

Analysis of competitive advantage and positioning for real businesses (Electronics Shops)

ASSINGNMENT 2 - BUSINESS ANALYTICS

GROUP - 06

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1. Competitive Advantage

Below mentioned is the detailed analysis and comparison of different businesses about their competitive advantage based on their competitive positioning analysed through Porters model.

	RAMESH CORPORATION	J. KUMAR	VIJAY SALES
COST LEADERSHIP	<ul style="list-style-type: none"> It is not a cost leader. It neither aims at being one. According to them they are ready to bargain to the best price negotiable but at times cannot meet the prices provided by online stores or other local competitors. The two primary reasons for the same. First, other entity must be having more buying power than them. Second, other entity might be practising mal practices like theft in VAT and other taxes which might bolster their cause of offering products at low cost. 	<ul style="list-style-type: none"> One can consider J. Kumar Japan as the cost leader as the prices quoted by them are very much close to that available online. It considers that with increasing competition in the market margins have reduced significantly but at the same time demand has also increased. Hence offering the goods at the lowest price is the best measure to increase the rotation of goods and maintaining profits. 	<ul style="list-style-type: none"> It is not a cost leader. But it is flexible with prices and is ready to negotiate if the customer has got low quotations from other competitors. This bargain is also to certain extent only.
DIFFERENTIATION	<ul style="list-style-type: none"> There is a well customized centralized information system which helps in daily operations. For example, the customers – other retailers and those who directly buy from Ramesh stores – get notified about the statues of their order. The customers are also notified about various offers and promotional schemes round the 	<ul style="list-style-type: none"> There is no differentiation as such in terms of products or services. 	<ul style="list-style-type: none"> The major factor which they claim to differentiate themselves from others is the after sales services.

	<p>year through SMS.</p> <ul style="list-style-type: none"> Such services are yet not provided by other competitors or players in the market. 		
INNOVATION	<ul style="list-style-type: none"> Customer segmentation can prove to be useful. They are currently offering the same schemes to every customer. Instead they should announce schemes based on the purchase amount and in complementary items to the past purchase. 	<ul style="list-style-type: none"> Should implement an information system just like Ramesh Corporation which stores details about customers purchase and can notify customers about various discounts and promotional schemes round the year. They can also do customers segmentation based on the purchase amount. 	<ul style="list-style-type: none"> Currently the promotional schemes are decided by the head office in Mumbai. This might or might not coincide with the local festivities or occasion during which the probability of increase in sales is high. Hence they should consider local festivities while announcing promotional schemes and discounts just like the other two entities does as they are local have a better sense about it. Customer segmentation can prove to be useful.
GROWTH	<ul style="list-style-type: none"> They can start their own e-commerce website or can even put their items on sell on various online platform like flipkart, Amazon, etc. Starting their own e-commerce website might result in higher return but limited market scope while the second option will result in the vice-versa of the first outcome. 	<ul style="list-style-type: none"> They have already started diversification by reducing the stock of current items and starting a new product line or increasing stock of complementary goods. 	<ul style="list-style-type: none"> Currently Vijay sales is focusing over heavy electronics (TV, AC, Microwave, Washing machine etc.). They are also present over e-commerce domain. Increasing arrange of products and entering into the light electronics such as mobile phones might help the business to grow.
ALLIANCE	<ul style="list-style-type: none"> It can collaborate with local stores which are located in rural areas where they do not have the reach and it might not be feasible for them to invest in the infrastructure by providing 	<ul style="list-style-type: none"> J Kumar Japan is a traditional retail store which is located at prime location in Ahmedabad. Owner of the store handles everything at his 	<ul style="list-style-type: none"> Alliances with other shops might not be permitted according to the norms as it's a national chain.

