

# Reliance Footprint

## – BUSINESS EXPANSION PLAN

*by*

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The logo for Reliance Footprint, featuring a stylized 'R' in a blue circle followed by the text 'Reliance footprint' in a bold, sans-serif font. The 'Reliance' part is in red and the 'footprint' part is in blue.

# STRUCTURE OF THIS DELIVERABLE

- Deliverables to achieve for overall project
- Frame work/Methodology for overall project
- Deliverable 1
- Conclusion



# DELIVERABLES TO ACHIEVE

## **Delivery #1:**

Use the existing business model to do

- In depth industry analysis
- In depth competitor analysis
- Identify gaps in the market in terms of offering by competitors and Best Practices of retail industry worldwide.

## **Delivery #2:**

- Identify target segment
- USP to have in terms of service, number of brands, size, Location of Stores etc

## **Delivery #3:**

- Field study in Chennai & Survey on Internet
- Identify consumer behavior in footwear purchase

## **Delivery #4:**

- From the above three deliverables,
- Formulate strategy in terms of
  - Markets to go
  - Products and brands to carry
  - SCM solutions
  - Communications pointers – internal/ in store and external
  - Channels of promotion
  - Others if any



# FRAME WORK / METHODOLOGY

- In depth study of Industry & Competitors.
- Identify Gaps in Markets & Businesses based on literature review.
- Conduct a field study to identify the present business practices in the market in terms of Location of Showrooms, Target segments, USPs and service quality.
- Conduct an online survey based on findings from the field study to identify customer delight in all the areas mentioned above.
- Analyze the data using tools like SPSS/SAS from the literature review, survey and field work to come up with a sustainable and economical suggestions to beat the competition for “Reliance Footprints” in terms of the following:
  - Markets to go
  - Products and brands to carry
  - SCM solutions
  - Communications pointers – internal/ in store and external
  - Channels of promotion



# DELIVERABLE #1

- In depth industry analysis
- In depth competitor analysis
- Analyze best practices in related industries
- Identify gaps in the market in terms of offering by competitors and Best Practices of retail industry worldwide



# INDUSTRY ANALYSIS

- Indian footwear retail market
- Trends in Indian Footwear Retail
- Buying behavior patterns

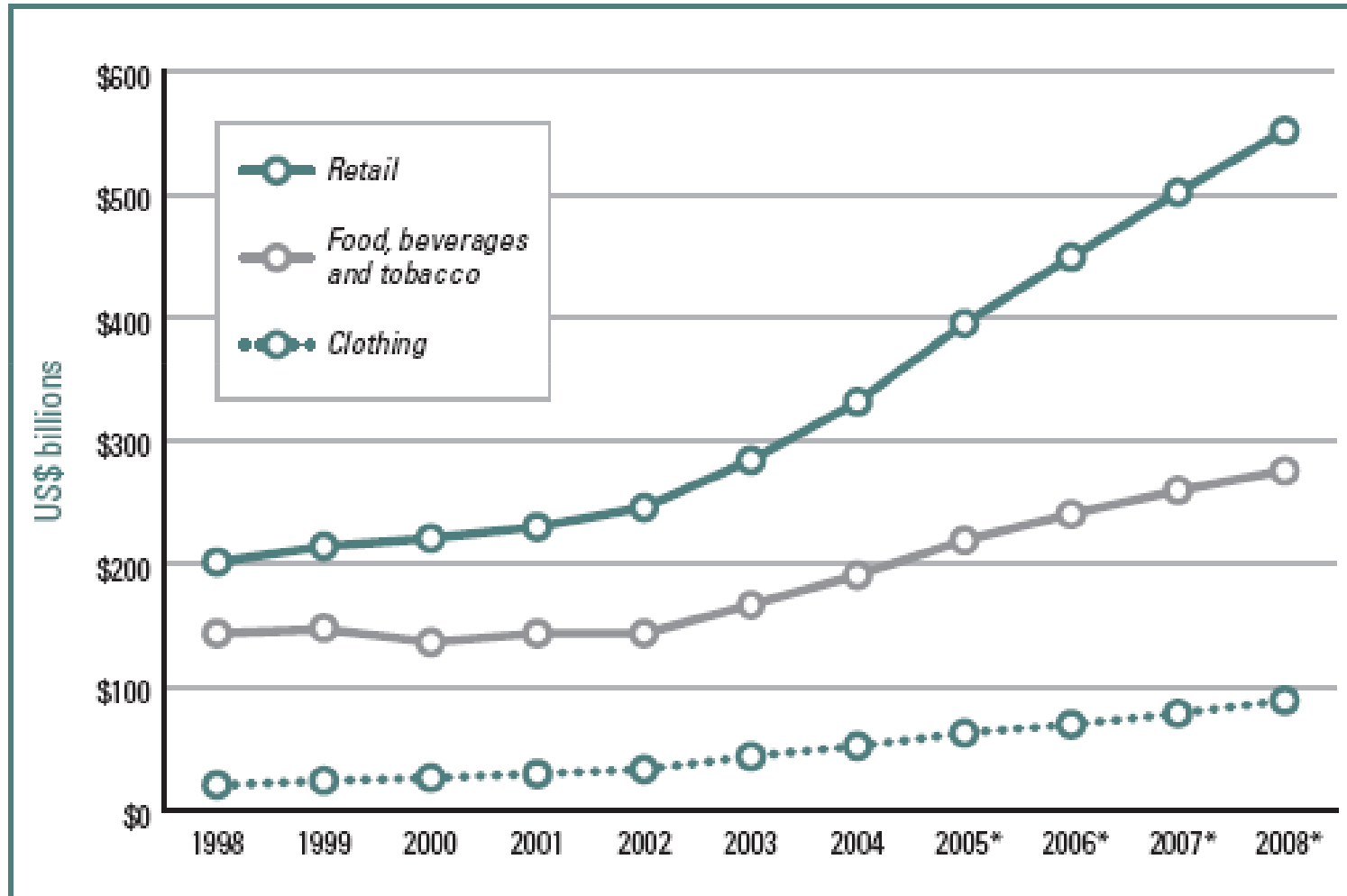


# CURRENT TRENDS IN INDIAN RETAIL

- The Indian footwear market grew by 9.1% in 2007 to reach a value of \$5 billion.
- In 2012, the market is forecast to have a value of \$7.4 billion, an increase of 48.7% since 2007.
- In 2012, the market is forecast to have a volume of 2.1 billion pairs, an increase of 48% since 2007.
- India accounts for 13.2% of the Asia-Pacific footwear market by value.
- Slowdown has moderately affected the Indian retail industry.
- Footwear retail has highest penetration in organised retail sector of India at 22%
- According to KPMG market survey on Indian retail industry, Expansion to Tier –II/III cities had a positive effect on the retail Industry in spite of the slowdown.



