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Chapter 4

A CASE STUDY ON RELIANCE RETAIL'S JOURNEY FROM A PHYSICAL STORE TO BECOME AN OMNICHANNEL RETAIL EMPIRE IN INDIA

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A CASE STUDY ON RELIANCE RETAIL'S JOURNEY FROM A PHYSICAL STORE TO BECOME AN OMNICHANNEL RETAIL EMPIRE IN INDIA

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Abstract

This case discusses how Reliance retail has built its way towards omnichannel and its journey of evolving as the country's largest omnichannel retail empire. Reliance retail is an Indian company that was started in late 2006. Being a subsidiary of Reliance Industries, in just a few years it emerged as the largest retailer in the country in terms of revenue. It has been at the forefront of bringing about the organized retail revolution with its unique operating model unleashing the aspirational energy of the new, resurgent India. The case takes through how Reliance Retail has forged stronger and created enduring bonds with millions of consumers with its unlimited choice of products, unique value propositions, enhanced quality, and unparalleled shopping experience across all its stores. It also serves all segment customers irrespective of mid, premium, and luxury. Further, the case points out its business model, strategies, and challenges. Reliance retail's core strengths were its multi-prong strategy and its wide range of store formats. It *caters to the planned shopping needs of customers across all key consumption be it Grocery, Electronics, or Fashion & Lifestyle.*

Keywords: Retail, Omni channel, physical store

Introduction

A brief overview of the Retail Industry

The Indian retail industry has become one of the most dynamic and quick-paced sectors due to the introduction of numerous new businesses, the advancement of IT, and FDI. The Sector contributes to more than 10% of the nation's GDP and generates a huge chunk of employment opportunities too. According to a recent study by the Boston Consulting Group, retailing in India is predicted to reach an astounding growth of US$ 2 trillion in value by 2032 and the retail market is anticipated to expand from US$ 779 billion to US$ 1407 between 2019 and 2030. It will reach up to US$ 1.8 trillion by 2030 (AT Kearney Research).

Reliance Retail

Among the other portfolios of Reliance Industries Limited, the core of the group's consumer-confronting business is Reliance retail. The idea behind it was to democratize commerce by

making high-quality goods more accessible to customers at affordable prices. What distinguishes the company from its competitors is the vast amount of diversity that falls under the purview of the retail branch-off. Reliance Retail has been recognized as a global retailer with the fastest rate of growth. It is the only Indian retailer to be listed as the 56th-best global retailer and one of the top 100 companies in the country.

With its reach across India, it is the biggest and most successful retailer. The five main segments of their retail operation are consumer electronics, fashion and lifestyle, groceries, connectivity, and petroleum retail. Reliance Retail operates a variety of stores with consumption baskets ranging from groceries to fashion & lifestyle **(Exhibit 1)**. Throughout the period of FY22–25, Reliance Retail is anticipated to develop at a 30% CAGR. Many of the company's most important details are given in **(Exhibit 2**). Reliance Retail recorded Rs. 1,99,704 crores in revenue as per the fiscal year 2021-22. It also runs 15,196 locations nationwide as of March 31st, 2023.

Reliance Retail's success has aided India in reaching its full potential. Reliance Retail promotes inclusion, development, and social value, all of which are advantageous to millions of Indians. With an unrivaled shopping experience across all its stores and an unlimited assortment of products at unbelievable prices, of outstanding quality, and of exceptional value, it has quickly and effectively built deep and enduring relationships with

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millions of customers. Many of the company's significant anniversaries include (**Exhibit 3)**

Business Model

The business has developed a comprehensive retail strategy that spans "new commerce," traditional retail, and online shopping. Reliance Retail provides superior service to onboard Kirana on the B2B platform, lower pricing in comparison to other distributors, and credit for working capital. The company also has a substantial portfolio of premium brands that it can only promote on its platform. In the most recent quarter, Reliance Retail added 50 prestigious domestic and foreign brands. Mukesh Ambani emphasized the goal to integrate with "millions of small merchants and giving them a platform to succeed" to operationalize and expand different channels to boost Reliance Retail's reach to serve customers, especially in underserved rural India.

A variety of stores are operated by Reliance Retail as part of their multifaceted strategy namely supermarkets, hypermarkets, convenience stores, wholesale cash & carry format, specialty, and online retailers. Moreover, Reliance Retail runs online stores Giving Indian consumers access to a wide range of products and services has been easier in recent years across all segments of the Indian market. Currently, the biggest store in the entire country is Reliance Retail. Both well-known national brands and the business's labels are represented in the portfolio. A report from India's largest private sector organization claims that the country's expanding population and the expansion of fashion retailers are still the main drivers of growth in the fashion and leisure sector.

Business Strategy

Porter's Five Forces Model is a straightforward yet effective method for evaluating and learning about the competitive forces that have an impact on a company's environment and for learning how to attain and make profits. Porter claims that industry analysis propels the industry to the top spot. These are the forces: Fear of new competitors is one. Suppliers' negotiating leverage is another. 3. The bargaining power of buyers Fear of Comparable or Replacement Goods 5. Competition from similar products.

