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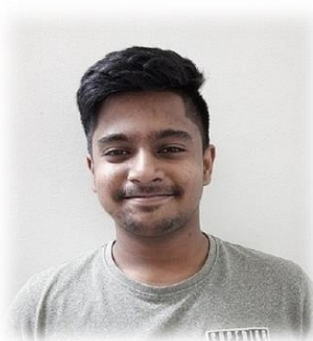
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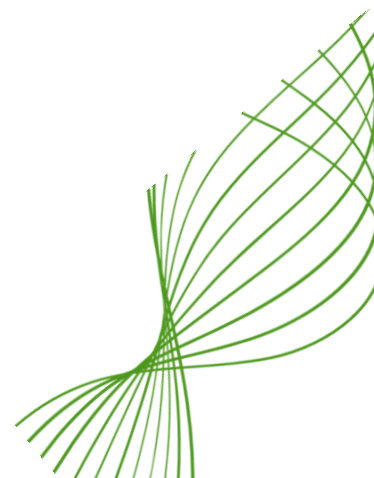
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INTRODUCTION

Discount Store

To offset the lower prices, a number of different strategies and tactics are used, depending on the type of discount retailer.

More for Less: The Value Proposition of Discount Retailer

1. Profitable options

Discount stores provide cost-effective shopping, offering consumers lower prices on a variety of products, resulting in increased savings and value for their money.

2. All-in-one stores

Offering a diverse range of products under one roof, discount stores provide convenience to shoppers by serving as comprehensive, one-stop destinations for various needs and preferences.

3. Huge discounts

Discount stores frequently offer substantial price reductions, making it an attractive option for budget-conscious consumers seeking significant savings on their purchases.

4. Collections of brands

These stores often carry a broad selection of brands, allowing customers to choose from various options and find products that meet both their preferences and budget constraints.

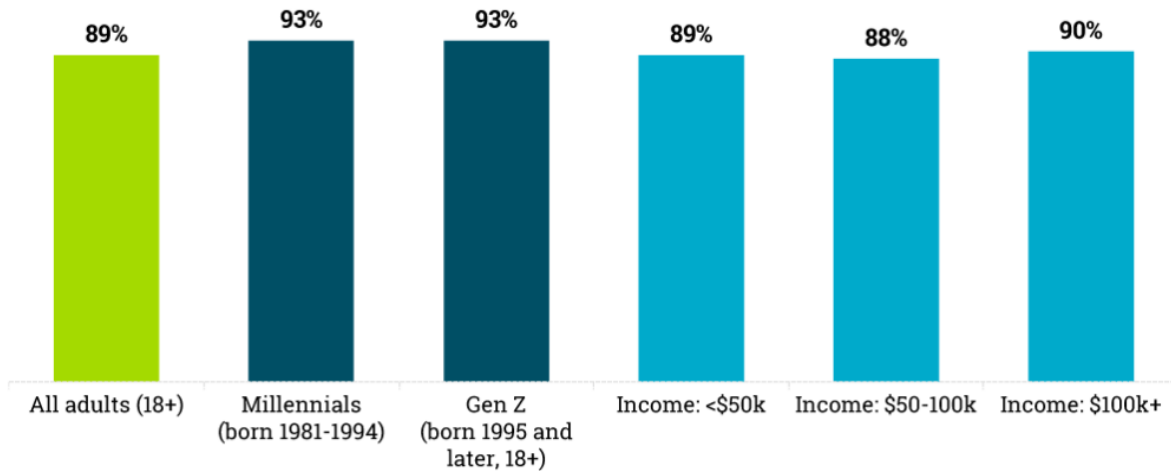
5. Shop yourself

Discount stores typically follow a self-service model, enabling customers to browse and select products independently. This autonomy enhances the shopping experience and encourages a more personalized approach to purchasing.

General Data of Discount Stores

We can conclude from this data that the age range of people who shop in discount stores and contribute to the majority of its income are from age range of 18(students) to 55 (working population in India) with middle class income.

Percentage of Adults Who Shop At Discount Retailers



General Strategies of Discount retailers:

1. Everyday Low Prices (EDLP)

Many discount retailers adopt an EDLP strategy, where they offer consistently low prices on a wide range of products. This helps build customer trust and encourages repeat business.

2. Bulk Purchasing and Cost Reduction

Discount retailers often buy products in bulk, taking advantage of economies of scale to negotiate lower wholesale prices. They also focus on cost-cutting measures in operations to maintain lower retail prices.

3. Private Label Brands

Introducing private label or store-brand products allows discount retailers to control manufacturing costs and offer exclusive, competitively priced items that are not available in other stores.

4. Limited Product Selection

Discount retailers often limit their product selection to fast-moving, high-demand items. This reduces inventory costs and helps in better inventory turnover.

5. Efficient Supply Chain Management

Streamlining the supply chain and logistics processes helps discount retailers minimize distribution costs, reduce lead times, and respond quickly to changes in demand.

Expenditure of Discount Retailers

1. Inventory Procurement

A significant portion of the budget goes towards procuring inventory at low wholesale prices. Bulk purchasing and negotiating favorable deals with suppliers are common practices to keep costs down.

2. Operational Efficiency

Investments in efficient supply chain management, streamlined logistics, and technology systems help discount retailers minimize operational costs. This includes implementing point-of-sale systems, inventory management software, and other tools to improve overall efficiency.

3. Marketing and Promotions

Discount retailers often allocate funds for marketing and promotional activities. This includes advertising campaigns, online promotions, and in-store signage to attract customers and promote sales events.

4. Personnel Costs

Labor costs are carefully managed to maintain a lean operating model. Training programs may be implemented to ensure staff efficiency and customer service excellence without significantly increasing wage expenses.

5. Security Measures

As theft and shrinkage can impact profits, discount retailers may allocate funds for security measures such as surveillance systems, anti-shoplifting devices, and loss prevention strategies.