# TRENDS IN INDIAN RETAIL



Sources: Economist Intelligence Unit and A.T. Kearney analysis

















\*Data for 2005-2008 is based on estimates








# TRENDS IN INDIAN RETAIL

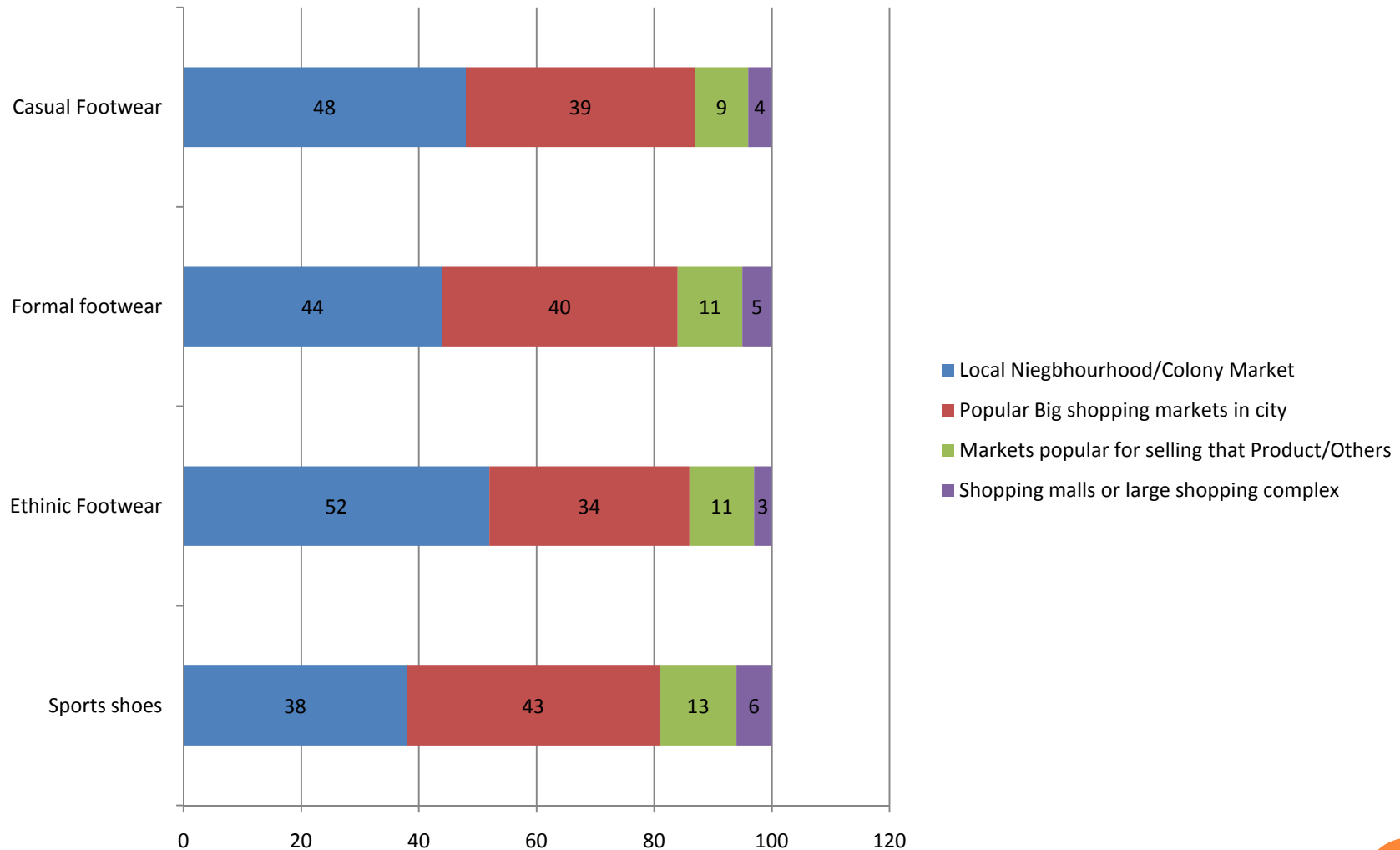
## Impact of slowdown on key parameters

Top Line/Sales Turnover	Bottom Line/Profitability	Cost Competitiveness	Cost of Finance
			
Stock Turns/Rotations	Working Capital Availability	Real Estate Availability	Real Estate Cost
			
Store Expansion	Footfalls	Tier II/III Expansion	Advertising Spends
			
Attrition	Headcount/Recruitment	Investments in IT	Intensity of Consumer Promotions
			

 Positive Impact    
  No Impact/Status Quo    
  Adverse Impact

Source: KPMG Retail Survey, March 2009

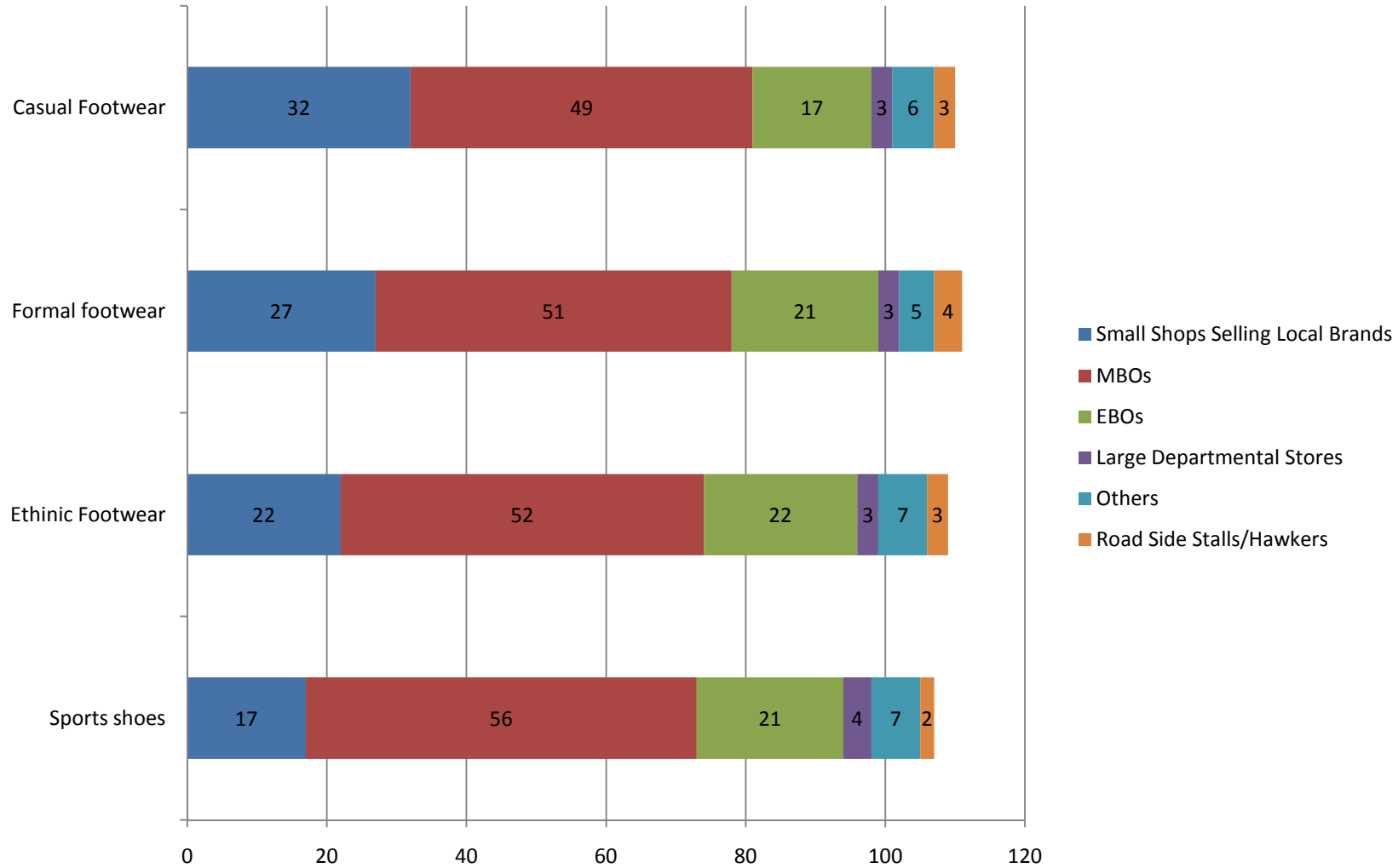
# PREFERRED LOCATION- FOOTWEAR



Consumers are more interested in buying from Local neighborhood/colony market and give last preference to buy from shopping malls or large shopping complexes