Marketing Strategy

Reliance stocks a wide range of goods, from groceries to pricey metals like gold and platinum. Reliance Retail uses a sophisticated segmentation base that includes demographic, geographic, and psychographic. It covers factors like occupation, gender, age, income level, and habit, to appeal to a wider part of the population. Several marketing techniques such as product innovation, investment in marketing, customer service and experiences, etc., have added to the company's significant growth.

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Product: Its product range varies from the clothing and apparel, shoes and footwear segment, jewelry and diamonds shop, bakery, fresh products, home care products, electronics, and online clothing stores are just a few of the companies that Reliance operates in different names. In terms of its marketing mix product portfolio, it has a wide range of offerings. **(Exhibit 4) Price:** Reliance Retail outlets provide products at incredibly low prices. They offer promotional pricing to boost volume sales and pocket-friendly pricing to draw a sizable client base, removing middlemen and passing the savings through to customers.

Place: The largest retailer in India, Reliance Retail, operates more than 1500 outlets nationwide. It has established itself in Tier 1 and Tier 2 metropolitan regions. Most Reliance Retail stores, as well as some online retailers, offer one-stop shopping for a wide range of goods. Instead of having to travel to numerous locations for various items, this makes it simple and convenient for the customers.

Promotion: As a promotion strategy, reliance retail gives a loyalty membership card to each customer, and it collects points for each purchase made wherein these points can be used by the customer as credit for future purchases. As per data, Reliance spends significantly less on advertising and promotional activities than other businesses. According to reports, it uses all three types of advertising and marketing tactics, including "Through the Line Strategy," "Below the Line Strategy," and "Above the Line Strategy." Reliance Retail's primary marketing tactic consists of the different product discounts they provide. For instance, "Buy 2 get 1 free" or "50% off the second item," etc. The positioning of various items and goods in retail stores also contributes to its success. The product placement done inside the store is strategically placed in such a way that the items with the greatest discounts are displayed near the entryway or in prominent areas like Endcap.

People: Over 1,20,000 people work for Reliance Retail, one of the biggest employers in the nation. This includes talented individuals who are drawn to work in sales. Every employee receives the necessary training to become knowledgeable about the product and familiar with it. The organization's hierarchy followed by the company is highly extensive. It is because the businesses are located all over cities and employ many employees who are conversant in regional sales techniques and local language

Process: Reliance Retail's main goal from the start was to never run out of inventory, which required them to develop a very effective logistics business. Reliance Fresh, which sells items like fruits and vegetables, is rotated using daily replacement processes. Reliance Digital is one of the largest tech markets, both in terms of product variety and accessibility because of strong connections to key suppliers and a quick delivery network.

Physical Evidence: Reliance Fresh has been successful in becoming the go-to retail location for most shoppers. Large hoardings in busy streets advertise their presence in the fashion retail sector. The stores that are chosen for installation are often large areas that display a variety of retail products. Typically, they travel across several floors, stopping at

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various shop locations. Most of them are merged such as Digital, footprints, and Reliance trends are frequently combined.

Challenges

Legal problems/scams/controversies: The main obstacle to Reliance's continued expansion is the fact that it has always experienced issues in one form or another. Some of the instances are Amazon's disapproval of the acquisition of Future group, SEBI's show cause notice for insider training, and the demerger of Reliance Industries.

Tough competition from across the Globe: Even though the company has all the necessary resources and infrastructure, there is always fierce competition from retailers from inside and outside that occasionally open.

Rigorous Government policies and inflation: Government policies are always a hindrance and challenge for Reliance. Apart from that, increasing inflation rates are also a concern when it comes to the financial growth of the company.

Reliance's success

One factor in their development is their reliance on strategic alliances with big entities throughout the world to increase their capabilities. With low disruptive pricing, Jio and Reliance Retail entered the competition and were able to win over the Indian consumer. All of RIL's companies are designed to accommodate the Indian market. Reliance always demonstrates flexibility as it has changed its focus several times in the last four decades. Its ability to change as per market conditions and diversify its business lines allows them to remain relevant even in today's tumultuous times.

Journey to Omni channel Way

Reliance made several attempts between 2014 and 2018 to take on India's expanding e-commerce business. Nonetheless, the company was having trouble due to a lack of understanding of customer behavior and poor execution. To capitalize on the 700 stores of its offline brands which were into selling the daily needs of the customers, the company created Reliancefreshdirect.com to deliver food and grocery items in late 2014. To appeal to millennials and Gen-Z, Reliance established the fashion website Ajio.com in April 2016. Reliance Digital even though it had a significant offline presence in the electronics sector, it chose not to launch an online version because of the discount war between Amazon and Flipkart.

