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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio," Ohio State University.

Contributions to books

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

Journal and other articles

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

Conference papers

- Chandel K.S. (2009): "Ethics in Commerce Education." Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

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- Kumar S. (2006): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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- Kelkar V. (2009): Towards a New Natural Gas Policy, Economic and Political Weekly, Viewed on February 17, 2011 http://epw.in/epw/user/viewabstract.jsp

GROWTH IMPLEMENTATION STRATEGIES IN APPAREL RETAILING – A CASE STUDY

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MUMBAI

ABSTRACT

The retail sector in India is gaining significance with its fast growing presence in organized formats and apparel retailing has adopted the organized and modern formats of retailing at a rapid pace. Identifying the probable success factors would help new retailers improve their chances of successful growth and expansion. It is found relevant to study the phenomenon of the evolution and growth of organized apparel retailing in India. An attempt is hence made to analyze the strategies deployed by a key successful apparel retail organization in the Department Store format as a case study to look into the factors that have contributed to its growth. The purpose of study is to find proven patterns, influences and factors responsible for the evolution and growth of organized apparel retailing with specific reference to an apparel retail firm in India. The study provides direction and insights through those managerial and strategic implications studied, for the charting of the right course for the future evolution and growth of organized apparel retailers in India. The case study involves the study of a single firm, Shoppers Stop, chosen from the organized apparel retail sector in India. The case study of Shoppers Stop points to very vivid strategies of growth implemented in the various stages of growth of the firm in the areas of store format, finance and store operations with their specific implications and results, which will serve as a learning for many new retail firms who intend to set up shop in India in future.

KEY WORDS

Apparel, Growth strategy, Retail evolution, Retailing, Store format.

INTRODUCTION

This paper attempts to present a study on the growth implementation strategy of an individual apparel retail firm in India. It is organized in such a way that the background and contextual studies are discussed in the first section. The second section discusses the methodology. The third section of the paper analyses the strategies of growth implemented at Shoppers' Stop, viz. Format Strategy, Financial Strategy and Store Operations Strategy. The fourth section throws light on the implications of the findings of the case study. The fifth and final section of the paper depicts the summary.

BACKGROUND AND CONTEXTUAL STUDIES

The evolution of organized retailing in India has its unique characteristics. The landscape of Indian organized retailing is evolving from the plethora of retailing activities that India has been having for long or since time immemorial. The growth of global retailing has been relentless over the past two decades. The rise of global retailers has led to a remarkable shift in power from suppliers to retailers (Kumar, Nirmalya 2005). Globally retailing has seen a sea change and especially in developed countries retailing has evolved giving rise to the development of many formats in retailing along with the development of various functional processes that support retail operations such as technology in retail, people and related processes in an organized manner.

The historical evolution of retailing in India is as old as Indian civilization. Indian caste system is testimony to the evolution of retailing business in India and emergence of the caste of *'baniya'* (tradesman) community. Furedy, Christine (1979) studied the early elite retail evolution in the colonial days of Kolkata (then known as Calcutta) between 1880 and 1920. Her research shows that retail businesses were established in India those days following the model of British shops, even though the early tradesmen were permitted to operate by the East India Company only under a bond system. Many large organized retailing formats have evolved in India in the last decade as one has witnessed the setting up of modern retail stores like Shoppers' Stop, Food World, Giant, Lifestyle, Pantaloons, Big Bazaar, Westside, Star India Bazaar and Globus. India has also experienced the growth of malls like Forum, Sahara, Crossroads, Central malls, Nirmal Lifestyles, Spencer Plaza, etc. It is understood that the modernization of Indian retailing is currently at a critical stage and it is fast evolving in metropolitan cities but bulk of the retail sales happen through traditional retail formats (Mulky and Nargundkar, 2003). As modern retail firms in India grow, since the opportunity is huge, they may percolate into smaller towns as well achieving pan India presence and such growth may depend on the success of these firms. Such a successful growth phase in modern retailing influences the thought of whether such sustained retail growth will take place in India and how the study of an individual retail firm can help understand the possible influences that may impact the evolution and growth of apparel retailing in India and the following research questions have emerged:

- How do organized apparel firms in India determine their format strategy? The research question thus arising in this case study is: What are the strategies Shoppers Stop adopted pertaining to its retail format during the firm's various stages of growth?
- How do organized apparel retail organizations in India use financial strategies for attaining growth? The research question thus arising in the area of financial management in this case study is: What are the key financial strategies deployed by Shoppers Stop for its growth at different points in time?
- How do organized apparel retail firms in India leverage store operating strategies for growth? The research question thus arising in this case study of Shoppers Stop Limited is: What are the key retail operating strategies employed by the firm to achieve growth?