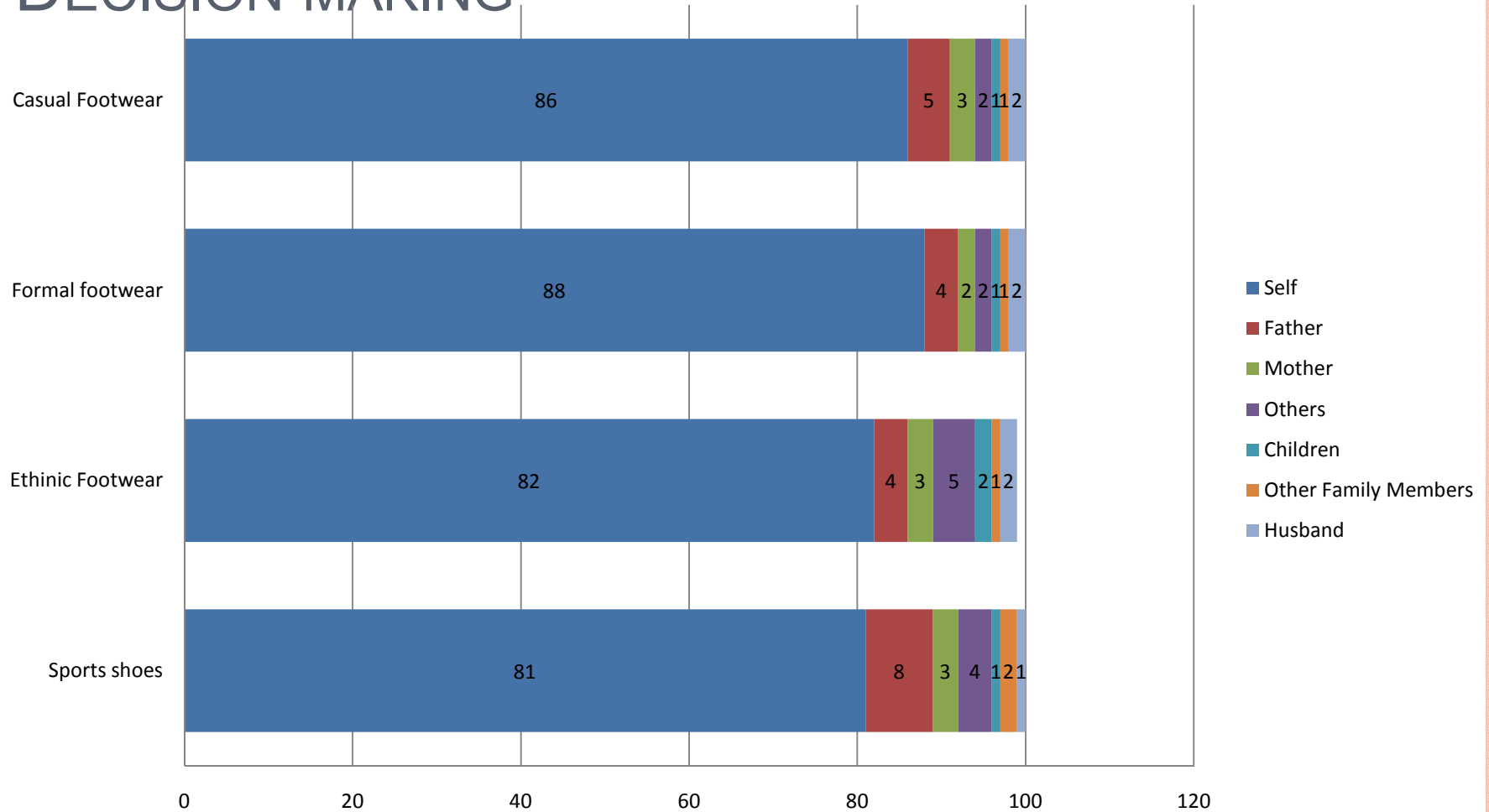
# PREFERRED PURCHASE FORMATS



Consumers prefer buying all kinds of footwear from a MBOs rather than EBOs



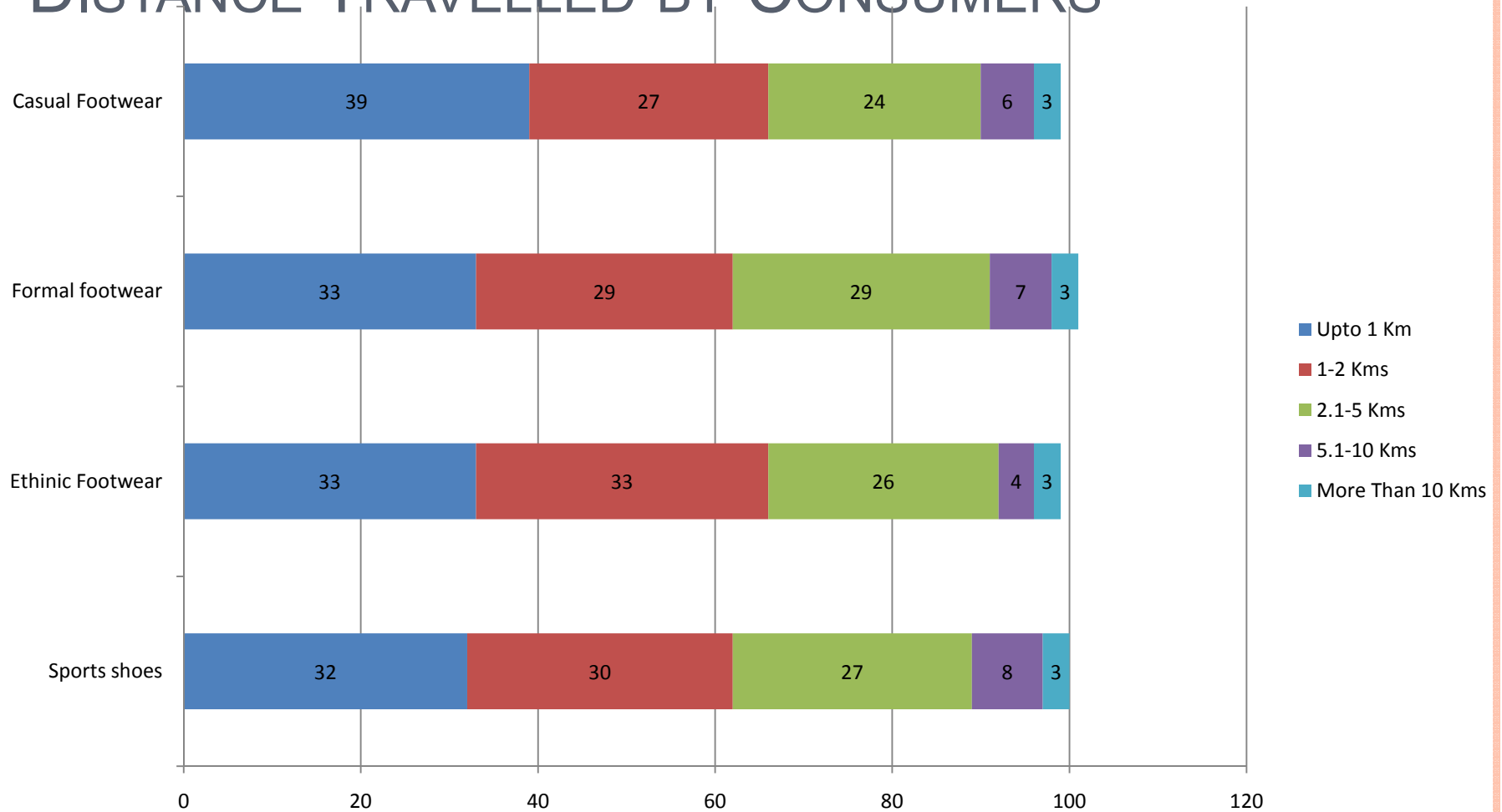
# DECISION MAKING



80% buying decisions of consumers are taken by they themselves.  
Influence of others in buying decisions in footwear is very less



