white collar class. Vishal Retail is on an extension spree since its beginning. They anticipate that the retail space will increment to 5.1 mn sq. ft in FY10 from 1.3 mn sq. ft. in FY07, a CAGR of 59% over FY07-FY10E. Its concentrate on Tier 2 and Tier 3 urban areas empowers it to monitor costs because of low rentals and first mover advantage in a large portion of the urban communities. It appreciates preferred productivity over its associates because of its cost lessening measures, for example, fabricating office, solid coordination and dispersion arrange, responsibility for of trucks, sourcing from nearby providers, and so on. Despite forceful extension, the income of the organization is relied upon to be one-6th of that of Pantaloon Retail, the pioneer in retail industry in the nation. The organization may weaken its value going ahead to store its development arranges and new activities, which we have not fused in our evaluations. Thinking about these, we esteem Vishal Retail at an objective cost of Rs. 1026 in view of 18x FY10 PER, giving a potential upside of 46.6%.

VI. Conclusion
So it can be presumed that Vishal Retail, an esteem retailer with an attention on Tier 2 and Tier 3 urban areas, is growing forcefully. The development will support its retail space to 5.1 million sq ft by FY10 from 1.3 million sq ft in FY07. The organization arrangements to expand its entrance all through the nation throughout the following couple of years. We start scope on the organization with an OUTPERFORMER rating. The extension plan of Vishal Retail is extremely forceful. We anticipate that the retail space will increment to 5.1 mn sq. ft. by FY10, at a CAGR of 59% over FY07-FY10E. This development will build its compass and give volume development, whereby income is relied upon to expand four-overlap. The organization targets Tier-2 and Tier-3 urban communities where there is practically no nearness of composed retail players. Indeed, even in
Tier-1 urban communities, it is available on the edges of the city. This empowers the organization to appreciate first mover advantage and acquire preferable edges over its associates. Likewise, the rentals in such urban communities are low.

The organization's working edge is higher than to peers because of claimed assembling limit of clothing, higher extent of attire in the business blend (60%), and offer of private names just in array, high share of private names in the business blend, effective production network and dissemination framework and low rentals. We anticipate that the working edge will increment to **12.49% in FY10 from 11.12% in FY07 in spite of the continuous caper.**

<table>
<thead>
<tr>
<th>Table 1. Chosen Brand: Vishal Mega-mart</th>
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<tr>
<td><strong>About VMM</strong></td>
</tr>
<tr>
<td>Hypermarket, Chain of Departmental Stores operated in India</td>
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<tr>
<td><strong>Outlets</strong></td>
</tr>
<tr>
<td>172 outlets today, Located in 159 cities</td>
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<tr>
<td><strong>Products</strong></td>
</tr>
<tr>
<td>Departmental Store, Grocery Store</td>
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<tr>
<td><strong>Parent Group</strong></td>
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<tr>
<td>Vishal Retail Ltd.</td>
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<tr>
<td><strong>Owner</strong></td>
</tr>
<tr>
<td>Mr. Ramesh Agarwal, CMD of Vishal Retail Ltd.</td>
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<tr>
<td><strong>Founded</strong></td>
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<tr>
<td>2001</td>
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<tr>
<td><strong>Headquarter</strong></td>
</tr>
<tr>
<td>New Delhi- 110037</td>
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<tr>
<td><strong>Website</strong></td>
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<tr>
<td><a href="http://www.vishalmegamart.net">www.vishalmegamart.net</a></td>
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<tr>
<td><strong>Salient Features</strong></td>
</tr>
<tr>
<td>VMM is moving towards tier-2 and tier-3 cities, Offers the finest fashion garments at down-to-earth price structure, strong manufacturing set-up with a capacity of 5,000 garment pieces per day in each unit</td>
</tr>
<tr>
<td><strong>Tag Line</strong></td>
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<tr>
<td>Manufacturing to Retailing</td>
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**Figure 1. Shareholding Pattern of Vishal Mega-mart**

**Source:** vishalmegamart.com

**Figure 2. Organization Value & Customer Value Matrix**
Figure 3. Share of manufactured products
Source: Company, ICICI direct Research

Figure 4. Contribution of non-apparels and FMCG to increase
Source: Company, ICICI direct Research

Figure 5. Increasing space with pan India presence
Source: Company, ICICI direct Research

Figure 6. Increasing presence in Tier 3 cities
Source: Company, ICICI direct Research
Figure 7. Increasing employee cost

Figure 8. Business Model

Source: Company, ICICI direct Research

Figure 9. Peer Valuation

Source: ICICI direct Research, Reuters

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