	<p>them the necessary inventory.</p> <ul style="list-style-type: none"> • It would be difficult for them to collaborate with other stores as most of the sales are done because of their prime location and trusted name. 	
OTHER STRATEGIES	<ul style="list-style-type: none"> • Round the year discount offers attract customers to visit the store. • Employee's perks have helped them to increase employees dedication. 	<ul style="list-style-type: none"> • Giving a place to manufacturing companies representative in the store helps them to increase customer satisfaction and acceptance of the product. • They are also providing sale based incentives to all of the employees. • They provide employees with perks and leaves (Regular + sick). • Also, medical charges are born by the Vijay Sales.

2. Ramesh Corporation

Ramesh Corporation is a 38 years old firm. It's a traditional store which falls into the category of "mom & pop business" as quoted by the store owner Mr. Saumil. It is a quite established firm with 5 outlets in Gujarat which sells and distributes heavy electronics such as TV, ac, fridge, kitchen electronics, washing machine etc.

2.1. Current technology/information system:

Ramesh Corporation uses customized and centralized information system to manage and synchronize the transactions across all of its outlets. This system helps them to analyse the business health. It also helps them in the areas mentioned below.

- Automatic order transfer
- A systematic delivery model
- Order tracking using SMS
- Transaction tracking
- Report for current trends
- Customer record
- Inventory management
- Trend prediction
- And many other facilities.

2.2. Porter's five forces:

Main competitors for Ramesh Corporation are Croma, reliance digital, Shakti electronics, Vijay sales.

Their substitute can be thought upon as the online selling companies.

COMPETITIVE FORCE

STRATEGIES

CUSTOMER BARGAINING POWER

- Ramesh Corporation thinks that customer is the god and whatever he is saying is always true.
- For Ramesh Corporation, it is more important to sustain the customer than earning a large

	<p>profit on single product. For that they use to decrease the prize over customer request if they can afford. With a good discount, they definitely ensure that customer should come again for his/her next purchase.</p> <ul style="list-style-type: none"> • For heavy bargaining from the customer's side, Ramesh corp. Will try to divert the customer to another product in similar category but from some other company which can create win-win situation for both. • They deal with customers bargaining power with different promotional schemes round the year. • Ramesh corporation also attracts the customer with their non-conventional sms services such as- <ul style="list-style-type: none"> ○ Customer of Ramesh Corporation will get a sums at every procedure from good dispatch, delivery to cheque clearance. • After sales services and the good wheel of the store also plays a significant role in decreasing the customers bargaining power. • Presentation of the product and store also plays a significant role in decreasing the customers bargaining power.
SUPPLIER BARGAINING POWER	<ul style="list-style-type: none"> • Mostly all heavy electronic goods producing companies are MNCs. Being an MNC, they use to decide standard schemes for distributors such as- <ul style="list-style-type: none"> ○ 4% discount over x amount of order and 4.5% discount over y amount of discount It is difficult to bargain with such companies, instead increasing the sales of those companies' products will increase the discount margin. • Ramesh corp. gets a good discount from the supplier for few products with promise of selling high volume.
THREAT OF NEW ENTRANT	<ul style="list-style-type: none"> • Ramesh corp. Thinks that- in this business, he is the always winner who can invest more in ordering to the supplier and who can give a good after sales services. This will help the company to order products at low range and it will ensure the loyalty of the customer. • They think that, both of the above points are difficult to implement at very beginning level for the new entrant.
THREAT OF COMPETITOR	<ul style="list-style-type: none"> • Competitors of the Ramesh corp. Are national level chains which enables them to get products

THREAT OF SUBSTITUTE

at very low price from suppliers but on other side they have to incur very high store maintenance cost as most of the stores are on rent and one need to invest a lot in employees.

- The above reason ensures that Ramesh corp. Can stand with competitors in terms of pricing.
- Because owner of the store is present at the store, it helps Ramesh corp. To win the customers trust.
- It is true that online stores can sell products at quite low price but in such low prices mostly warranties are not covered.
- It is very difficult to find good after sales services over online stores.
- Because of above points Ramesh corp. feels safe in case of online stores.

Employee perks and incentive are decided from the number of sales done by that employee. That is the company pays according to the target that they have met. Ramesh corp. Sends follow up messages to their customers to retain their loyalty.

