

**Retail Marketing Project at De-Lemon, a Unit of
Banaras Beads Ltd**

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Banaras Beads Limited (BBL) is a govt. recognized export house, engaged in manufacturing and exports of glass beads, imitation jewellery and other similar products. BBL, which exports beads to its foreign customers on the condition that, the quantity supplied may be 10% more or 10% less, generated lots of beads and other items which remained unused. Hence, the management proposed the idea of De-Lemon. The present study attempted to understand the demand for fashion jewellery in Varanasi, to determine the reason why outlets sell fashion jewellery, and to determine whether outlets would be willing to sell bags of De-Lemon, which it plans to manufacture in future.

The study was done by way of a survey in 4 outlets in Varanasi. A questionnaire was prepared to understand the level and kind of demand for fashion jewellery in Varanasi. Also, to understand the satisfaction level of the store managers with their sales, interviews of the managers of different retail outlets, including Westside, Archies Gallery, Fab India and Jalan (which sells fashion jewellery) were taken. On the basis of the above SWOT analysis matrix, recommendations have been proposed to the company.

While undertaking the present study, the student needed to implement the conceptual framework of product diversification and marketing mix, to prepare a questionnaire, conduct the survey and propose recommendation. The student also proposed a SWOT Analysis of the company De-Lemon, which may help the company to position its brand in more effective manner. The project was a great opportunity for the student to connect a number of marketing concepts with real life situation faced by a company.

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Introduction

Banaras Beads Limited (BBL) is a govt. recognized export house engaged in manufacturing and exports of glass beads, imitation jewellery and other similar products. Incorporated as a private limited company in April 80, BBL went public in October 94. BBL has been in this line for over seven decades and has been exporting for over four decades (since 1970) to 2000 clients in about fifty countries. BBL has received a number of awards for excellence in exports. The company offers more than 150,000 varieties of beads made of glass, bone, shell, chevron, horn, silver, wood, terracotta, ceramic, brass etc.

De-lemon – A Strategic Business Unit of BBL in Retail

BBL which exports beads to its foreign customers on the condition that the quantity supplied may be 10% more or 10% less, generated lots of beads and other items which remained unused. Hence, the management came up with the idea of De-Lemon. The basic idea was to make use of the excess items produced in the company by way of a new retail unit and therefore, create a new source of revenue generation. At present, the unit is selling its products in 19 retail outlets in India, like Big Bazar, Easy Day, Home Zone, Ebony Retail, etc. The major jewellery items manufactured, include, Earrings, Bracelets, Anklets, Small Necklace, Large necklace, Do – it – yourself kits, Kids jewelleryes, etc.

Conceptual Framework

A SBU has 3 characteristics (Kotler, 2009):

1. It is a single business, or a collection of related businesses, that can be planned separately from the rest of the company
2. It has its own set of competitors
3. It has a manger responsible for strategic planning and profit performance, who controls most of the factors affecting profit

De-Lemon is a SBU of BBL. It has the business of selling imitation jewellery to buyers in the domestic market and therefore, competes with the domestic sellers of similar jewelley items. It has a separate manager who looks after its strategic planning and performance.

The SBU was created as a part of the Product Development strategy of BBL. It can be explained using the below: (Ansoff, 1957):

Figure 1



Firstly, the company (BBL) discovered an opportunity of creating a new product, i.e. imitation jewellery by using unutilized, excess produce of BBL. This was a part of farming strategy of the company.

Secondly, the company hunted for a new market for its products and decided to enter the domestic market. As they are not well known in India, selling in the Indian market will provide brand recognition to it in the country.

The Business Model

Jewellery designers are employed by the company and provided with the excess material of BBL. They then design jewellery in various forms. These designs, when approved by the management are created as samples and sent to customers. On the basis of the customers' orders, production takes place. The jewellery items are sold on SIS (Shop in Shop) basis to customers.

The Products

The products sold by De-Lemon are unique as they are made up of glass beads and there are not many competitors of it in India. They make products which are nickel-free and also eco-friendly. Instead of nickel, the products are tin-plated. Also, the raw materials are imported from China; therefore, it becomes difficult for imitators to copy the product.

Objective of the study

The main objectives of the project were:

- ♦ To understand the demand for fashion jewellery in Varanasi.
- ♦ To determine the reason why outlets like Westside, etc sell fashion jewellery on SIS basis and what are the benefits achieved to them by doing so.
- ♦ To determine, whether outlets would be willing to sell bags of De-Lemon, which it plans to manufacture in future.

Methodology of the Project

The study was done by way of a survey in 4 outlets in Varanasi. A questionnaire was prepared to understand the level and kind of demand for fashion jewellery in Varanasi .Also, to understand the satisfaction level of the store managers with their sales, interviews of the managers of different retail outlets, including Westside, Archies Gallary, Fab India and Jalan (which sell fashion jewellery) were conducted.