6. Private Label Development

Developing and promoting private label or store-brand products may involve research, development, and marketing expenses. However, these investments can lead to higher profit margins and exclusivity for the retailer.

BharatMart

Where India's Everyday Needs Meet Exceptional Value

In the vibrant tapestry of Indian retail, भारतमार्ट stands out as a beacon of affordability and choice. As India's #1 discount store, boasting an expansive network of 500 stores nationwide, we're here to redefine your shopping experience. It offers a compelling proposition for the budget-conscious shopper. It's a full-line discount store, meaning a treasure trove of diverse products under one roof – from everyday groceries and homeware to electronics and beyond. Imagine a supermarket where affordability doesn't compromise quality, and beloved brands wear price tags that entice rather than intimidate. It is a brand in India, for Indians, specifically tailored for the needs of people in our country. It's shelves hum with the scents of local spices and regional delicacies, showcasing brands born in our soil, crafted for your traditions.

Business Model of BharatMart

1. Operations:

- **Everyday Low Prices (EDLP):** Bharat Mart offers consistently low prices on a wide range of products, compared to its competitors.
- **Direct sourcing:** Bharat Mart bypasses middlemen and sources products directly from manufacturers, which helps to reduce costs.
- **Efficient supply chain management:** Bharat Mart has a centralized warehousing and distribution system that minimizes transportation costs and ensures timely delivery of products to stores.
- **Limited advertising and promotion:** Bharat Mart relies on word-of-mouth marketing and avoids expensive advertising campaigns.
- **Private label brands:** Bharat Mart offers a growing range of private label products, which are typically cheaper than national brands but offer comparable quality.

2) Customer-centric approach:

Bharat Mart focuses on providing a positive shopping experience for its customers. This is evident in its :

- **Spacious and well-organized stores:** Bharat Mart stores are designed to be easy to navigate and find products.

- **Clean and hygienic environment:** Bharat Mart maintains high standards of cleanliness in its stores.
- **Friendly and helpful staff:** Bharat Mart employees are well-trained and committed to providing good customer service.

3) Strong financial performance:

Bharat Mart has a track record of strong financial performance. This is due to its:

- **High inventory turnover:** Bharat Mart maintains a low inventory level, which helps to reduce storage costs and prevent spoilage.
- **Efficient cash flow management:** Bharat Mart collects payments from customers quickly and pays suppliers promptly, which helps to improve its cash flow.
- **Low debt levels:** Bharat Mart is a debt-free company, which gives it greater financial flexibility.

4) Store operations:

- **Minimalistic décor:** Bharat Mart stores have a no-frills approach, using simple shelving and minimal advertising to keep costs down.
- **Bulk packaging:** Some products are offered in bulk quantities, allowing customers to buy more for less.
- **Limited product assortment:** Bharat Mart focuses on essential items and best-sellers, avoiding niche products that may not sell well.
- **Own-brand logistics:** Bharat Mart invests heavily in its logistics infrastructure, including transportation fleets and warehouses, giving them greater control over costs and efficiency.

5) Marketing and branding:

- **Word-of-mouth marketing:** Bharat Mart relies heavily on its reputation for low prices and good service to attract customers.
- **No celebrity endorsements:** Bharat Mart avoids expensive celebrity endorsements and focuses on building trust through consistent value.
- **Community engagement:** Bharat Mart actively participates in social welfare initiatives and supports local communities, building a positive brand image.

BharatMart's Wide range of Products

Grocery:

- Staples like rice, flour, lentils, pulses, and cooking oils
- Spices and seasonings
- Packaged food items like pasta, noodles, biscuits, and snacks
- Dairy products like milk, cheese, and yogurt
- Frozen food items like vegetables, meat, and seafood
- Beverages like soft drinks, juices, and tea/coffee

Household Supplies:

- Cleaning products like detergents, soaps, and disinfectants
- Paper products like toilet paper, paper towels, and napkins
- Personal care items like toothpaste, shampoo, and soap
- Baby care products like diapers, wipes, and formula
- Pet food and supplies

Apparel and Footwear:

- Basic clothing items like t-shirts, jeans, and shirts
- Sportswear and activewear
- Footwear like sneakers, sandals, and slippers
- Undergarments and socks

Electronics and Appliances:

- Small appliances like kettles, rice cookers, and toasters
- Mobile phones and accessories
- Televisions and audio equipment
- Personal electronics like headphones and speakers

Home Decor and Furniture:

- Basic furniture items like beds, chairs, and tables
- Bedding and linens
- Kitchenware and cookware
- Home decor items like vases, candles, and picture frames

Indomart's Entry In India

IndoMart is a US based discount store, with a network of 4000 stores in it's home country. It is speculated that IndoMart is planning to acquire GangaBazaar which is #2 discount store in India after BharatMart. GangaBazaar has a network of 300 stores spread across India. This acquisition might endanger the position of BharatMart as #1 discount store due to various reasons, which might affect BharatMart's over all sales, leading to a decline in profits.

FDI (Foreign Direct Investment) rules and regulations for Multinational companies

1. Entering India via FDI:

i) Automatic and Government Routes:

Automatic Route:

Single Brand Retail Trading (SBRT) allows 100% FDI with approval from the Department of Commerce, requiring minimum \$1 million in back-end infrastructure and 30-50% local sourcing within 3 years.

Government Route:

Wholesale Trading needs no specific approval (unless multi-brand) and has no minimum investment, but company registration is mandatory.

ii) Focus on Regulatory Compliance:

- Foreign investment in multi-brand retail allowed (51% cap), but with conditions: \$100m min, 30% sourcing from Indian SMEs, stores in 1 million+ cities.
- Wholesale cash & carry and single-brand retail allow 100% FDI, but wholesale restricted to bulk buyers and single-brand to own brand sales.
- Online multi-brand retail platforms forbidden for foreign investors, but marketplaces allowed with conditions: no inventory control, 30% local sourcing.