METHODOLOGY

The principal objective of attempting to study an organized apparel retailer's evolution and growth in India is to gain significant insights into concepts, processes, practices and experiences in identifying trends and opportunities and techniques the retailer used in the different stages of evolution and growth of the retail firm. The lessons and insights gained from the case study may help new and intending apparel retailers in India evolve their growth strategies for the future. The extent to which a firm grows is dependent on the strategy deployed. And growth of a retail organization means an increase in the size or scale of its operations usually accompanied by increase in its resources, volume and reach.

Case study is a preferred research strategy for testing deterministic propositions based on practice-oriented scenarios (Dul and Hak, 2007). The selection of the case is based on information-oriented selection process rather than using the random selection process. Though there are arguments against case study research that one cannot generalize on the basis of a single case or that case studies are arbitrary and subjective, earlier researchers like Flyvbjerg have argued successfully that a single case study implies exploring phenomena first-hand (Flyvbjerg, Bent, 2004). While arguing against the point that dependence on a single case study renders it incapable of providing a generalizing conclusion, the literature points out that the relative size of the sample, whether two, ten or a hundred cases are used, does not transform a multiple case into a macroscopic study (Yin, 1993). The literature also emphasizes that the goal of the study should establish the parameters, which should then be applied to all research. In this way, even a single case could be considered acceptable, provided it meets the established objective (Tellis, Winston, 1997). A case study of a successful apparel retail firm can be a relevant form for making sense of experience for the new firms to follow.

The purpose of the study is to find proven patterns, influences and factors responsible for the evolution and growth of organized apparel retailing in addition to providing deeper insights into those managerial and strategic implications pertaining to charting the right course for the future evolution and growth of organized apparel retailers in India. With this purpose in mind, one looks for a case and evidence that would satisfy the same and answer the research questions posed. The case study involves the study of a single firm chosen from the organized apparel retail sector in India. The following parameters are considered to choose the sample firm for the case study:

1. The apparel retail firm should have been in existence for more than 10 years in India
2. Majority of the firm's sale should come from apparel sales
3. The chosen firm must have a minimum of 10 stores at the time of the study
4. The firm should have stores spread over all the metros of India
5. The firm should be a publicly listed company and
6. The firm should operate more than one format in apparel retailing in India.

Based on the parameters specified above, Shoppers Stop Limited with headquarters at Mumbai has been chosen, for the purpose of studying the relevant case evidences to throw light on the research questions posed above. It is a pioneering retail organization, which was established in October 1991 in Mumbai with its first store in Andheri. It is an Indian department store chain promoted by the K Raheja Corp Group. Also it is a leader in the Indian apparel retail sector and one of the first few firms to set up a large format department stores chain in India. Shopper's Stop Ltd has a national presence, with about 2.06 million square feet of retail space across 36 stores in 16 cities viz. Bangalore (5), Chennai (1), Hyderabad (4), Pune (2), Mumbai (8), Amritsar (1), Noida (1), Ghaziabad (1), Delhi (4), Gurgaon (1), Jaipur (1), Lucknow (1), Kolkata (3), Bhopal (1), Aurangabad (1) and Ahmedabad (1). Shoppers' Stop is the only Indian member of IGDS (Intercontinental Group of Departmental stores) along with 29 other experienced retailers from all over the world. It has been awarded Super Brand status 2006/2007 by an independent Superbrands Council comprising the most eminent professionals from Marketing and Advertising out of a national list of 711 brands across 98 categories.

A key strength of this case study involves using multiple sources and techniques in the data gathering process. Tools to collect data during this case study include a survey questionnaire, interviews and documentation review. The following evidences are studied and analyzed systematically and properly in Shoppers Stop Limited: Format Strategy, Financial Strategy and Operational Strategy. Throughout the case study it is ensured that the study is well constructed to ensure construct validity and reliability. While validity requires the correct use of measures for the concepts being studied, reliability refers to the stability, accuracy and precision of measurement (Hamel, J. with Dufour, S., & Fortin, D. 1993). In this specific context however, capturing of strategies and relevant information are considered appropriate and hence given due importance.

