

A Study on Strategic Orientation of Selected Retail Stores of Rajasthan

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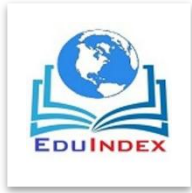
Abstract

Strategy is an area of academic inquiry. It has been intriguing to decipher the nature of strategy, strategy formulation and strategy typology. Strategy for any business unit cannot be defined as a standing character rather it is the response of organizations towards the dynamic forces. The primary purpose of a strategy is to provide a method, route, way or channel with a clean direction to follow in managing a business. Eminent scholars of different times have put forth several typologies for classifying strategies. However, it can be said that there is overlapping in the strategic alternatives available for any business. Drawing perfect contours of strategic boundaries is not simple and a bit intricate. Hence, studying and identifying strategic orientation of firms may provide useful insight into the area of study. The present paper delves into the identifying and understanding the strategic orientation of retail firms in Rajasthan.

Keywords: Strategy, Strategic Orientation, Retail

1.1 Introduction

Unlike pure science which rests on experimentation, the concept of social sciences evolves with the changing environment. The notion that strategy can be generic is as old as old as the idea of strategy itself. Strategy has been defined through practical experiences of managers. For some it is a plan composed of sub strategies and programmes, for others it could be a perspective or an ideology. It is difficult to restrict the meaning of strategy into finite lines of understanding. The use of the term “strategy” originated in defense services. There it means planning troop movements after looking at the enemies’ movements and their strengths and weaknesses. Consequently the word “strategy” has been in use for a long time and has also been used in different ways. The strategies which are implemented at the business or specific product level to strengthen and solidify the competitive position of the company in that specific industry or market segment have been defined as business level strategies. Different scholars have explored



and identified various types of business strategies. These are the course of actions adopted by any business firm to satisfy its target customers by using the skills and competencies. However it is important to understand how these firm level strategies are operationalized. It is also essential to study whether these are some definitive course of action or a standing which a firm takes in response to the changing environment. The present paper discusses the strategic orientation of retail outlets. The work is a preliminary study and will pave the way for carrying ahead the related works.

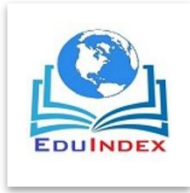
1.1.Review of Literature

Hambrick (1980) focused on alternative ways of operationalizing firm level or business level strategies adopted by companies. It was discoursed that strategy as a concept is worthy of empirical investigation but it is difficult to operationalize the concept which is both valid and appropriate. Textual description is supported with case studies helps in understanding the recommendations for strategy formation. These are useful in theory building but do not allow generalizability of research and does not facilitative comparison across organizations.

Harrigan (1983) asserts that it is difficult to measure business strategy. Moreover, understanding business strategy requires the understanding of firm's philosophy, its management team, internal and external environment. Apart from that field study and archives can provide rich source of understanding.

Mintzberg & Waters (1985) placed the strategic choice that an organization can have along two ends of the continuum i.e. deliberate and emergent. Deliberate refers to the strategies that are planned, unhurried and carefully made while emergent strategies would mean strategies which can be seen as a result of activities adopted by the management.

Parnell & Wright (1993) empirically tested and supported Miles & Snow typology. The study concluded that the cluster of businesses employing combination strategies overtook the groups that primarily implemented cost leadership or differentiation strategy and suggested that no



single strategy can assure long term success. Firms must have combination of strategies to remain competitive.

Kotha & Vadhlamani (1995) asserted that Mintzberg's typology simplifies all generic strategies and concluded that Mintzberg's typology outperformed Porter's typology in its comprehensiveness and clarity.

Moore (2005) did an empirical test on the strategy typology postulated by Miles & Snow for retail industry. It was found to be suited for applying in the retail industry.

Gnjidić (2014) confirmed the occurrence of all the types of strategy originally set by Miles & Snow by conducting a research on companies in the Croatian food and beverage industry. The study concluded that companies do not apply consistent patterns of strategic orientation and can change in the long term.