2) Acquiring GangaBazaar -

FDI Implications:

i) Scrutinizing the Deal Through FDI Lens:

A full acquisition by a US discount retailer in India faces rigorous scrutiny under FDI regulations and M&A guidelines. Government approval is mandatory for majority foreign stakes, and the CCI will assess potential market dominance and fairness concerns. Conditional approvals, negotiated settlements, or even rejection are possible outcomes.

ii) Financing Options and FDI Restrictions:

FDI Regulations:

Full acquisition by a US discount retailer would require government approval due to FDI restrictions in single-brand retail exceeding 51%.

The approval process involves scrutiny for national security and economic concerns, often lengthy and complex.

The government may impose additional conditions based on market dominance, consumer welfare, and employment impact.

M&A Guidelines:

The acquisition would likely trigger a CCI review for potential anti-competitive effects in the discount retail sector.

The CCI may also assess fairness to minority shareholders and creditors of the target company.

3) Loan Landscape for IndoMart's FDI Venture:

RBI's Role in Loan Approvals: Foreign Currency Transactions:

Permitted Transactions:

Under the Foreign Exchange Management Act (FEMA), 1999, most current account transactions involving FDI are freely permitted. Examples include payments for import of capital goods, remittances of profits and dividends, and operational expenses.

Capital Account Transactions:

Specific regulations govern capital account transactions like foreign equity inflows, repatriation of foreign direct investment, and external commercial borrowings (ECBs). These typically require prior approval from the RBI or authorized dealers.

Loan Approvals:

Automatic Route: For FDI ventures operating in sectors with 100% automatic FDI approval, obtaining loans from Indian banks or through ECBs for permitted purposes (including acquisitions) doesn't require prior RBI approval.

Government Route: Sectors with limitations on FDI percentage or requiring government approval necessitate RBI approval for loans as well. The RBI assesses compliance with FDI regulations, loan purpose, and financial viability of the venture.

How will the competition increase after Indomart's entry ?

The acquisition of GangaBazaar by IndoMart significantly increases the competition for BharatMart. IndoMart, being a well-established player with a vast network in the US, could leverage its experience, resources, and global supply chains to enhance GangaBazaar's operations and competitiveness in the Indian market.

1. Market Share Threat

BharatMart, being the current leader, may face a threat to its market share if GangaBazaar, under IndoMart's ownership, gains momentum and captures a larger share of the market. This can happen if the product prices of IndoMart are lower than that of BharatMart as the customers of discount stores are sensitive to price and will be attracted to stores who provide maximum discounts.

2. Increased Competition

IndoMart's entry introduces a formidable competitor with significant global experience and resources. GangaBazaar, under IndoMart's ownership, may become more competitive in terms of pricing, product range, and operational efficiency, leading to a potential erosion of BharatMart's market share.

3. Supply Chain Advantages

IndoMart, being a global player, may have established supply chain advantages, economies of scale, and efficient logistics. This could result in cost advantages, allowing GangaBazaar to offer products at competitive prices, attracting customers away from BharatMart.

4. Brand Strength

IndoMart's brand strength and recognition, combined with GangaBazaar's local presence, may result in a stronger market position. Customers who were loyal to BharatMart might be enticed by the new offerings and brand appeal of the IndoMart-GangaBazaar alliance.

5. Innovation and Technology

IndoMart may bring advanced retail technologies and innovative strategies that could enhance the overall shopping experience at GangaBazaar. If GangaBazaar adopts these innovations effectively, it could attract customers seeking a more modern and tech-savvy retail environment.

Framework: Porter's 5 Forces

1. Threat of New Entrants

- **Low:** Existing regulatory hurdles and the significant capital required to establish a national network likely limit new entrants.
- **However, IndoMart's acquisition:**
 - Increases competitive pressure by adding another major player with economies of scale and potential cost advantages.
 - Could attract further foreign players to enter the Indian discount retail market, especially if IndoMart is successful.

2. Bargaining Power of Suppliers

- **Moderate:** BharatMart's large network gives them some bargaining power, but suppliers have options within the fragmented Indian market.
- **IndoMart's acquisition:**
 - Increases their combined buying power, potentially leading to lower prices for both companies.
 - Supplier dependence might increase if IndoMart leverages its US network for sourcing certain products.

3. Bargaining Power of Buyers (Customers)

- **High:** Discount retail caters to price-sensitive customers, granting them significant bargaining power.
- **IndoMart's acquisition:**
 - Introduces a strong competitor with aggressive pricing strategies, potentially putting pressure on BharatMart's margins.
 - Increased competition could benefit customers with wider choices and potentially lower prices.

4. Threat of Substitutes

- **Moderate:** Online grocery platforms and smaller local stores pose some substitution threat.
- **IndoMart's acquisition:**
 - May not significantly impact the threat of substitutes unless they introduce unique offerings or significantly lower prices.
 - Online grocery growth could be influenced by IndoMart's digital expertise and potential investments in this area.

5. Competitive Rivalry

- **High:** Existing rivals like GangaBazaar present significant competition.
- **IndoMart's acquisition:**
 - Intensifies competitive rivalry, especially in regions where GangaBazaar had a strong presence.
 - BharatMart needs to differentiate itself through stronger customer service, loyalty programs, private label offerings, or regional customization.

Overall

- IndoMart's acquisition adds to the competitive landscape but doesn't fundamentally change the existing forces.
- BharatMart needs to focus on:
 - **Cost efficiency:** Streamline operations and leverage their existing network to maintain competitive pricing.
 - **Customer differentiation:** Enhance loyalty programs, personalize offerings, and prioritize exceptional customer service.
 - **Strategic partnerships:** Collaborate with local businesses or delivery platforms to offer unique advantages.
 - **Technology adoption:** Utilize data analytics and automation to optimize operations and enhance customer experience.

By proactively addressing these challenges and implementing smart strategies, BharatMart can maintain its position as a leader in the Indian discount retail market despite the increased competition from IndoMart.

