

## Case Study Best Bazar- Retail Stores Market Entry in India

### Best Bazar Online Expansion case questions

The time is May 2020 at the onset of the COVID induced lockdowns in India. Best Bazar, one of India's leading retail chains, has no online presence and its revenue from physical stores are starting to drop due to social distancing measures and restrictions imposed on sale of non-essential items. This case study explores the key issues faced by Best Bazar and outlines a management consulting approach to establish an online ecommerce presence.

### Case Background:

Best Bazar operates over 300 stores in multiple cities, offering a wide range of products including groceries, electronics, apparel, and household goods. The company is known for its commitment to offering quality products at affordable prices (EDLPP strategy), which has contributed to its success. Best Bazar doesn't have a presence online. However, the corona virus epidemic has caused the following issues:

1. Government Regulations: The government of India has placed regulations on how many customers can attend the store. As a result, the revenue earned has gone down drastically.
2. Distribution Network: The current distribution network may not be optimized for online delivery, resulting in inefficiencies in delivering products to individual customers.

### Case Objectives:

The primary objectives of this consulting engagement are:

1. Design a viable strategy to enable Best Bazar to enter the indian ecommerce market
2. Ensure the companies brand identity is maintained even when online
3. Identify areas of improvement within Best Bazar 's supply chain operations for online delivery
4. Recommend technology solutions to enhance supply chain visibility and agility
5. Provide a roadmap for implementing these recommendations to achieve measurable improvements in supply chain efficiency.

### Case Analysis:

Consultants will need to perform a comprehensive analysis of Best Bazar, including:

1. Demand Forecasting: Analyze historical sales data to identify key products that are in high demand and can be delivered to the customer
2. Market share and nature: Analyze the physical/digital retail sector in india and provide insights on client's goals of maintaining or achieving market share
3. Distribution Network: Assess the current distribution network for suitability with ecommerce model and propose suggestions to ensure smooth process for all stakeholders (Best Bazar, Vendors, Customers)

4. Technology Integration: Identify suitable supply chain management software and tools to enhance visibility and automation.

**Implementation Plan:**

Consultants will create a detailed implementation plan outlining the steps, timelines, and responsible parties for each recommendation. The plan will also include performance metrics to measure the success of the initiatives.

This is a simulated case study, with inputs from Best Bazar a large online grocery store in india during the covid 19 pandemic. KEY FIGURES and FACTS have been changed to give practice on approaching an online expansion case study. Keep this in mind while doing the case. The time of the case is may 2020.

**Interviewer:** Prompt: Our client is Best Bazar a hypermarket chain which operates only in india and has a revenue of RE 270.14 billion. As the corona virus has just hit and lockdowns are announced the client, which has never had an online presence before, wants to enter the field to survive and avoid disruption/losses. They also want to navigate the ecommerce space and maintain their competitive edge.

**Candidate:** That's really great. Id like to ask some clarifying questions. Why do you want to go online? How would success be evaluated, are there any metrics for performance, market share that the firm would like to hit? Are there any other objectives or constraints I need to be aware of?

**Interviewer:** Our main aim is survival; we are forecasting massive losses as our customers will be locked indoors and unable to walk to our stores. We hope to not lose any revenue in the process and would ideally like to transition all losses from in store to online to maintain the same revenue as of 2019 RE 270.14 billion. We have the second largest market share amongst physical hypermarkets in the country, we want to maintain our market share as well as achieve the same market position with our new e-commerce division. As the pandemic is really fast acting, we really need this to happen in one year.

**Candidate:** Can I assume that you primarily operate in the B2C and sell only to clients and not to other businesses like restaurants, kiranas etc.? Also how will this incentive be funded, and are you flexible on the budget?

	2017-2018	2018-2019	2019-2020	2020 Q1	2020 Q2 (EST)	2020 Q3 (EST)	2020 Q4 (EST)
Revenue	164,465,400,000	218,279,800,000	270,140,000,000	63,746,597,315.07	47,809,947,986.31	39,841,623,321.92	39,841,623,321.92
Number of customers	100,000,000	115,000,000.00	132,250,000.00	34,219,687.50	26,615,312.50	26,615,312.50	26,615,312.50
Number of stores	300	310	320	320	320	320	320

**Interviewer:** Yes we have a negligible presence in the B2B sector and most of our sales are in the B2C which we want to preserve. We have a liquid cash reserve of Re 150 Million, for ensuring an effective online establishment. We do not want to commit any further resources to this unless we must.