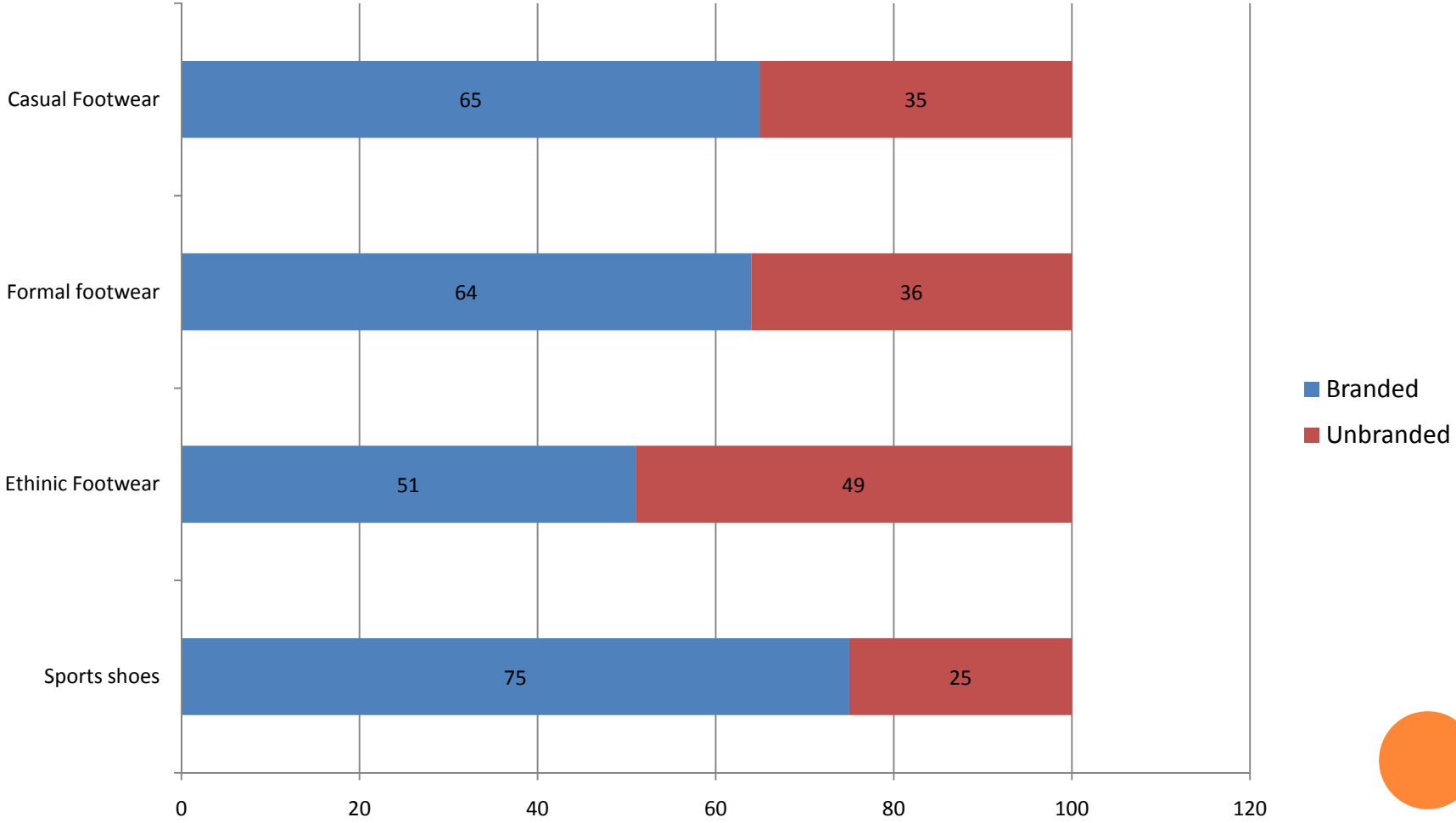
# DISTANCE TRAVELLED BY CONSUMERS



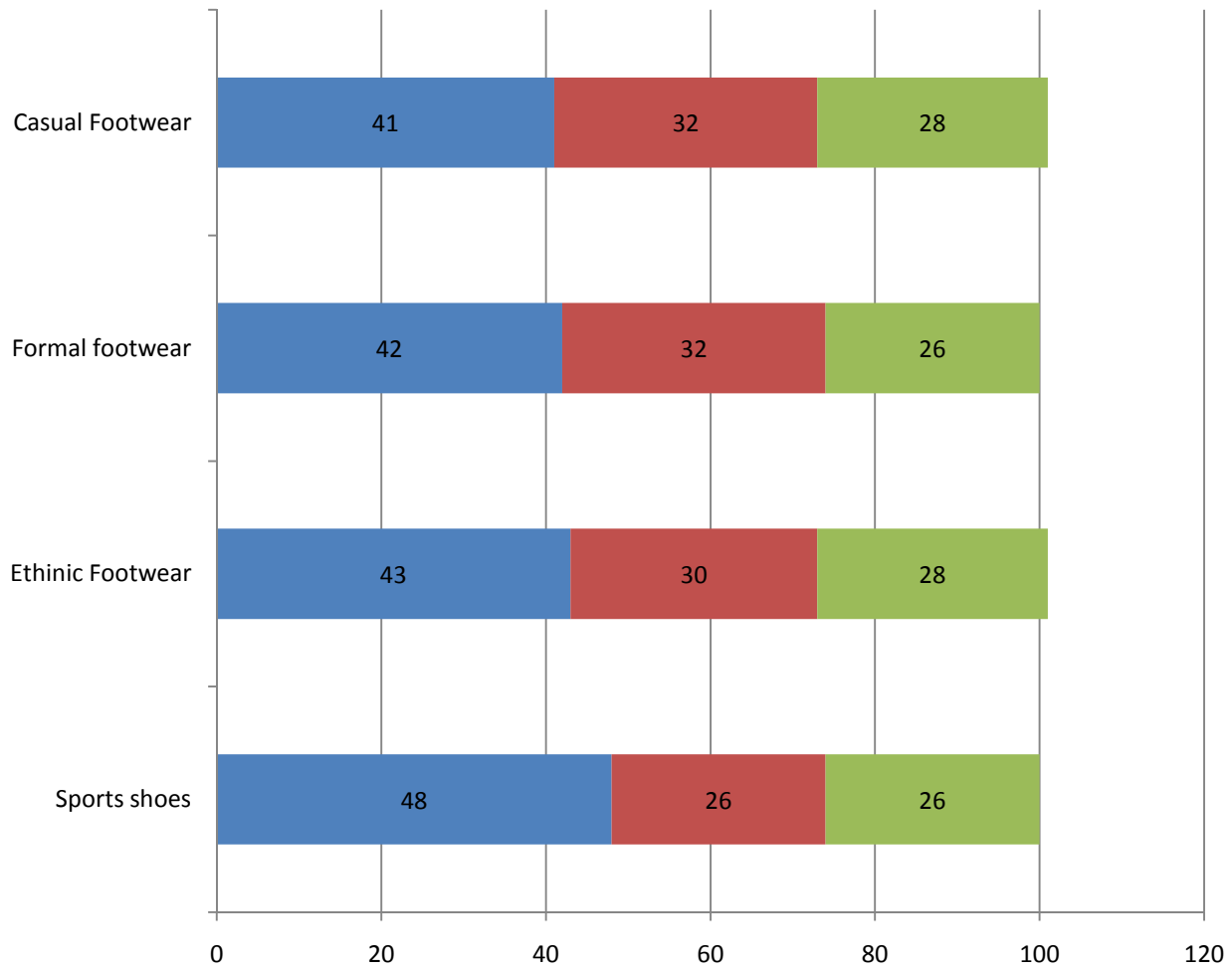
Consumers prefer buying all kinds of footwear in shops/retail outlets which are the nearest(< 1 Km) to their place of residence/office.