Hurdles Indomart might Face During the Acquisition

Entering the Indian discount store market and acquiring GangaBazaar while competing with BharatMart presents several challenges and barriers for IndoMart. Here are some key barriers that IndoMart may face:

1. Cultural Differences

- India has a diverse and unique culture, and consumer preferences can vary significantly across regions. Understanding and adapting to local cultural nuances is crucial for success. A lack of cultural sensitivity may result in difficulties in appealing to Indian consumers.

2. Regulatory Compliance

- India has specific regulations and policies governing retail and foreign direct investment (FDI). Ensuring compliance with these regulations, obtaining necessary approvals, and navigating bureaucratic processes can be challenging for foreign companies.

3. Supply Chain Complexities

- India's infrastructure, including transportation and logistics, may pose challenges for establishing an efficient supply chain. Addressing issues related to transportation, warehousing, and distribution in a vast and diverse country like India is crucial for operational success.

4. Competition with Local Players

- BharatMart, as a local market leader, already understands the Indian market, consumer behavior, and preferences. Competing with an established player with strong brand recognition and loyalty poses a significant challenge for IndoMart.

5. Brand Recognition

- IndoMart may lack brand recognition in the Indian market. Building a brand image and gaining trust among Indian consumers will require significant investment in marketing and promotional activities.

6. Localization of Product Offerings:

- Adapting product offerings to suit local preferences is essential. IndoMart needs to understand the diverse tastes and preferences of Indian consumers and tailor its product mix accordingly.

7. Integration Challenges with GangaBazaar:

- Integrating GangaBazaar into IndoMart's operations smoothly requires effective coordination and cultural alignment. Mismatched organizational cultures can lead to employee dissatisfaction and operational inefficiencies.

8. Economic Factors:

- Economic factors, such as inflation and fluctuations in currency exchange rates, can impact the cost structure for a foreign company operating in India. Economic uncertainties may affect pricing strategies and profitability.

9. Consumer Behavior Understanding:

- Understanding the nuanced consumer behavior in the Indian market is crucial. The preferences, shopping habits, and decision-making processes of Indian consumers may differ from those in other markets where IndoMart operates.

Analysis

Competitive analysis

The global tactics of IndoMart and its possible effects on BharatMart:

1. Global Sourcing and Economies of Scale

IndoMart's extensive network of 4000 stores enables them to take advantage of economies of scale for large purchases, which may result in reduced prices from suppliers. This might result in aggressive pricing, which would reduce BharatMart's profit margins.

2. Supply Chain Optimization and Efficiency

The worldwide supply chain architecture of IndoMart may include cutting-edge inventory management techniques and effective logistics. They might do the same in India, upending BharatMart's long-standing supplier connections and providing quicker delivery, therefore putting BharatMart's market dominance in threat.

3. Brand Recognition and Marketing Power

Some Indian consumers, particularly those in urban areas, may identify with IndoMart's well-known foreign brand. This could affect BharatMart's brand loyalty by shifting the perception of the brands in favor of IndoMart and possibly increasing marketing budgets.

4. Innovation and Technology

IndoMart may implement cutting-edge retail technologies such as mobile payment methods, self-checkout kiosks, and tailored advertising. This might improve customer satisfaction and draw in tech-savvy clients, which would be difficult for BharatMart's conventional retail layout to handle.

5. Talent Acquisition and Management

Key professionals from BharatMart may be drawn to IndoMart by virtue of its worldwide talent pool and possible pay increases, particularly for positions of management and leadership. BharatMart's operational effectiveness and strategic decision-making may be weakened by this Employee migration.

The Regional Advantages of GangaBazaar and Their Possible Joint Effect on BharatMart:

1. Strong Regional Presence

GangaBazaar has a well-established client base and a well-known brand thanks to its 300-store network, which is mostly located in distinct regions. Given its worldwide orientation, IndoMart may find it difficult at first to adjust to these subtleties. Because of GangaBazaar's localized concentration, there may be a greater comprehension of local consumer tastes and purchasing patterns.

2. Local Supplier Networks and Relationships

GangaBazaar may be able to obtain a wide variety of goods at affordable costs thanks to their existing connections with regional vendors. BharatMart may find it more difficult to compete on pricing and product variety as a result, particularly in local markets.

3. Potential Knowledge Transfer and Employee Loyalty

Current GangaBazaar staff members may be able to offer insightful insights on the local market and customer relationships. This might make IndoMart's assimilation and market adaptation to India quicker, which could make BharatMart more vulnerable.

4. Regional Distribution and Logistics Network

By utilizing GangaBazaar's current distribution network in particular areas, IndoMart may be able to outperform BharatMart's national network in terms of delivery times and logistics expenses.

Guesstimate

Detailed Guesstimate of BharatMart's Profitability Dip:

As per the research, Average employee per store for a Company as big as Bharatmart is around - 200 employees (it includes employees working directly on the site as well as head office employees)

Avg range of employees at various Positions - (the below data is for calculation purpose)

Employee designations	No of employee	Salary per employee
Front line staff	60-80	13000
Support staff	7-10	17000
Dept. head	7-10	35000
Senior Management	5-7	80000

Total=137

Calculations:

Front line staff - $13000 \times 80 = 1040000$

Department heads - $35000 \times 10 = 350000$

Department staff - $17000 \times 40 = 680000$

Senior management - $80000 \times 7 = 560000$

Total: - 2630000

Average salary per employee = total Salary expense /no. Of employees= $2630000/137 = \text{approx } 20000\text{rs}$

Now assuming that out of 200 employees involved in operations of one store - 190 employees are at an average pay of 20k and rest 10 employees (headoffice employees) are at an average pay of 80k.

Employee salary per store (on site) - $3800000 + 800000(\text{Head office employees}) = 46 \text{ Lakhs per store per month.}$

Total salary expense for employees for 500 stores = 230 cr.