3. J Kumar japan

It is in market from 30 years and among those 30 years 15 years it has been in market as independent j Kumar store. Previously was in market as Raju japan.

3.1. Current technology /information system:

Tally is used to manage the data and extract the information required.

3.2. Porter's five forces:

For J Kumar their competitor are stores like Croma, Ramesh Corporation, Sales India etc.

Their substitute can be thought upon as the online selling companies.

COMPETITIVE FORCE	STRATEGIES
CUSTOMER BARGAINING POWER	<ul style="list-style-type: none">• Provides the best deal by giving the product at lower cost if they have margin left with them. Moreover it is known for the cheapest rates in electronic market• No bargaining with customer. If it's possible it's a deal else no deal. Because if once given the discount the customer would bargain more• No customer segmentation• Before technological advancement , it had each company technician at the desk for customer help
SUPPLIER BARGAINING POWER	<ul style="list-style-type: none">• Buying capacity is more so the supplier has to compulsory give more discount.
THREAT OF NEW ENTRANT	<ul style="list-style-type: none">• According to them, the new entrant means reduced marketing cost.• Definitely profit margin decreases but the turnover of product increases.
THREAT OF COMPETITOR	<ul style="list-style-type: none">• Before technological advancement,• It had each company technician at the desk for customer help which was not there with other competitors at that time.• Now with technical advancement they don't need those human resource because the customer have become smart and know what they want and at what rate and hence their

finance spent on human resource has decreased.

- Even the marketing cost has reduced due to customer awareness.
- They have increased the number of categories of product and hence the customer has everything under one roof.
- On store service provided which is not the case in online
- Moreover the customer has the touch and feel of the product.

THREAT OF SUBSTITUTE

Employee perks and incentive are decided from the number of sales done by that employee. That is the company pays according to the target that they have met. Moreover to ensure that there is no internal competition among the employee there is only one employee per the department in the store.

4. Vijay sales

Vijay sales started in Bombay in year 1967. They now have 67 stores across 5 states in India viz Maharashtra, Gujarat, up, Haryana and Delhi. They claim to have better customer relation and in providing satisfactory solutions to customer's buying problems.

4.1. Porter's five forces:

The firms like Ramesh corp., Croma, Reliance Digital are meant to be their key competitors.

COMPETITIVE FORCE	STRATEGIES
CUSTOMER BARGAINING POWER	<ul style="list-style-type: none">• Claims that it focuses on better after sales service• They try their best not to lose a customer. If a customer has a quotation having less cost than theirs, they provide the product at that cost to the customer.• Provide region based discounts on special occasions e.g. Gudi padwa in Maharashtra, Navratri in Gujarat.• Provide internal exchange of inventory with peer branches in case of unavailability of any product• Provide both online and stores based shopping.
SUPPLIER BARGAINING POWER	<ul style="list-style-type: none">• They have their own warehouses to store inventories on a regional basis.• Bigger orders lead to bigger discounts
THREAT OF NEW ENTRANT	<ul style="list-style-type: none">• A well-established network over 5 states gives a tough competition to a new entrant• Have a range of over 9000 products with them.
THREAT OF COMPETITOR	<ul style="list-style-type: none">• Maintain a daily based inventory hence new products can be made available soon• Claim best after sales relations with customers• Flexible in price reduction of a product if a competitor is providing the same product at lesser price
THREAT OF SUBSTITUTE	<ul style="list-style-type: none">• They claim there are issues with warranty and after sales service with online shopping portals. They provide good service• Customers satisfies himself by tangibly analysing the product themselves

Vijay sales doesn't have any customer segmentation strategy. Also they do not have any customer membership program.

When it comes to employee satisfaction, the manager says they are quite satisfied. Incentives and perks are given to the employee based on their sales. Also monthly targets of sales are given to each branch based on their region. Also if any employee asks for emergency leave, they provide it without much hassle. Diwali bonus and other bonus are provided to the employees.