After the pandemic caused a decline in physical retail in 2020, Reliance revived the electronic segment. which had been idle for some time and also launched Reliancejewels.net as a distinct online platform for its jewelry business. Its massive e-

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commerce project JioMart was also launched during that time. The company launched AJIO.com in April to target consumers with high-margin, curated clothes. As part of its omnichannel strategy, the company opened AJIO "shop-n-shops" at more than a hundred Reliance Trends stores.

With the aid of the superior infrastructure, the company will be able to develop a unique omni-commerce model for its retail operation in combination with physical retail and physical retail presence. The chance to incorporate an "offline-online" approach would significantly distinguish omni-commerce for its retail operation. They are expanding their product selection across trade channels, both online and offline, to better reach customers. Their efforts to create a streamlined interface will be successful.

Road Ahead

Reliance Retail is a front-runner in the competition because of its focus on providing value to customers and democratizing the retail sector. To give customers, the most options possible constantly, Reliance Retail wants to deepen the categories in which it operates, focusing on enhancing the customer experience across all digital and physical touchpoints, and strengthening its logistics and supply chain capabilities by building a robust, technology-enabled supply chain. Additionally, it wants to empower millions of small businesses and retailers with cutting-edge, plug-and-play solutions provided via the cloud, propelling them to new heights. The same digital capabilities that were previously only available to larger enterprises will be made available to millions of medium-sized businesses. As part of its drive to extend the product catalog and source from the broadest selection of items for its clients, the company plans to partner and integrate with all brands, small producers, and MSMEs. Additionally, he added, the business would expand its product and design capabilities to MSMEs so that they may provide goods of the best quality at various price points and gain access to the global market.

Exhibits:

Exhibit 1

Details of Reliance Retail’s Main Consumption Basket Grocery Consumer Electronics

With 8732 stores

Fashion and Lifestyle With over 4000 stores

Reliance Fresh Signature Reliance Digital Trends

SMART MyJio Trends Woman

Smart Point Trends Man

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Fresh Pick Trends Footwear

Shree Kannan Departmental Reliance Jewels

Jayasurya stores Avantra by Trends

JioMart serves 250+ cities Hamleys

Exhibit 2

Key Facts about Reliance Retail

Revenue EBITDA Retail stores

1,99,704 Cr in FY2021

(US$ 26.3 billion

Rs. 12,381 Cr in FY2021

(US$ 1.6 billion)

15,196

Retail Area Cities Customer served/week

41.6 million Sqft >7,000 Cities > 5 million

Fruits/vegetables sold per day

People employed Loyalty membership base

> 500 Metric Tonnes > 3,60,000 > 200 million

Distribution Centers across 28 states

Warehousing space Liters of milk sold every

year

> 500 > 12 million Sqft > 14 million

Exhibit 3

Milestones of the company from 2006-2023

2006 2007 2008

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Reliance Fresh

Reliance Industries got into the organized retail format with its first store in Hyderabad.

Reliance Digital: Launched its consumer electronics retail chain

Reliance Trends and Reliance Footprint-Opened its first fashion & lifestyle store

2010 2011 2012

Crossed 1,000 stores and partnerships with Zegna,

Reliance Market- Launched its wholesale cash-and-carry store chain

Becomes India’s largest fashion Retailer

Quicksilver & Steve Madden

2013 2014 2015

Reliance Market becomes the largest wholesale store. Achieved Break-even

Launched Reliance Digital Express Mini

Launched multi-channel initiatives and moved towards Retail 2.0

2016 2017 2018

Launched a fashion digital commerce platform called www.ajio.com

Reliance Retail crosses the $5 billion revenue mark and Reliance trends launched a multi-channel e-commerce platform

Launched 3,736 Jio Points across more than 4,400 cities in India.

2019 2020 2022

International acquisition of Launched JioMart, the largest Parentship with global British Toy retailer Hamleys. Hyperlocal solution. retail chain 7-Eleven.

Exhibit 4

Various brands and products of Reliance Retail

Brand Description

Fresh Pick It is a one-of-a-kind contemporary food and grocery destination store with rich, new, unique, and diverse engagements and experiences.

Fresh Signature It is a reimagined contemporary supermarket offering a broad range of kitchen essentials – including local ethnic snacks & foods, premium ingredients for global cuisines as well as fresh fruits & vegetables, dairy products, and other everyday grocery items

Reliance Fresh A Chain of stores for fresh vegetables, fruits, and dairy products

Reliance Smart A Supermarket that offered all goods from fresh produce, bakery, dairy products, home appliances to other general merchandise under one roof

Smart Point A convenience store that helps to order goods online and pickups from local Smart Points.

JioMart An online grocery store

JioMart digital It is a neighborhood mobile & consumer electronics store that offers a wide range of products across all electronics categories

Reliance Digital Retail chain of almost all electronic items and goods under one roof Trends It is a fashion shopping store for families including men, women, and kids. Trends footwear Chain of footwear stores.

Reliance jewels Specialty chain which offers Jewelry only

Azorte Which offers a wide range of fashion accessories, beauty products

Ajio It is a digital commerce initiative that is a destination platform for fast fashion that can be handpicked, on-trend, and at prices that are the best.

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