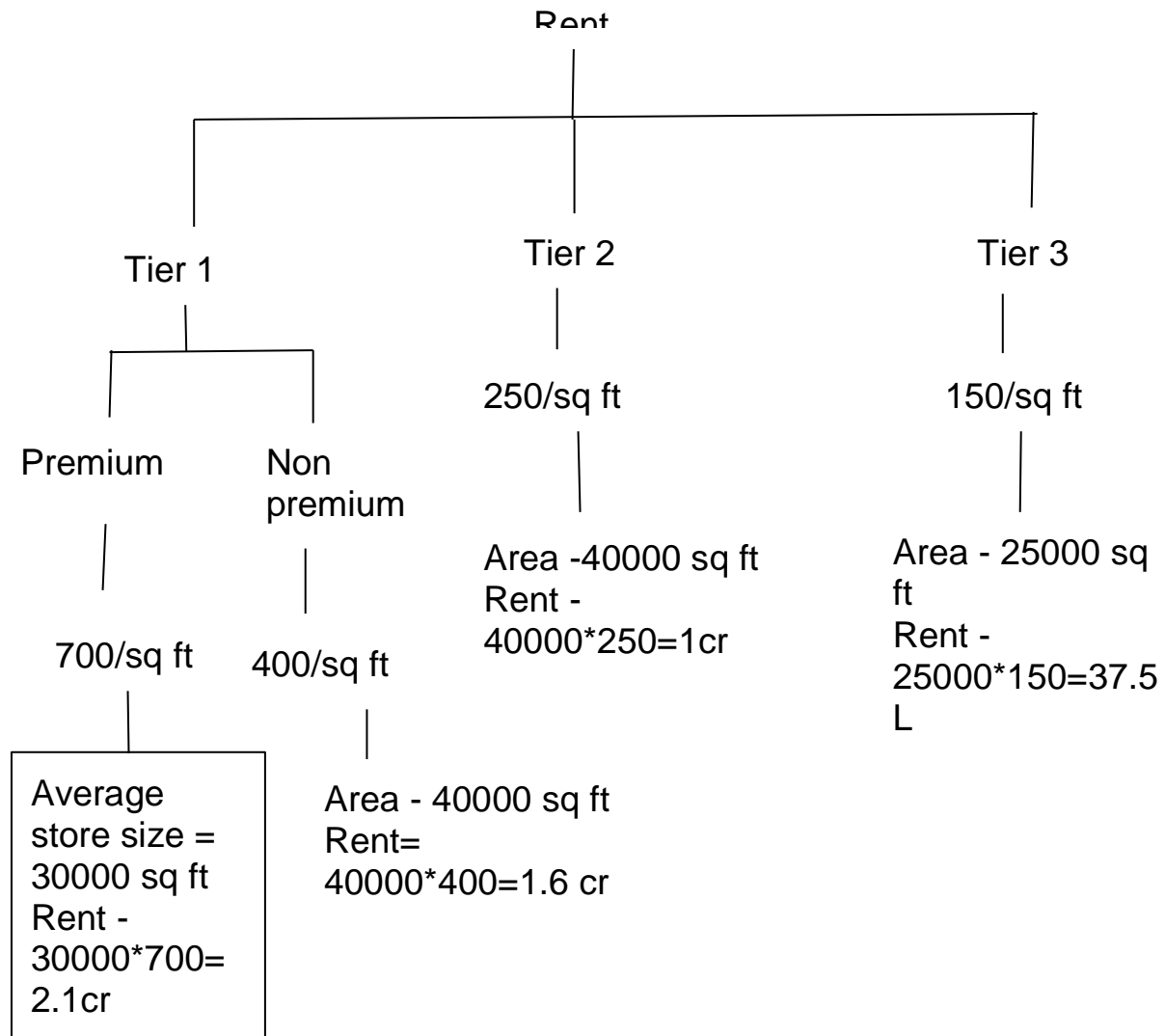
As per the research and data - Dmart owns 80% of its stores and 20% are leased/rented.

So given the scale of Bharatmart we consider that Bharatmart owns 70% of its stores and 30% are leased.

No. of owned stores = 70% of 500 = 350

No of Leased/rented stores = 30% of 500 = 150

Now we calculate the Expenditure on Rented/lease stores-



Distribution of Rented Stores as per different tier

Tier	No of stores
Tier 1 (premium location)	35
Tier 1 (non premium location)	20
Tier 2	35
Tier 3	60

Total	150
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Now we show the total expenditure of rent of all the stores according to the Cities-

Tier	Total rent of all stores
Tier 1 (premium locations)	$2.1 * 35 = 73.35\text{cr}$
Tier 1(non premium location)	$1.6 * 20 = 32\text{cr}$
Tier 2	$1 * 35 = 35\text{cr}$
Tier 3	$0.37 * 60 = 22.5\text{cr}$

Calculation of Rent per store per month = $73.35\text{cr} + 32\text{cr} + 35\text{cr} + 22.5\text{cr}$

$= 162.85\text{cr} / 150 = 1.08\text{cr}/\text{store}/\text{month}$.

So the Annual Rent per store - $1.08 * 12 = 12.96 = \text{Approx } 13\text{cr}$.

1. Cost Structure Breakdown:

The approximate annual revenue of Dmart is ₹477.4 billion.

Total number of dmart stores - 341.

Avg revenue per store for dmart is - 1.4billion per store annually.

As Bharatmart has 500 Stores and its much bigger than Dmart (in reference to the case study) we assume the annual revenue per store for Bharatmart - ₹2 billion /year

- Revenue per store: Assume ₹2 billion /year based on the adjusted Indian context.
- Cost Categories: Allocate percentages of revenue to major cost components:
 - Rent: 6.48% (depending on store size and location)
 - Salaries: 2.25% (considering employee benefits and varying store sizes)

- Inventory: 84% (accounting for product mix and holding costs)
- Marketing & Promotions: 1.75% (variable depending on current promotional strategies)
- Other Operating Expenses: 0.75% (encompassing utilities, maintenance, and operational costs)

Gross profit per store:

- Calculate cost of goods sold (COGS): Inventory cost + other operating expenses = 84.75% of revenue.
- Calculate gross profit: Revenue - COGS = 15.25% of revenue

Profitability Impact on BharatMart for rented stores:

- Estimate operating expenses: Rent + salaries + marketing = 11.23 % of revenue.
- Calculate net profit before tax: Gross profit - operating expenses = 4.77% of revenue = 9.54cr per store

Total net profit for 150 rented stores = 1431 crore= 14.31 billion

Profitability Impact on BharatMart for Owned stores:

- Estimate operating expenses: Rent + salaries + marketing = 4.75% of revenue.
- Calculate net profit before tax: Gross profit - operating expenses = 10.5% of revenue = 21cr per store
- Total net profit for 350 owned stores- 7350 cr ~ 73.50 billion.