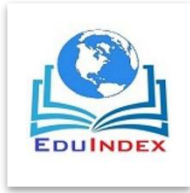
Bouhelal & Kerbouche (2016) studied the typologies of Business strategies to understand which typology can be used by the companies. Study assessed typology given by Miles and Snow and compared with other typologies. The study concluded and affirmed that the typology is most comprehensive among all.

1.2. Research Methodology

Research methodology details the framework for conducting the scientific enquiry.

1.3.1. Objectives of the Research

The objective of this paper is to study the conceptual aspect of strategy and the strategic behaviour of retail outlets.



1.3.2. Research Design

Research design is a blue print for conducting research. A well thought research design is objective based structure or framework. This research design for the present study is descriptive in nature.

1.3.3. Time Dimension

The present research employs cross - sectional study in which the researcher studies for aspects during a certain time period. Phenomena are not studied over the years.

1.3.4. Locale of the Study

This study is confined to the organized retail stores of three major cities in Rajasthan viz. Jaipur, Ajmer and Udaipur.

1.3.5. Selection of the Sample

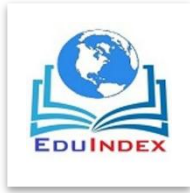
The sampling design in the present study is based on non-probability sampling. Some of the methods in non-probability sampling are judgmental sampling and convenience sampling. In the present study, selection of the respondent organization is done on the basis of Judgmental Sampling Technique. The selected retail stores are Big Bazaar, Reliance Smart and Vishal Mega Mart.

1.3.6. Selection of Research Tool

The study was based on a descriptive research design. Interview combined with questionnaire technique was used for the investigation. The researcher has applied the scale suggested by Marguerite Moore in the study “Towards a confirmatory model of retail strategy types: an empirical test of miles and snow” to measure the strategic orientation of retail firms. The researcher has also done content analysis of the news articles related to the selected retail outlets from the time of their inception. Content analysis has provided useful insights in understanding the course of actions undertaken by the selected retail outlets.

1.3.7. Data Collection

There are two sources of data for research, namely primary and secondary data. Data collected by the researcher for the first time for the study is known as primary data. Tools used for



collecting primary data are questionnaire, schedules, observation, etc. For accomplishing the research objectives, responses were sought from store managers. Semi structured interview and questionnaire was used to seek response. Secondary data refers to the studies already conducted. Published articles, newsletters, reports, organization's database, government surveys etc. were looked into for gathering relevant information.

1.4.Data Analysis

1.4.1. Strategic Orientation of retail outlets

Table1. Strategic Orientation of retail Outlets

Strategic Orientation of Retail Stores	Big Bazar Mean	Reliance Smart Mean	Vishal Mega Mart Mean
Prospector	6.50	5.83	5.17
Defender	4.00	3.88	4.88
Analyzer	5.00	3.50	5.13
Reactor	6.00	5.75	4.63

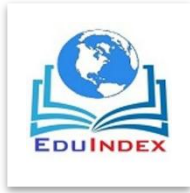
Interpretation:

The above table shows the business strategic orientation of Big Bazar, Reliance Smart and Vishal Mega Mart. The mean values indicate that Big Bazaar has higher inclination of being prospector followed by Reliance Smart and Vishal Mega Mart. Also the propensity of Big Bazaar as a reactor is more as compared to Reliance Smart and Vishal Mega Mart.

Vishal Mega Mart scores more as a defender and analyzer as compared to Big Bazar and Reliance Smart. Similarly, Vishal Mega Mart has a bend toward being a defender and analyzer as compared to Reliance Smart and Vishal Mega Mart.

However, for Reliance Smart nothing specific could have been drawn. The store's score are more for Prospector and Reactor which seems that the orientation of Big Bazar and Reliance Smart could be along the same lines.