# BRANDED VS UNBRANDED PRODUCTS



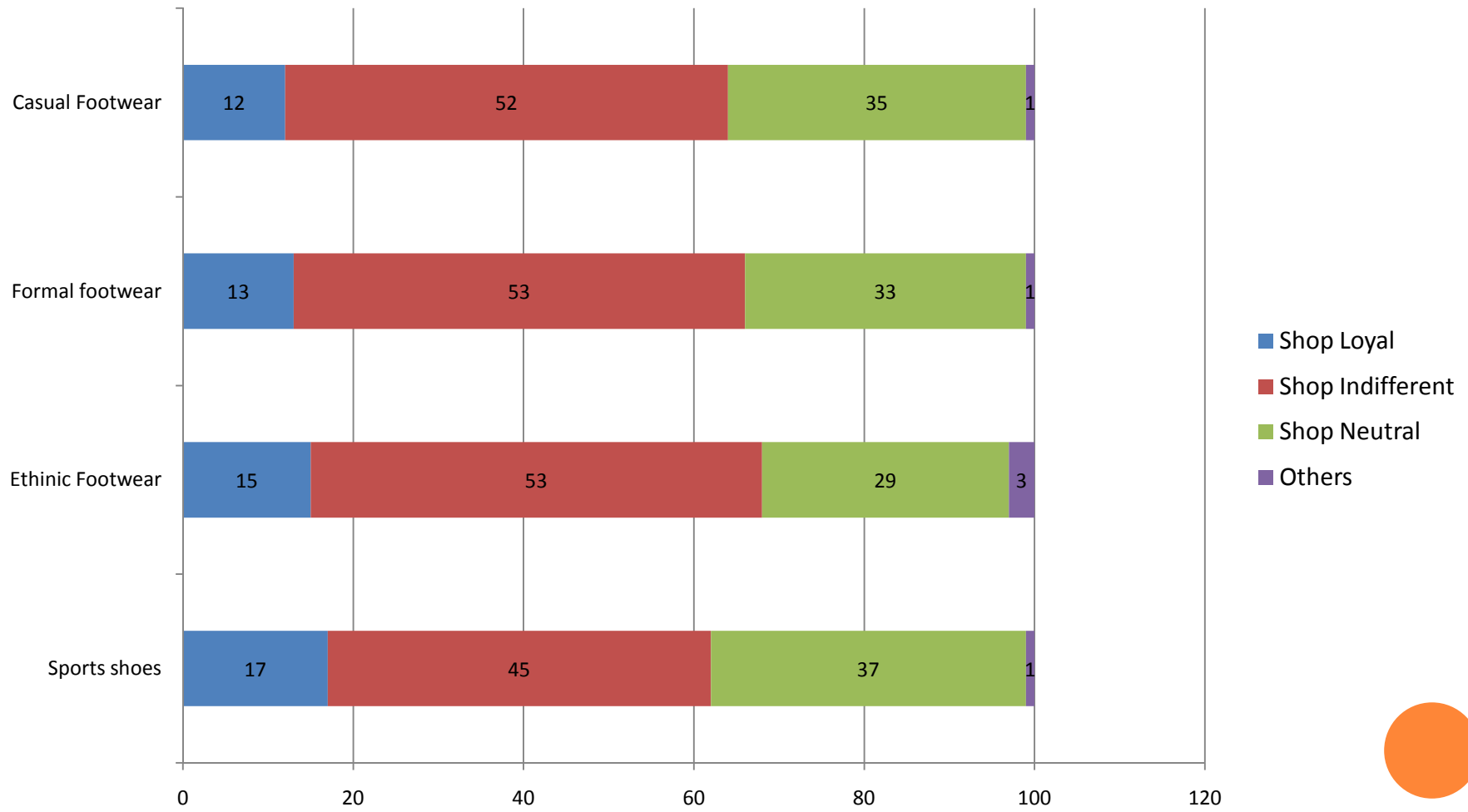
# BRAND LOYALTY



- Brand Loyal
- Brand Indifferent
- Brand Neutral

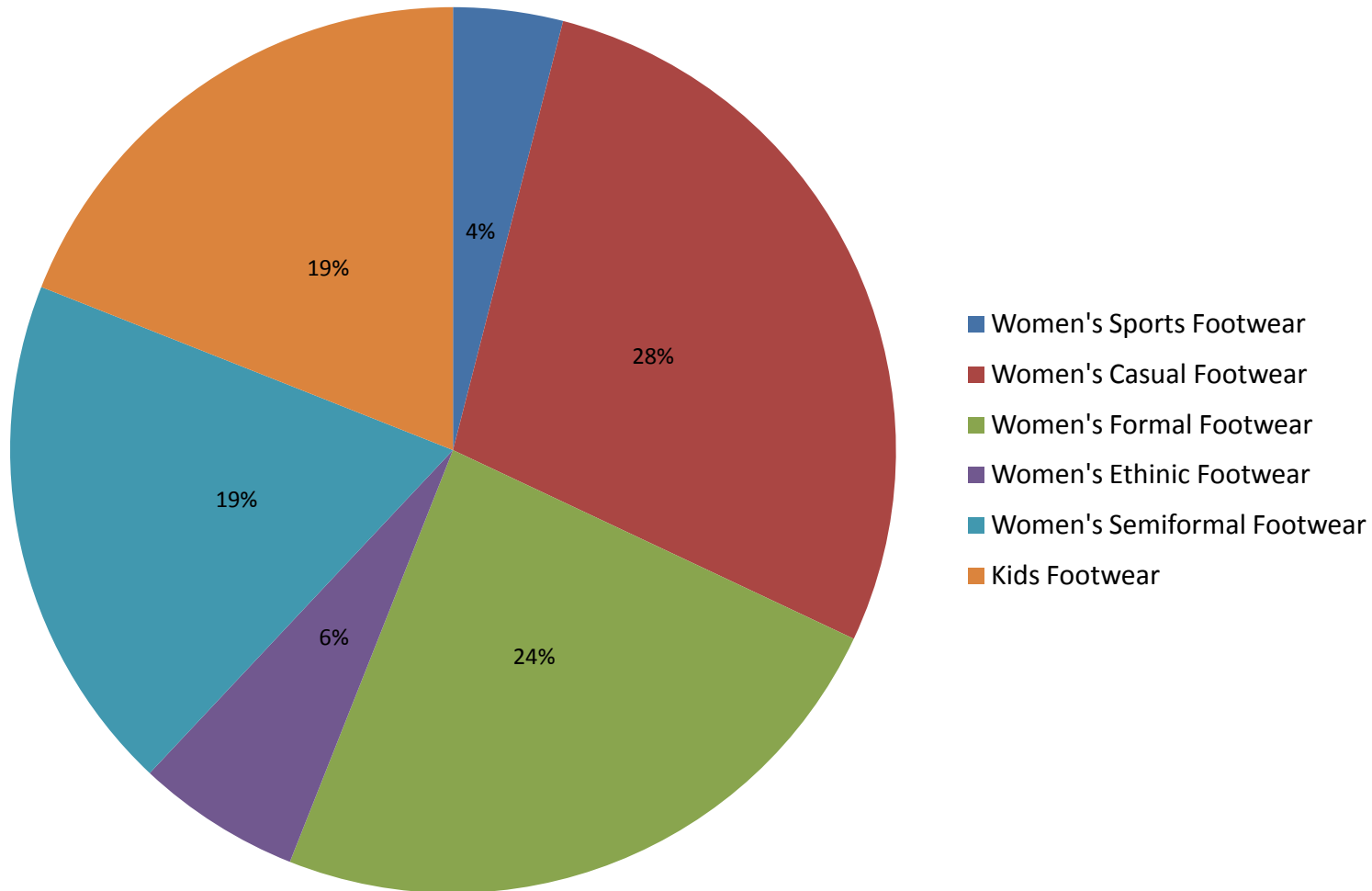