Total Profit of all the stores (rented+owned) = 87.81 billion.

Total revenue of Bharatmart = 1000 billion

Net profit = $(87.81/1000)*100 = 8.781\%$ of revenue

Market Share Loss Scenarios:

If for Bharatmart's market share dip is by

- Scenario 1: 5% market share loss (estimated at ₹50 billion revenue loss based on assumed total revenue of ₹1000 billion).

- Scenario 2: 10% market share loss (estimated at ₹100 billion revenue loss).
- Scenario 3: 15% market share loss (estimated at ₹150 billion revenue loss).

4. Impact on Profitability:

Apply the revenue loss from each scenario to the net profit calculation, considering a range of net profit margins based on the cost structure breakdown:

For calculation of Profitability dip, the net profit percentage is common for all scenarios i.e 8.781% of revenue.

- Scenario 1: For 5% market share dip

8.781% of 50 billion = ₹ 4.39 billion dip in net profit

Scenario 2: For 10% market share dip

- 8.781% of 100 billion revenue ₹8.78 billion dip in net profit.

- Scenario 3: For 15% market share dip

- 8.781% of 150 billion revenue : ₹13.17 billion dip in net profit.

BharatMart's position and future actionable plan

Betterment of Existing operations for BharatMart:

- Strengthen brand differentiation: Emphasize unique values like quality, community focus, or commitment to local sourcing.
- Invest in loyalty programs and personalized offers: Reward loyal customers and incentivize continued patronage.
- Enhance customer experience: Improve app functionality, personalize product recommendations, and offer value-added services.
- Partner with local brands and suppliers: Cater to local preferences and build stronger community ties.
- Communicate brand values effectively: Highlight commitment to customer satisfaction, ethical sourcing, and social responsibility.

Strategic Planning and Actionable Recommendations for BharatMart:

Developing Locally Beneficial and Environmental Friendly Strategies: BharatMart needs to play to its strengths and carve out a distinct niche in the face of potential threats from IndoMart and

GangaBazaar. Here are some strategic options focusing on localization, personalization, community engagement, and sustainable sourcing:

1. Localized Offerings:

- **Go hyperlocal:** Cater to specific needs and preferences of individual regions within India. Offer regional products, languages, and cultural nuances in marketing and branding.
- **Partner with local artisans and small businesses:** Source unique and authentic products directly from local communities, creating a "Made in India" story that resonates with consumers.
- **Curate regional product baskets:** Offer pre-bundled options featuring regional specialties and flavors, catering to specific occasions and festivals.

2. Personalized Service:

- **Invest in AI and data analytics:** Leverage customer data to personalize product recommendations, promotions, and offers. Create a targeted and relevant shopping experience.
- **Implement loyalty programs:** Offer tiered rewards and benefits based on purchase history and engagement, fostering customer loyalty and repeat business.
- **Provide personalized customer support:** Train customer service representatives on local needs and preferences. Offer multiple communication channels (phone, chat, video) for convenient support.

3. Community Engagement:

- **Build local partnerships:** Collaborate with community centers, NGOs, and local influencers to organize events, promotions, and awareness campaigns.
- **Support local causes:** Partner with local organizations to address social and environmental issues, aligning with BharatMart's brand values and building goodwill.
- **Create online communities:** Foster online forums and social media groups for customers to connect, share experiences, and provide feedback.

4. Sustainable Sourcing:

- **Partner with eco-friendly suppliers:** Promote products made with recycled materials, organic ingredients, and sustainable practices. Highlight environmental benefits in marketing and packaging.
- **Reduce carbon footprint:** Optimize logistics and delivery routes, invest in energy-efficient operations, and encourage customers to choose eco-friendly packaging options.

- **Promote fair trade practices:** Source products from ethical suppliers who uphold fair wages and working conditions for their employees.

Operational Optimization Roadmap for BharatMart:

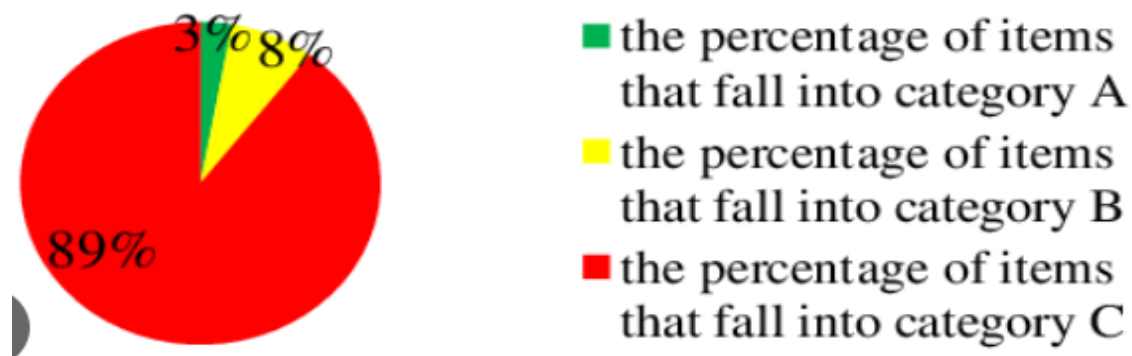
Competing with IndoMart's scale requires an agile and efficient operation. Here's a roadmap for BharatMart to optimize its inventory management, internal controls, processes, and supply chain:

1) Inventory Management System:

- **Implement demand forecasting:** Utilize AI and data analytics to predict product demand at regional and store levels, reducing overstocking and lost sales.
- **Optimize SKU(stock keeping unit) rationalization:** It is the analysis and optimisation of the product assortment by reviewing each item. Bharatmart should review the product assortment regularly, eliminate slow-moving items and focus on high-demand products. This frees up valuable storage space and improves inventory turnover.

