Retail Entrepreneurship Development In India: A Case Study Of Big Bazaar

Aehsan-Ul-Haq¹, Mohammed Sacem Khan²

¹²Research Scholar, Dept. of Commerce, A.M.U, Aligarh,

Abstract: This study investigates the structure of the retail sector in India with special reference to Big Bazaar and its potential in stimulating entrepreneurial skills and knowledge. Study has found that India is dominated by huge unorganized retail sector. Now, even the organized sector is gradually increasing its share in retail sector. Big Bazaar is the largest retail brand in our country. It is employing the youth in thousands in different cities all around the country. It also pays taxes which is abundantly lacking in unorganized sector. After applying many matrices on Big Bazaar the study found that, it is at a growing stage. It is at a stage where it is increasing as well as diversifying its operations. It has launched many attracting schemes to catch customers at a large scale. Study also finds out that indeed the Big Bazaar is a biggest outlet in a country, but it has some limitations also. Abundantly boosting online stores are the biggest threat to retail sector entrepreneurship in India. Because, increasing purchases from online stores seem easier to customers rather than going to retail stores.

Keywords: Retail Entrepreneurship,

I. Introduction

The Indian retail industry has strong linkages with the economic growth and development of the economy. India is one of the largest emerging markets. It is one of the largest economies in the world in terms of purchasing power. Retailing in India is at an emerging stage of its evolution. Organized retailing has become more popular in big cities in India and most of the metropolitan cities and other big cities are flooded by modern organized retail stores. Many semi-rural areas have also witnessed entry of such organized retail outlets. Indian Retail Industry is currently estimated at US$ 490 billion. India’s retail market is expected to touch a whopping Rs 47 trillion (US$ 782.23 billion) by 2016–17, expanding at a compounded annual growth rate (CAGR) of 15 per cent, according to a study by a leading industrial body. The total organized retail supply in 2013 stood at approximately 4.7 million square feet (sq.ft.), witnessing a strong year-on-year (y-o-y) growth of about 78 per cent over the total mall supply of 2.5 million sq.ft. in 2012. The foreign direct investment (FDI) inflows in single-brand retail trading during the period April 2000–January 2014 stood at US$ 98.66 million. Retailing as a whole contributes almost 14-15% of India’s GDP, and employs almost 8% of India’s employable population.

Government Amendments In Retail Sector

The Government of India has allowed 51 per cent FDI in Multi-Brand Retail Trading (MBRT) and 100 per cent in Single-Brand Retail Trading (SBRT). According to the extant policy, foreign retailers investing more than 51 per cent can open outlets across the country on the condition that 30 per cent of their sourced sales would come from small to medium-sized domestic enterprises. Further, global chains will now need to invest only 50 per cent of the initial compulsory investment of US$ 100 million in setting up cold storages and warehouses in India. Foreign chains have been given the green signal to set up stores in cities with a population of less than one million. Earlier, supermarkets could only commence their operations in 53 cities, the ones with a population of more than a million.

II. Objectives Of The Study

1. To study the importance of Retail Entrepreneurship in India.
2. To study the performance of Big Bazaar.
3. To study the role of Big Bazaar in retail entrepreneurship development.
4. To study the different policies adopted by Big Bazaar in order to attract customers.

III. Literature Review

Entrepreneurship development has been defined as the process of enhancing entrepreneurial skills and knowledge of individuals and groups who wish to start or expand a business through structured training and institution building programmes (Osemeke, 2012; UNDP Evaluation Office, 1999). Entrepreneurship development is particularly important in developing countries as there is a low level of entrepreneurial skills and knowledge among individuals (Pretorius et al., 2005). An increase of entrepreneurial skills and knowledge could increase the spread of new ventures and growth of business start-ups (Pages and Poole, 2003); the ability of
entrepreneurs to function effectively and attitudes towards entrepreneurship (Henry et al., 2005; Osemeke, 2012).

Retailing has been neglected in favour of manufacturing and agriculture in economic development programmes of developing nations (Kinsey, 1982; Onah 2002) and India is no exception. As noted by Yi and Jaffe (2007), Entrepreneurial Development Programmes (EDPs) in developing countries need more effort to increase the production of goods. Traditionally, retailing has been regarded as a parasitic activity that contributes nothing of value (Jones et al., 2005). The role of retailing on entrepreneurship development in developing countries has also been largely unexplored in the marketing literature. The literature concentrates on the contribution of retailing to economic development in developed nations through creation of employment opportunities, payment of tax and investment in shopping malls (Gibson, et al., 2003; Jones et al., 2005). It is thus unclear which activities retail firms offer to facilitate entrepreneurship development and the extent to which the activities are emphasized. The available research relating to entrepreneurship development in retail firms is limited to the discussion of the development of local supply (Kaliappan et al., 2007; Policy Brief, 2008; Weatherspoon and Reardon, 2003).

Large retail stores can be encouraged to play an active role on entrepreneurship development by proving financial assistance to employees who demonstrate creative, innovative, proactive, and risk taking skills. Financial assistance could be used to empower employees to start their own businesses or start businesses in collaboration with the retail stores. Such new business start-ups can utilize locally available resources; bring improvement in the living conditions of the owners as well as of their employees and thereby contributing to poverty alleviation.