# SHOP LOYALTY





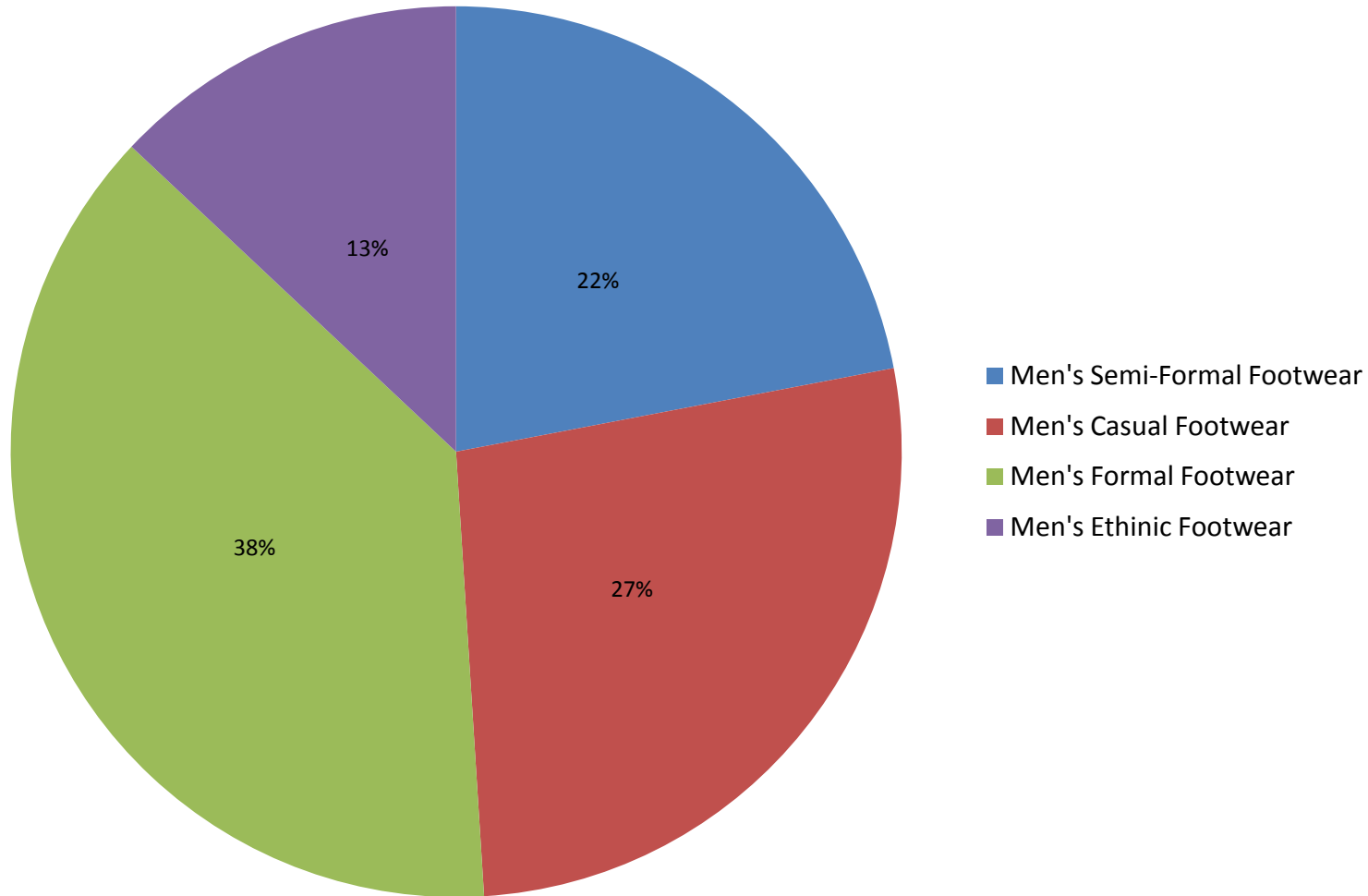
# WOMEN'S & KIDS SPENDING ON FOOTWEAR



Women spend more on casual footwear and then followed by Formal & semi formal.