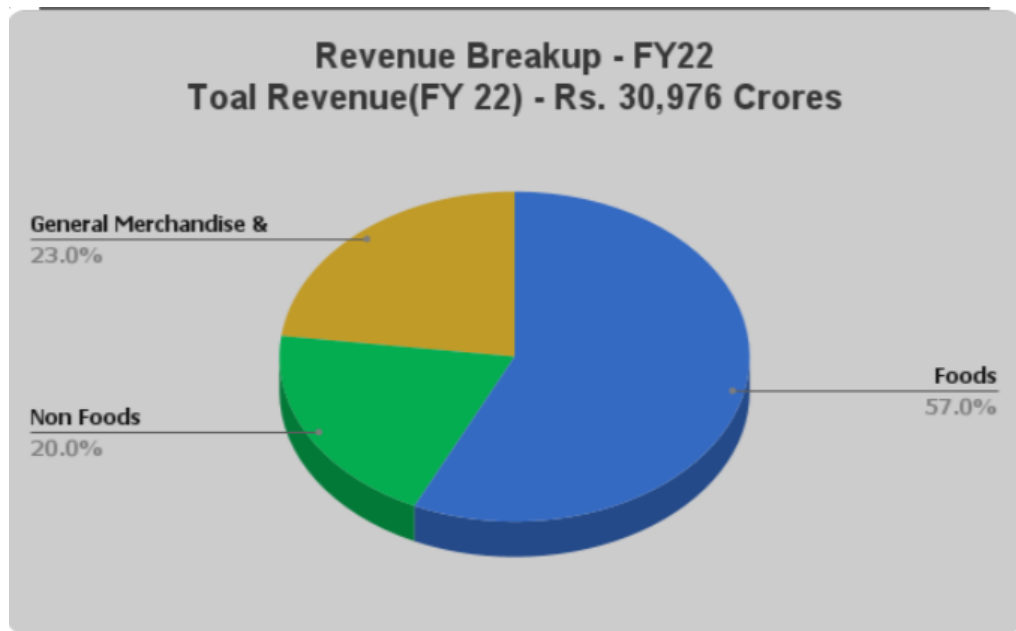
Adopt ABC analysis:

ABC is a technique for prioritizing inventory management by classifying products into three categories based on their value and demand,i.e, A-class, B-class and C-class products.



Category Allocation:

- Category A: Groceries (High demand, high value)
- Category B: Electronics (High value, moderate demand)
- Category C: Personal Care, Clothing, Home Appliances (Moderate value, moderate demand)



Revenue Break up of D-Mart

Inventory Management Strategies:

- **Groceries:** Maintain tight inventory control, frequent ordering, and higher safety stock to avoid stockouts.
- **Electronics:** Implement moderate inventory control, regular ordering, and moderate safety stock, considering seasonal fluctuations.
- **Personal Care, Clothing, Home Appliances:** Simplify ordering processes, consider lower safety stock levels, and accept potential stockouts for less critical items.

(This can be better done if BharatMart conducts a deep data analysis on its costumers data, specific sales data and market trends)

- **Implement multi-source procurement:** Secure reliable sources from local and national suppliers to avoid stockouts and price fluctuations.
- **Invest in warehouse automation:** Utilize robots and automated storage and retrieval systems for faster picking and packing, improving efficiency and reducing labor costs.

2) Internal Control System (ICS):

- **Enforce strong access controls:** Limit access to inventory data and financial transactions to authorized personnel by making them sign NDA agreements. Implement multi-factor authentication and regular system audits.
- **Standardize purchase orders and invoices:** Streamline paper trails and minimize errors in inventory tracking. Integrate with accounting systems for real-time data updates.
- **Conduct regular physical inventory counts:** Implement cycle counts for high-value items and surprise audits to deter fraud and ensure data accuracy.
- **Invest in anti-fraud software:** Utilize software to detect suspicious activity and prevent inventory theft.

3) Process Streamlining:

- **Digitalize purchase orders and invoices:** Eliminate paper-based processes and automate data entry to save time and reduce errors.
- **Optimize delivery routes:** Utilize route planning software to optimize delivery schedules and reduce transportation costs. Consider alternative delivery methods like drones or partnerships with local logistics providers.
- **Automate customer service:** Implement chatbots and self-service portals to handle routine inquiries and reduce reliance on human agents.
- **Cross-train employees:** Empower staff to handle multiple tasks and improve operational flexibility.

4) Supply Chain Management:

- **Collaborate with local suppliers:** Reduce lead times and transportation costs by sourcing products closer to demand centers.
- **Implement vendor-managed inventory (VMI):** Partner with key suppliers to manage inventory levels at BharatMart's warehouses, ensuring product availability and reducing overstocking.
- **Utilize blockchain technology:** Enhance transparency and trust in the supply chain by tracking product movement and provenance.
- **Invest in smart packaging:** Optimize packaging for space and efficiency, reducing logistics costs and environmental impact.

5) Competing with IndoMart's Scale:

- **Leverage technology:** Embrace automation, AI, and data analytics to improve efficiency and decision-making across all operations.
- **Focus on agility and flexibility:** Adapt quickly to changing market dynamics and customer demands. Develop rapid response strategies to counter IndoMart's initiatives.
- **Emphasize customer service and personalization:** Create a seamless and personalized shopping experience to differentiate BharatMart from the competition.