Local suppliers are given the opportunity to plan, organize, lead their employees and be innovative. Drucker (1958) specifically noted that the introduction of a large scale retailer in developing countries in Latin America stimulated the development of many local suppliers as well as skills in production, technical and professional management among local suppliers.

IV. Research Methodology

A. Data Sources And Type
The study is based on the secondary sources of data that is collected through journals, articles & annual report.

B. Data Collection & Classification
To meet the retail entrepreneurship objectives, the sample of Big Bazaar Company has been selected. Data is collected from official website of Big Bazaar Company and the government’s official websites regarding retail contribution in India.

Brief History Of The Industry And The Company

Big Bazaar is the branch of Future Group. Future Group is India’s largest retail and one of the leading business houses. Future Group (FG) understands the soul of Indian consumers. As one of India’s retail pioneers with multiple retail formats, future group connect a diverse and passionate community of Indian buyers, sellers and businesses. The collective impact on business is staggering. Around 300 million customers walk into stores each year and choose products and services supplied by over 30,000 small, medium and large entrepreneurs and manufacturers from across India and this number is set to grow.

Future Group employs 35,000 people directly from every section of the society. FG source its supplies from enterprises across the country, creating fresh employment, impacting livelihoods, empowering local communities and fostering mutual growth.

Future Group companies includes, Future Capital Holdings, Future Generali India, Indus League Clothing and Galaxy Entertainment that manages Sports Bar, Brew Bar and Bowling Co. Future Capital Holdings, the group’s financial arm, focuses on asset management and consumer credit. It manages assets worth over $1 billion that are being invested in developing retail real estate and consumer-related brands and hotels.

Big Bazaar
Big Bazaar is credited with bringing organized mega retailing to India. The project was conceived as a uniquely Indian hypermarket in a format that combined the look, touch and feel of Indian bazaars with the comfort, convenience and quality that modern retailing brings. Launched in August 2001, Big Bazaar has now become the iconic destination of modern retailing for all sections of Indian consumers. There are more than hundred Big Bazaar stores in big cities as well as smaller towns like Sangli, Durgapur, Panipat, Palakkad, Ambala, Meerut, Kolhapur and Haldia. Attracting over 100 million customers every year, it has democratized shopping in India and become synonymous with great promotions that offer quality products at affordable prices. This typical Big Bazaar store offers over 1,60,000 products across categories like apparel, general
merchandise, food, cosmetics, home needs, electronics, furniture, communications, books, music, gold and pearl jewellery and even value added services like consumer credit, beauty salons, gyms and travel services.

Big Bazaar is a chain of hypermarkets in India, cities and towns in India covering around 16 million sq.ft. of retail space. It is designed as an agglomeration of bazaars or Indian markets with clusters offering a wide range of merchandise including fashion and apparels, food products, general merchandise, furniture, electronics, books, fast food and leisure and entertainment sections. Big Bazaar is a part of Future Group, which also owns the Central Hypermarket, Brand Factory, Pantaloons, eZONE, HomeTown, futurebazaar.com, KB’s Fair Price to name a few and is owned through a wholly owned subsidiary of Pantaloon Retail India Limited that is listed on Indian stock exchanges (BSE: 523574 523574).

Swot Analysis: Big Bazaar

Strengths
- High brand equity enjoyed by Big Bazaar.
- Everyday low prices, which attract customers.
- Huge investment capacity.
- It offers a family shopping experience, where entire family can visit together.
- Available facilities such as online booking and delivery of goods.
- Launched Big-Bazaar a hypermarket with over 1, 70,000 products as the first offering in value retailing segment. Products are cheaper than the market price by as much as 5 to 60%.
- Apparels are cheaper by 25 to 60% while the price difference on the other products varies between 5 to 20%.

Weaknesses
- General perception: ‘Low price = Low quality’.
- Overcrowded during offers.
- Long lines at billing counters which are time consuming.
- Limited only to value offering low price products, branded products are still missing from Big Bazaar’s line of products.

Opportunities
- Huge potential rural market to be tapped.
- Cosmetics industry is not yet covered fully.

Threats
- Competition from other value retail chains such as Reliance, Bharti etc.
- Unorganized retail also appears to be a threat to Big Bazaar’s business. A large population still prefers to visit local convenient stores for daily purchases.
- Changing Government policies.
- International players are looking to invest in India.

SWOT analysis of Big Bazaar shows that indeed there are much strength like brand equity, highly discounted products and the variety of products that are available under one roof. It has also very high opportunities to expand its business geographically as well as in form of the product width. But, simultaneously analysis also shows that there are many weaknesses and threats to this retailing tycoon. There is an old phrase that “popularity is not always fruitful”, as it has been a case with Big Bazaar. It remains over crowded during offer hours, there are time consuming long lines on bill counters. Some consumers also think that the cheap products in Big Bazaar are perhaps of low quality, that’s why they do not purchase from Big Bazaar. Besides its sales and marketing strategies, it is facing threat from its rivals also like Reliance and Bharti etc. Wal-Mart has entered into India and the old problem of huge unorganized sector still persists.