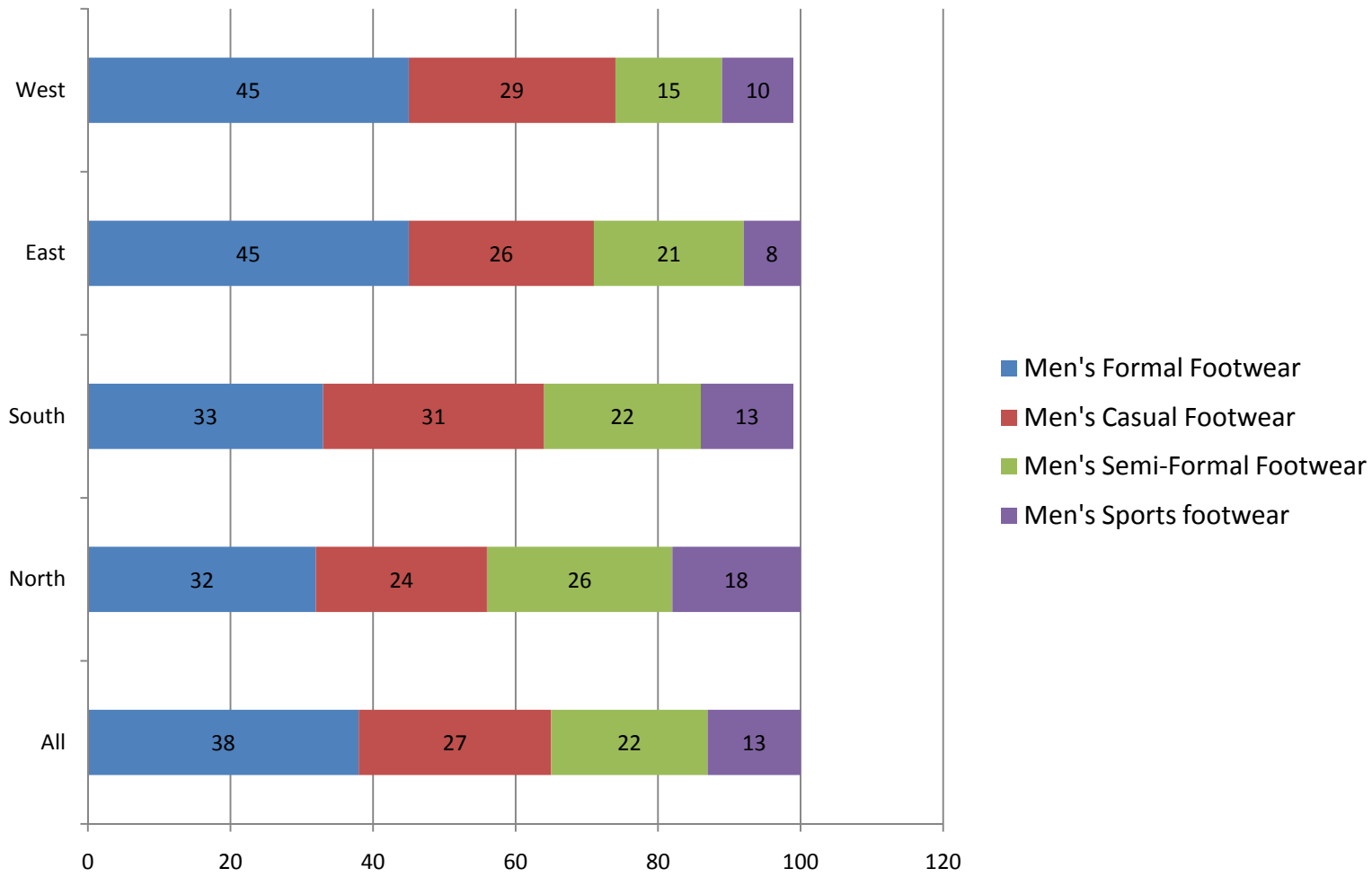
# MEN'S SPENDING ON FOOTWEAR



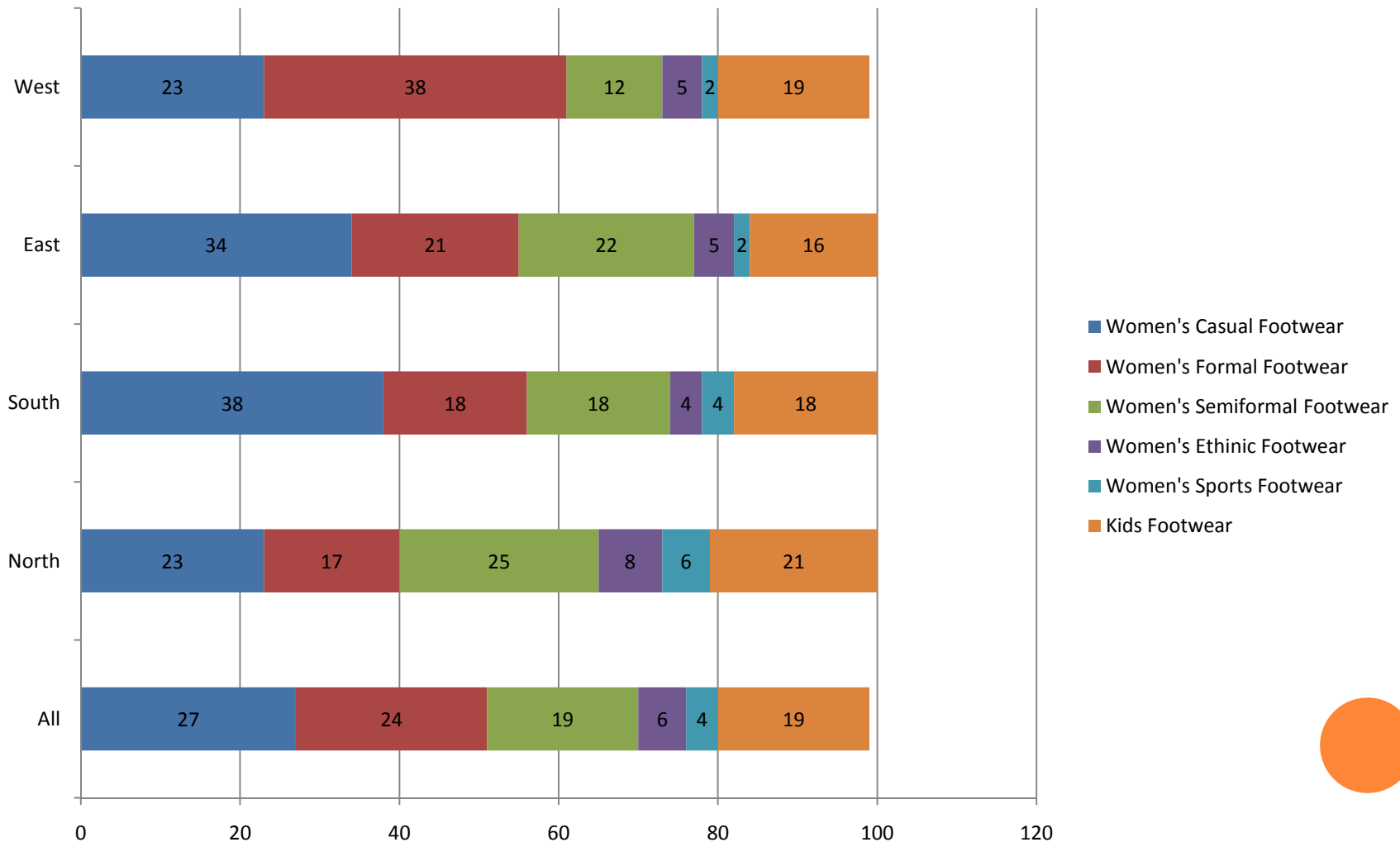
Men spends more on formal footwear and then followed by casual & semi formal.



# SHARE OF SPENDS ON FOOTWEAR – ALL INDIA(MEN'S FOOTWEAR)



# SHARE OF SPENDS ON FOOTWEAR – ALL INDIA(WOMEN’S FOOTWEAR)



# GENERAL TRENDS

- A SUMMARY BASED ON THE INDUSTRY ANALYSIS

- For footwear customers generally go to local neighbourhood shops first, than to malls. Therefore the first preference should be given to local residential shopping areas and then malls.
- Customers prefer MBOs than EBOs
- More than 80% of the customers are self decision makers especially in case of footwear; whether its children or adults. Marketing campaigns should be directed towards the particular decision maker.
- 90% of footwear purchases are done within 5 km of the residential area
- 70% of the formals, semi-formals and sports footwear are brought from branded stores. But ethnic footwear is brought majorly from the local shops
- Brand/Shop loyalty is majorly observed in sports footwear



# COMPETITOR ANALYSIS

- Bata India Pvt. Ltd.
- Pantaloon India Retail Pvt. Ltd.
- Lifestyle India Pvt. Ltd.
- Shoppers Stop Pvt. Ltd.



# BATA INDIA PVT. LTD

- Bata India is the biggest retailer in terms of footwear in Indian market.
- It **has 950 stores** all over India.
- It's **not only a retailer but also manufactures footwear** in five plants located in Batanagar, West Bengal; Faridabad, Haryana; Bangalore, Karnataka; Patna, Bihar; and Hosur, Tamil Nadu.
- The company secures its leather supply from two tanneries in Mokamehghat, Bihar; and Batanagar, West Bengal.