Marketing and Customer Engagement Initiatives for BharatMart

1) Targeted Marketing Campaigns:

- **Hyperlocal content:** Develop campaigns tailored to specific regions and cities, highlighting local products, cultural nuances, and regional language preferences.
- **Personalized promotions:** Leverage customer data to personalize offers, recommendations, and email marketing based on purchase history and browsing behavior.
- **Community-driven marketing:** Partner with local influencers, bloggers, and community leaders to promote BharatMart and its commitment to supporting local businesses and communities.
- **Mobile-first approach:** Optimize website and app for mobile platforms, prioritizing convenience and ease of use for on-the-go shoppers.
- **Contextual advertising:** Use programmatic advertising on social media and relevant websites to reach customers with targeted ads based on their interests and online behavior.

2) Loyalty Programs:

- **Tiered loyalty program:** Offer increasing benefits like discounts, early access to sales, and personalized rewards based on spending levels or engagement.
- **Referral program:** Encourage existing customers to refer friends and family with points, exclusive discounts, or other incentives.
- **Community events and partnerships:** Organize local events, discounts, and partnerships with community organizations to reward loyal customers and build brand loyalty.
- **Gamification elements:** Introduce gamified elements like points, badges, and leaderboards within the loyalty program to increase engagement and motivate customers.
- **Birthday and anniversary rewards:** Send personalized offers and greetings to customers on special occasions to deepen connection and foster loyalty.

Business expansion recommendations for BharatMart

1. Saturated Market - Tier 1 Cities: Delivery Services

Objective:

- Overcoming Saturation: As tier 1 cities are saturated, offering unique and convenient services like delivery can help BharatMart tap into new customer segments and differentiate itself from competitors.

Implementation:

1. Investment in Logistics: - Allocating funds to establish a strong and effective logistics network in order to provide dependable and on-time delivery services.

- Create an internal delivery team or take into consideration joint ventures with reputable delivery service providers.

2. Technology Integration: - Establish a user-friendly and effective online ordering and delivery tracking platform or app.

Investigate adding functions like order customisation, real-time delivery tracking, and tailored recommendations.

3. Marketing and Promotion: - Start focused advertising campaigns to highlight the practicality of home delivery.

- Provide loyalty programmes and promotional discounts for online orders to encourage clients to select the delivery option.

4. Customer Education: – Run awareness programmes to inform clients about the recently launched delivery services.

Emphasise the time-saving advantages, ease of use, and security precautions implemented throughout the distribution process.

5. Quality Assurance: - Use suitable handling and packing techniques to guarantee the products' quality while they are being transported.

- Request feedback from customers in order to keep improving the delivery experience.

Emphasise the time-saving advantages, ease of use, and security precautions implemented throughout the distribution process.

2. Unsaturated Market: Ownership of Stores

Objective:

- Cost Efficiency and Profit Margin: In unsaturated markets, focusing on owning stores rather than renting provides cost advantages, higher profit margins, and greater control over the retail environment.

Implementation:

1. Strategic Location Planning: - Identify key sites with strong foot traffic and growth potential by doing in-depth market research.

- To build BharatMart outlets, purchase land or existing assets in desirable areas.

2. Store Design and Layout Optimisation: - Make an investment in store design and layout optimisation to improve consumer shopping and maximise space utilisation.

Put in place effective checkout, storage, and display systems to improve the visibility of your products.

3. Cost-Benefit Analysis: - Compare the long-term advantages of owning stores vs renting by doing a thorough cost-benefit analysis.

- Take into account elements like possible cost savings, tax benefits, and property appreciation when choosing an ownership structure.

4. Financial Planning and Partnerships: - Arrange partnerships or loans to pay for the purchase of real estate.

Investigate joint ventures with lenders or property developers to enable retail

5. Brand Consistency:

- Maintain consistency in brand image and store aesthetics across owned properties.

- Implement standardized processes and layouts to create a cohesive and recognizable brand identity.

Overall Recommendations:

5. Brand Consistency: - Keep owned properties' storefront designs and brand image consistent.

- Put in place standardised procedures and design elements to provide a unified and identifiable brand identity.

Overall Suggestions:

1. Adaptability: - Constantly evaluate the dynamics of the market and be prepared to modify plans in response to changing consumer tastes and trends.

2. Integrated Approach: - For a comprehensive market expansion plan, take into account a combination of both store ownership in unsaturated markets and delivery services in saturated markets.

3. Technology Adoption: - Use technology to maintain inventories, manage the supply chain, and engage customers at all locations.

4. Local Partnerships: - To improve market penetration and foster a favourable brand perception, form alliances with nearby companies, suppliers, and community organisations.

5. Feedback Mechanism: - Create a strong feedback system to gather consumer insights in both saturated and unsaturated markets, enabling ongoing development.

BharatMart is able to create a well-balanced and effective market expansion plan that corresponds with the distinct features of every market segment by selectively adopting delivery services in saturated regions and giving store ownership priority in unsaturated markets.

Conclusion

Based on the detailed analysis of BharatMart's current position, potential threats from IndoMart's acquisition of GangaBazaar, and strategic recommendations, the following conclusion can be drawn.

BharatMart faces a significant challenge with IndoMart's entry into the Indian market through the potential acquisition of GangaBazaar. The threat lies in intensified competition, potential loss of market share, and the risk of facing a more technologically advanced and globally experienced competitor. The analysis using Porter's Five Forces framework emphasizes the need for BharatMart to focus on cost efficiency, customer differentiation, and strategic partnerships to maintain its leadership in the Indian discount retail sector.

To overcome these challenges, BharatMart should adopt a multi-faceted strategy. Firstly, the company should emphasize localized offerings, personalization, community engagement, and sustainable sourcing to strengthen its brand differentiation and build strong connections with Indian consumers. Secondly, operational optimization measures, including inventory management, internal controls, process streamlining, and supply chain management, are crucial to compete with the scale of IndoMart. Lastly, marketing and customer engagement initiatives, such as targeted campaigns, loyalty programs, and community events, can help BharatMart retain and expand its customer base.

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