Pest Analysis

Political
- Government is stable.
- Government policy towards investment is liberal (49%).
- Labor law & Restriction for MNC’s.
- Properties of taking over properties and real estate.
- Problems of getting subsidy from Octroi Duty (local tax) and on different taxes like Land, Water etc.
- A stable government at the center facilitates speedy economic recovery and creates an encouraging investment climate.
Economical
• Economy is growing (7.2%).
• Almost Recovered from Recession.
• India one of the fastest growing economies.
• Retail industry to grow with an increase in income of people.
• Increase in percentage of service contribution to GDP.
• Stable even during recession & Growth stage: High revenue but high expenditure on promotion.

Socio-Cultural
• Increase in nuclear families.
• People prefer to shop in local store with reasonable price.
• Increase in working women proposition.
• Life style changes gradually.
• Shift in product and service preferences.
• Increase in young population (currently 35%).

Technological
• Rapid expansion of IT sector.
• Technological development for faster service.
• Better application of IT in the modern retail industry, like in Supply Chain Management, Store Management and Customer Relationship Management.
• Electronic billing.
• Use Enterprise Resource Planning Module for handling inventory and finance.

PEST Analysis generally scans the subject by four aspects i.e. Political, Economical, Socio-Cultural and Technological aspect. Every aspect seems favorable to Big Bazaar. Political stability, growing economy, favorable changing population demographics and technologically booming industry seems to take retail industry of India beyond par within a short span of time. Developing economy and a huge chunk of young population i.e. currently 35% are the two strengths for Big Bazaar. Huge working force acts as an easily available human resource as well as customers for Big Bazaar. Increasing efficiency in Supply Chain Management and Customer Relationship Management due to technological advancement in IT sector helps Big Bazaar to fulfill the needs of customers in time and with greater satisfaction. But, there is a big threat i.e. the advantages that the Big Bazaar is enjoying, they are same for its competitors also like Reliance, Aditya Birla Group and Bharti etc.

Porter’s Five Forces Model

<table>
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<tr>
<th>Analysis</th>
<th>5 Forces</th>
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<tr>
<td>• Reliance Retail, Aditya Birla Group, Vishal Retail’s, Bharti and Walmart, etc</td>
<td>Rivalry among the competitor</td>
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<td>• FDI policy not fully favorable for international players.</td>
<td>Threat of entrants</td>
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<tr>
<td>• Domestic conglomerates looking to start retail chains.</td>
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<td>• High initial investments and fixed costs.</td>
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<td>• Cost advantages of existing players due to experience curve effects of</td>
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<td>operation with fully depreciated assets.</td>
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<td>• Scarcity of important resources, e.g. qualified expert staff.</td>
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<td>• The bargaining power of suppliers varies depending upon the target</td>
<td>Bargaining power of supplier</td>
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<td>segment.</td>
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<td>• The unorganized sector has a dominant position.</td>
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<td>• There are few players who have a slight edge over others on account</td>
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<td>of being established players and enjoying brand distinction.</td>
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<td>• Consumers are price sensitive.</td>
<td>Bargaining power of buyers</td>
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<td>• Availability of more choice.</td>
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<td>• Unorganized retail sector.</td>
<td>Threat of substitutes</td>
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Analysis through Porters five forces model shows that besides the few competitors, there is also a threat to new entrants. Only old business tycoons can diversify their efforts into this sector as there is a very high cost needed at a time of starting up. Moreover, there is a cost advantage of existing players in the market due to economies of scale and experience of operations and expertise staff. Apart from this many organized retail tycoons have been successful in making brand loyalty in the minds of people. They are specializing in target segmenting their products. We must be know of the fact that the consumers are very much price sensitive and love to prefer to have more choices of a particular product at a time of purchasing. And the Big Bazaar is very well in it.
Future Scenario of Big Bazaar

Big Bazaar is planning to exceed its hypermarkets over five hundred in the country by the end of 2017. It has also a plan to increase its annual turnover to twenty thousand crores by 2017. It is also looking at smaller cities for the expansion.

V. Conclusion

It can be concluded that indeed Big Bazaar is progressing, it is accomplishing its goals with a clear vision and mission gradually. It has achieved high brand equity, highly discounted products and the variety of products that are available under one roof. It is also expanding its business geographically as well as in form of the product width. Big Bazaar is advancing in Supply Chain Management and Customer Relationship Management that helps it to fulfill the needs of customers in time and with greater satisfaction. It has also been very successful in making brand loyalty in the minds of people and without any doubt it has been very successful in target segmenting.

VI. Recommendations

On the basis of the study, some of the recommendations are as follows:

1. It can start a concept of “HAPPY HOURS”.
2. It can initiate various Student Plans.
3. It can look to target Rural Market.
4. It needs to focus more on CRM and improve in store assistance.
5. It should invest more in supply chain infrastructure.
6. It should include more brands in its line of products.
7. Exchange offers should be made clear as customers are not clear of how to use them.
8. There should be aggressive expansion plan to open in tier II cities.
9. It should start facilities like free home delivery etc.

References