Description of the Study Carried out in 4 Retail Outlets

Based on the survey done in various retail outlets in Varanasi, the following points were observed, which will help the company to plan its future strategies for expansion:

Westside

- ♦ Westside is operated by Trent Ltd., as part of the Tata Group. Trent Ltd. was set up in 1998.
- ♦ The Westside stores have numerous departments, such as, Menswear, Women's wear, Kid's wear, Footwear, Cosmetics, Perfumes and Handbags, Household Accessories, lingerie, and Gifts. The company has 61 Westside departmental stores.

Findings in Westside

- ♦ Westside sells fashion jewellery made by Estelle. Estelle manufactures jewellerys made of beads and crystals (De-Lemon doesn't see it as a competitor, since the products are completely different).
- ♦ The decision regarding the jewellery brand in the outlet is made by its parent company, Trent Ltd. Trent Ltd. has a tie up with Estelle and hence, their products are sold in all their retail outlets, across the country.

- ◆ The sale is only around one or two pieces in a day, which is not satisfactory in a city like Varanasi.
- ◆ Necklace sets are most demanded among the various kinds of fashion jewellery.
- ◆ The company pays commission, to Westside, on the sales.
- ◆ Customers do not come, in the store, especially to buy the fashion jewellery but its sales are a part of the instant purchases.
- ◆ Employees are paid and employed by Estelle itself.

Fab India

- ◆ Fabindia is a company that manufactures products that are made from traditional techniques, skills and hand-based processes. It is India's largest private platform for such kind of products. Its products are natural, craft based, contemporary, and affordable.
- ◆ There are 151 stores of the company in 5 countries and 65 cities.

Findings in Fab India

- ◆ Fab India does sell fashion jewellery but not on SIS basis. It sells self-manufactured products only.
- ◆ The sale is around 7-8 pieces in a day, on an average, which is satisfactory, according to the Store Manager, in Varanasi. Occasionally, like on arrival of foreign buyers, it also reaches levels of 30-40 pieces in a day.
- ◆ The reason for their high sales level is that the apparels they sell, like katha wear, requires matching jewellery. Therefore, the customers buy them along with the apparels.
- ◆ Earrings and bangles are amongst the most demanded jewellery types.
- ◆ Prices of the jewellery items vary from Rs. 60 to Rs. 5000.

Archies Gallery

- ◆ Archies Gallery is a retail outlet, spread all across India. It sells accessories, apparels, greeting cards and other gift items.
- ◆ The Gallery can be found in most of the Indian cities. In Varanasi, there are 2 branches of Archies Gallery.

Findings in Archies

- ◆ Archies sells fashion jewellery made by Stupid Cupid.
- ◆ Sale is around 6-7 pieces in a day, on an average, which is satisfactory in Varanasi. In fact, the sales figure is similar for all the Archies outlets in Uttar Pradesh.
- ◆ The sales revenue is volatile; it ranges from less than Rs. 2000 in a day to Rs. 50000 (occasionally).
- ◆ Bracelets and earring are the most demanded products, according to the Store Manager in Varanasi.

Jalan, Varansi

- ◆ Jalan Group is a Varanasi (U.P.) based business house engaged in textile trading through its wholesale and retail enterprises. The group is having a firm foothold in Eastern U.P. With more than 1000 employees and several offices across the country, the annual turnover of the group was more than 500 crores in 2010-2011.

Findings in Jalan

- ◆ Jalan sells fashion jewellery made by De-Lemon.
- ◆ Number of pieces sold is around 8-9 pieces in a day, on an average, which is satisfactory in Varanasi.
- ◆ The sales revenue stays around Rs. 3000 in a day, on an average.
- ◆ Bracelets and earring are the most demanded products.
- ◆ The price range of the products is from Rs. 19 to Rs. 2500.
- ◆ People buy De-Lemon's jewellery along with the traditional apparels.
- ◆ The outlets are paid a commission on their sales.
- ◆ Every 3 months, the unsold jewellery is returned to De-Lemon.
- ◆ The sales person is employed and paid by Jalan.

Discussion

De-Lemon is selling their products in the retail market on Shop in Shop basis. As it is a new unit of BBL, it needs to increase its customers, in terms of the retail outlets that buy from it. To get an entry into more number of retail outlets, the SBU needs to create awareness about its products, its special features (like eco-friendly, etc.) among the ultimate buyers. People mostly prefer gold, diamond jewellery in India. But, they are gradually getting attracted towards imitation jewellery, due to the sky rocketing prices of gold.