Thus, it can be concluded that there cannot be any clear line of demarcation in terms of business strategy. Retail firms adopt themselves according to the changing environment and their pattern



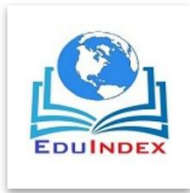
of response to the environment can be studied to get an idea about their orientation towards a certain type of strategy.

1.4.2. Probing into the behaviour of selected retail units by analyzing actions since their inception

The pattern of behaviour of these three stores will give an insight into the strategic orientation and behaviour of these stores since the time of their inception.

Table2: Pattern of behaviour of the stores

BIG BAZAAR (Prospector, Reactor)	RELIANCE SMART (Prospector, Reactor) The propensity is less as compared to Big Bazaar	VISHAL MEGA MART Analyzer, Defender
Had early mover advantage. Started in the year when concept of supermarket was considered a western idea. (Year 2000) □ Followed expansion, also entered into Tier II cities in 2003. Fastest expansions of the hypermarket format anywhere in the world within 10 years. (2009) □ Initiates regular and unique shopping programs like customer feedback sections, priority counters for senior citizens, pregnant women and mother with infants. □ Introduced new logo and brand identity (2011). □ Launched home delivery service, integrated digital platforms, smart trial rooms, kiosks and endless aisles. □ Launched India's first augmented reality camera game. □ Future prospects: Franchising business model, plan to enter 'milk-bread-egg' model, mega expansion of small stores	Reliance Retail is the parent brand that has been experimental in terms of opening up of chains of stores from neighborhood stores to hypermarkets. □ Reliance Retail got into the list of top 250 global retailers list in 2018, at No. 189. □ Started as neighborhood store, followed expansion and envisaged nationwide chain of hypermarket, supermarkets, discount stores, department stores, convenience stores and specialty store. □ Reliance Smart was formed by consolidating Reliance Super and Reliance Mart in 2016. It is positioned as 'destination stores' with more ethnic in look and carries the feel of the location. Aggressive pricing platform and Everyday low pricing is adopted to woo the customers. □ Its business strategy is focused on customer satisfaction based on value for money.	Started as a single store in Kolkata in 1986 when readymade garment business was booming. Carried wide range of assortment of products from food and grocery to furniture and clothing. □ It primarily catered to Tier II and Tier III cities and started opening up more stores. □ Offered reasonably priced goods and operated as a retail providing value for money to customers. □ Goods were either manufactured in-house or procured from small-and medium-sized manufacturers. □ Had first mover advantage but suffered setback after financial crisis of 2007. □ In 2007, Vishal Retail could not match its growth with the capital requirement, supply chain got choked and suffered heavy losses. Lack of IT enabled network, less integrated and complicated supply chain made the business even more difficult. Also did not have enough competence to sustain the share of private labels. □ Company was forced into a



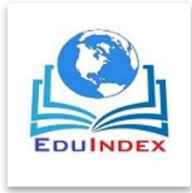
		restructuring exercise in 2010. It had to sale its retail, franchise and wholesale business to Shriram Group and private equity firm TPG in 2010. □ TPG wholesale was later renamed as Vishal Mega Mart Pvt. Ltd. Although Vishal Mega Mart managed to trim its debt, but remained significantly high by March 2016. □ It offers to the lower middle-class segment in Tier II and Tier III cities which is price sensitive and hence poses risk. Primarily competes with retailers in the unorganized segment. □ Future prospects- Penetrate in its core market of middle income bracket will continue to offer to an underserved customer segment.
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1.5. Conclusion and Direction for further research

The study has theoretical and practical relevance for retailers as well as academicians. The present work dwells on the area of business strategy which is pertinent in today's competitive business environment and is equally challenging.

However no research work is perfect in all respect and hence leaves a room for further research. Research could be carried out to see how different levels of corporate strategy correspond to functional strategy. Also exploration of Miles and Snow's typology can be extended to more retail outlets. The researcher has purposively selected food and grocery section as it has highest retail penetration in the organized retail. Nevertheless, the study can also be done for service retailing.

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