**Candidate:** Have you performed any research? What is your current presence online?

**Interviewer:** Yes we have done some research, gathered data about online market size and our competitors. We have also conducted an in-store survey with our customers to see if they would like to buy online. We have a simple website which showcases our awards and contains contact information for suppliers to reach us. We don't have any ecommerce presence.

**Candidate:** Id like to ask one last clarifying question; do you plan to have an online presence throughout india or only in the regions where you have a physical presence?

**Interviewer:** We would like to do pan india if its profitable and within budget, otherwise we are fine with our traditional regions of coverage.

Customer category	Weekly	Monthly	Never
Single Men	70%	25%	5%
Single Women	60%	20%	10%
Families without children	20%	30%	50%
Families with one or more children	15%	40%	45%

**Candidate:** That's great. To summarize thus far, you are seeking to establish a strong e commerce business primarily to preserve revenue, you also have a stretch objective to mirror your physical market share in the digital market place . You need to obtain this within a year. You need to start ground up for your digital store, and you would like to sell across india if possible. You need to achieve all this with a budget of Re 150 M.

**Interviewer:** Correct. What's next?

**Candidate:** The restrictions imposed by the government require social distancing and prohibits all but non-essential movement , as you sell essential items you are allowed to operate though with reduced capacity. However the online ecommerce sector is really booming and is expected to hit \$100 billion by this year end. Online customers tend to spend 20% more than in person, according to consumer surveys, so its really good to help you get online.

**Candidate:** Id like to discuss the loss projection and more about your customers. Your estimates show that you expect to lose around 18 million customers and revenue per customer will dip by around 17%.

Its also clear that married couples tend to shop online fewer, especially if they have children. My guess is that single customers are more tech savvy and the couples may be of an older generation and more unfamiliar with the technology. Can you tell me more about your breakdown by customer group to overall revenue and more about what customers really value from the brand?

**Interviewer:** Yes, a majority of our customers are families and are unfamiliar with technology. Our customers really value the low prices and freshness of our products, they enjoy the quality that our competitors can't deliver.

**Candidate:** That's really great, we should make sure that we deliver the same quality when we go online. What is your current supply and logistics chain? Which parts of the country do you have presence in?

**Interviewer:** We have a strong presence in 14 states of India but are primarily concentrated in the state of Maharashtra, that's also where most of our revenue is from. We have a strong network of suppliers from which we procure items on a daily basis and send it directly to our 320 stores.

**Candidate:** So you do not have any warehouses to stock goods?

**Interviewer:** No, we have a lean and quick operation to keep costs low. Warehouses are unnecessary.

**Candidate:** That's great! I think I have enough to provide a plan of action, first I'd like to talk about the ecommerce transition and then the revenue portion.

**Candidate:** About the online portion, I would suggest you create a website and a mobile application on both Android and iOS. As you need to really move fast, I would suggest Agile methodology for development.

As you have data for the products that are sold, you could use machine learning to identify the most sold items and select them for your online product space.

You have 2 primary options to set up an ecommerce business, either you can hire third party contractors to collect and deliver goods from the store on behalf of customers, or you can rent real estate or convert one of your physical stores into a warehouse to deliver goods directly to customers more efficiently.

I would recommend the second approach as it gives more control over the quality the customer receives and also allows you to use idle store space/ employees that would be wasted. Also you can consider attaching loyalty rewards, and free return policies to attract and retain customers. This should be possible with your budget. However, obtaining the same market share in the digital space is not possible in just a year, it will take significantly longer to achieve the same as there are well established players in the space.

**Candidate:** From the revenue side, unfortunately I don't think you can hit your targets. Based on the estimates only 61% of the displaced customers are likely to go online. Even with the increased spend of 1.2x you are not likely to hit the revenue of 2019 – 2020. However following my recommendations, you can establish a strong position in the online ecommerce market on a sustainable long term basis.