On analysing the above 4 retail outlets, it was found out that, the demand for such a form of jewellery is slowly gaining pace, especially among the youngsters. The managers were mostly happy with the response that they are getting from the consumers, except Westside. The reason for the dissatisfaction of the Westside manager can be that the outlet is selling Estelle's jewellery which is available in almost every nook and corner of the country. If consumers want Estelle jewellery, they need not buy it exclusively from the Estelle counter in Westside.

Based on the interview of the Assistant Manager (Marketing) of De-Lemon and the findings from the survey, the SWOT analysis (David, 2005) of the SBU is done.

SWOT Analysis of De-lemon

Strengths

- ♦ Low Manufacturing cost:- Manufacturing cost is low as goods are made from the excess materials received from BBL.
- ♦ Low Operational cost:-The operational costs are also low as the company functions within the premises of BBL.
- ♦ Use of the BBL Tag: - De-Lemon can make use of the brand image of BBL to expand their presence and create a rapport with customers in India.
- ♦ Differentiated Products: - The products are nickel-free, tin plated. They do not cause irritation in the skin. Also, the raw material for them is imported from China.

Weakness

- ♦ Poor Distribution Base:-De-Lemon sells only on SIS basis in big retail outlets and even after 3 years of its inception, it is present in only 19 retail stores. They do not have a good distribution base in India; as a result the market is limited.
- ♦ Poor Brand Image: - As the company is only 3 years old, the brand Image has not developed yet. It is not an easily recognizable brand for the customers.
- ♦ No online Presence: - The website of De-Lemon is under construction as of yet. Therefore, at present it has no web presence whereas its major competitor has and this is a major weakness of the firm as online presence has become inevitable for any firm in the market today.
- ♦ Unprofessional designing: - The designers of de-lemon are not using the various new designing tools like coral draw, they do it manually. This cannot be sustained by the business. As it is trying to expand, it needs professional designing methods.

Opportunities

- ♦ Growing demand: - Demand for glass beads is growing in India. People are gradually getting attracted towards imitation jewellery and these are increasingly being used as a fashion statement. Also, due to rising prices of gold, imitation jewellery is increasingly becoming popular amongst people.

Threats

- ♦ Imitators in the market: - People have already started copying the product. Although it is difficult to produce the same type and quality of jewelleries, since De-Lemon imports glass rods from China and then makes the beads. But the same designs are being made by the use of plastics and are being sold, targeting the same customers as that of De-Lemon. This poses a big threat to the company.
- ♦ The only way out is to educate customers about the value and uniqueness of glass beads in jewellery making.

Recommendations

On the basis of the above SWOT analysis matrix, the recommendations to the company can be summarized as below:-

1. Pass on the low Cost Advantage to Buyers: - This strategy is very essential to tackle competition in the market
3. Define competitors Properly: - The company doesn't consider brands like Estelle and Stupid Cupid as their competitors, since the materials used by them and BBL are different. But when a customer buys fashion jewellery from a retail outlet, like Westside, they just choose the jewellery which goes with their apparels. Therefore, it becomes necessary for the company to consider, brands that do not use beads as their raw material, as competitors.
2. About Designing of the products:-The company currently employs two designers, who are involved in designing of glass beads or imitation jewellery manually. So in order to increase their efficiency they can also use computer softwares like Coral and Photoshop for the designing purpose. Also, expert advice from the beads designers located in foreign countries shall be taken.
3. About the market:-The company has been selling their products in big retail outlets till now, which is a good strategy. Therefore, it should continue to sell their jewellery in the big retail outlets till their brand becomes recognisable in the market. If they start selling their products in the local market at present, they will attract imitators, fighting who will become difficult for it.
4. Speed up the website construction process: - The main competitor of De-Lemon, Tribal Zone has a good online presence and they are soon going to come up with online purchasing option in their website.

As, the website of De-Lemon is already under construction, they should also plan to introduce e-commerce for jewellery and introduce the website in the market as soon as possible, so that they may be able to take the first mover advantage.

5. About Marketing: - The company must market its products aggressively among the ultimate consumers based on their differentiated features.

As celebrities have gradually started using such form of jewellery and people are highly influenced by what their favourite celebrities do. De-Lemon should try to capitalise on this. De-Lemon can do this by employing its own people in the retail outlets who will encourage the consumers, by directly interacting with them, about the increasing demand of such jewellery items in the market.

6. Improve the Distribution Channel: - The company should make efforts to improve their distribution channel. This can be done by cooperating with one or more transportation companies.

Limitation of the Study

The survey was only limited to the retail outlets in Varanasi. Although the questionnaire prepared for the same will be used by the company to analyse the market for fashion jewellery in other Indian cities too.

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