# BATA INDIA PVT. LTD

- In urban wholesale, the division has 16 depots, 150 distributors and more than 20,000 dealers throughout the country. Urban division has wholesaler and dealer.
- Branding division has 15 distributors, located in metros across the country. The brands consist of Hush puppies, Dr Scholl's, Power and Bubblegummer.
- Bata industrial division provides footwear to various public and private industries and institutions.





# BATA INDIA PVT. LTD

- The company recorded revenues of INR7,702 million (approximately \$174.6 million) during the fiscal year ended December 2006, an increase of 9% over 2005.
- The operating profit of the company was INR696.8 million (approximately \$15.8 million) during fiscal year 2006, compared to an operating profit INR346 million in 2005.
- The net profit was INR401.5 million in fiscal year 2006, compared to the net profit of INR 124.9 million in 2005.



## PANTALOON RETAIL INDIA PVT. LTD.

- Pantaloon Retail India (PRIL) is India's leading retailer that operates multiple retail formats in both, value and lifestyle segments of the Indian consumer market.
- The company operates over 10mn sq ft of retail space across 71 cities in India.
- The company's leading formats include Pantaloons, Big Bazaar and Food Bazaar. Some of its other formats include Brand Factory, Blue Sky, aLL, Top 10 and Star and Sitara.
- **The company also operates an online portal, [futurebazaar.com](http://futurebazaar.com).**
- PRIL is the parent company of Home Solutions Retail India (HSRIL), Future Capital Holdings (financial services), Future Media, Future Logistic and Future Brand.



# PANTALOON RETAIL INDIA PVT. LTD.

- PRIL with its multiple formats is aptly placed to ride the next consumption revival wave, after significant **cost control measures adopted by the company**.
- **It has stabilized and consolidated each of its business, which includes its five consumption cosmos (food, fashion, furniture, electronics, and general merchandise)**. With each of its business having passed through the initial growth phase, consolidation of these businesses would create value over the long term.
- Its cost control initiatives include **reduction in rentals** (move to combination of **fixed and variable rental agreements**), **reduction in staff cost** (improvement in employee productivity) and overall reduction in corporate overheads.
- The company has moved beyond retail into the entire consumption space through its new businesses such as capital, consumer finance, insurance, media, **logistics and brands** to build the consumption ecosystem



# LIFESTYLE INDIA PVT. LTD.

- Lifestyle International (P) Ltd is part of the Landmark Group, a Dubai – based retail chain. With over 30 years' experience in retailing, the Group has become one of the foremost retailers in the Gulf.
- Positioned as a trendy, youthful and vibrant brand that offers customers a wide variety of merchandise at an exceptional value for money, Lifestyle India began operations in 1999 with its first store in Chennai.
- Currently there are 15 Lifestyle stores and 8 Home Centre stores across Ahmedabad, Bangalore, Chennai, Hyderabad, Jaipur, Mumbai, Pune, New Delhi, Noida and Gurgaon.



# LIFESTYLE INDIA PVT. LTD.

- Today Lifestyle offers a truly international shopping experience, a fact borne by numerous accolades.
- Business World – IMRB Most Respected Company Awards survey rated Lifestyle as the ‘Most Respected Company in the Retail Sector’ in 2003 and 2004
- ‘ICICI – KSA Technopak Award for Retail Excellence’ in 2005
- Reid & Taylor ‘Retailer of the Year’ award in 2006
- Lycra Images Fashion Award for the ‘Most Admired Large Format Retailer of the Year’ in 2006
- Images Retail ‘Most Admired Retailer of the Year – Department Store’ in 2008.



# SHOPPERS STOP PVT. LTD.

- An Indian retail sector major Shoppers Stop Limited (SS) opened its door in the year 1991, the foundation was made by K Raheja Corp and it was incorporated on 16th June 1997 as a private limited company.
- It started operations with the first store in suburban Mumbai and is now a multi-channel retailer with 24 large format department stores and online presence.
- From its inception, Shopper's Stop has progressed from being a single brand shop to becoming a Fashion & Lifestyle store for the family.
- Today, **Shopper's Stop is a household name, known for its superior quality products, services and above all, for providing a complete shopping experience**



# SHOPPERS STOP PVT. LTD.

- It provides retail range of branded and own label apparel, footwear, perfumes, cosmetics, jewellery, leather products and accessories, home products, books, music and toys, operates in the cities of Mumbai, Delhi, Kolkata, Chennai, Bangalore, Hyderabad, Pune, Jaipur and Gurgaon.
- During the same year 2007, the company had signed Joint Venture (JV) (50:50) with the Nuance Group for Airport Retailing and also inked the Memorandum of Understanding (MoU) with the Home Retail Group of UK to enter into a franchise arrangement for the Argos formats of catalogue & internet retailing.
- In March 2008, SS kicks its operation Kolkata, aggregating the 24 shops. The Company honoured with Emerging Market Retailer of the Year 2008 in April of the year 2008.



# BEST PRACTICES

- SUMMARY BASED ON COMPETITOR ANALYSIS

- Economies of scale; Bata 950 stores
- Push private labels with other retailers
- Specialty stores for brands not available with other retailers
- Centralization and decentralization of authority where ever required
- First experiment, adapt, then deliver
- Complete shopping experience; like sports stores, customized accessories etc.
- Online portal for new trends and online sale





# BEST PRACTICES

- SUMMARY BASED ON COMPETITOR ANALYSIS

- Cost control methods
- Strong back end support
- Less attrition
- Supply chain tie up with companies like Li-Fung (one of the best in Asia)
- Technology tie ups
- Tie ups with International Brands not available with other retails but who have substantial latent market in India



# BEST PRACTICES

## - BASED ON CASE STUDIES

- Have a target annual square footage growth
- Shop space in the ground floor. *'people hate to go upstairs'*
- Inside out growth – where in the location of the stores are planned strategically within a city and also in a region so as to make way for future expansion and also to keep the competition away
- Negotiation
- Have cap on the amount that can be spent on sales trips, negotiation cost and other operational activities
- Strong expense control program to reduce cost
- Price checks in over 99% of stores of the next two competitors



# BEST PRACTICES

## - BASED ON CASE STUDIES

(Contd.)

- Online: to select store location, select brands and designs, contact store, purchase. Going online is the best way to go to the customers' heart
- Expansion for them is not just open more stores but to improve the product line so that customers find all that they expect
- Business strategy: Convenience and low price
- Employees are the strength: Employee Advancement program. 65% of current managers are from the lower ranks
- Aiming for new product markets like musical instruments, variety of products in a wide range of price
- Smaller stores in ubiquitous towns
- Help the local community (CSR) esp if it is a new market



# IDENTIFIED GAPS FOR RELIANCE FOOTPRINT

- Number of stores
- Capitalize on the MBO format
- Tap the brand loyalty factor
- Strive towards Economies Of Scale
- Selling Reliance's private labels through other retailers
- Online portal



# IDENTIFIED GAPS FOR RELIANCE FOOTPRINT

- Complete shopping experience (e.g. sports outlet which will have complete accessories)
- Shelf exclusive international brands
- Store location selection and store design
- Cost control
- Methods like CSR to enter ubiquitous towns



# CONCLUSION

- This deliverable #1 gives a holistic picture of
  - What the industry offers
  - What the competitors are offering
  - Where Reliance Footprint can find a gap
- Going forward, as part of the further deliverables, we will be working on
  - Suggestions/ models
  - Target segment
  - USP
  - Field study
  - Marketing plan

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## REFERENCES

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