GROWTH IMPLEMENTATION STRATEGIES AT SHOPPERS STOP LIMITED

Business growth can take place by many means in a retail organization. The factors that influence the achievement of business growth are broadly divided by researchers into two categories – *Organic* and *Inorganic growth*. Growth of a retail company is generally measured in terms of its geographic expansion and increased revenues, profits and assets. In order to achieve growth, a company can innovate and create new product lines to retail by expanding its format base or by creating new formats or can merge and acquire another company. The growth of a company with the help of its efficient management is called *Organic growth* and a company that chooses to grow with the help of mergers and acquisitions is called *Inorganic growth*. This is also called *Internal and External growth*. *Organic growth* is growth from within. It is planned and slow increase in the size and resources of the firm. A firm can grow internally by recapitalizing its profits into the business every year. This leads to the growth of production and sales turnover of the business. *Internal growth* may take place either through increase in the sales ofexisting products or by adding new products. *Internal growth* is slow and involves comparatively little change in the existing organization structure. It can be planned and managed easily as it is slow. The ways used by themanagement for *internal growth* include:

(I) Format strategy
(II) Financial strategy and
(III) Store operations strategy

The focus here is on these strategies adopted by Shoppers Stop to achieve growth. *Inorganic growth* – it can also be termed *external growth*. *Inorganic growth* involves a merger of two or more business firms. A firm may acquire another firm or firms may combine together to improve their competitive strength. *External growth* has been attempted by firms through the two strategies (a) mergers and acquisitions and (b) joint ventures. An attempt will be made in this case study to find whether the firm Shoppers Stop Limited has followed any such *external growth* strategy as *inorganic growth* is fast and allows immediate utilization of acquired assets.

HISTORY OF SHOPPERS STOP LIMITED

Shoppers Stop Limited is a multi-brand outlet chain of retail firm currently operating as a department store format. The origin of Shoppers Stop Limited is traced to the day when the K. Raheja Group of Companies, Mumbai laid the foundation for opening a men's apparel store in a 3000 square feet area in the old Ambar, Oscar, Minor cinema theatre complex building in Andheri owned by the group on October 27, 1991. As the theatres were closed, the group had the ready real-estate space available for retail. The very next year the category of women's ready-to-wear apparel was added and in 1993 children's category and accessories too were included. The store was expanded subsequently to occupy 55,000 square feet in Andheri. The sprawling store spread out in a self-service browsing format soon offered a unique shopping experience to customers. Shoppers Stop pioneered modern retail in India and is the highest benchmark of modern retailing standards in the country. The growth of Shoppers Stop in the words of its Managing Director Mr. B. S. Nagesh is driven by its vision: "To be a global retailer in India and maintain No.1 position in the Indian market in the department store category". With its current 36 stores in 16 cities, Shoppers Stop is the largest chain of large-format department store in the country. The following table shows the chronological growth of Shopper's Stop as the company opened one store after another to reach the current number of stores – thirty six - across India.

TABLE 1- EVENT CHRONOLOGY AT SHOPPERS STOP

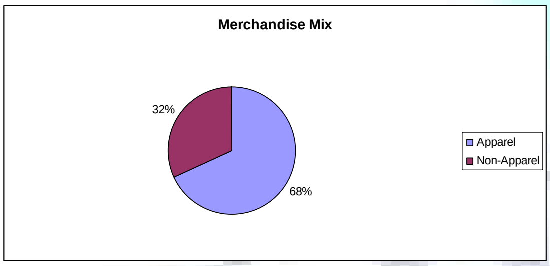
YEAR	EVENT CHRONOLOGY
1991	Shopper's Stop opened its first store at Andheri, a suburb in Mumbai selling only Menswear
1992	Women's ready-to-wear was introduced
1993	Added Children apparel & non apparel
1994	Loyalty Program titled First Citizen was launched.
1995	Opened the second store in Bangalore
1997	Launched the co-branded credit card for our loyalty members in association with HSBC.
1998	Opened the third store in Hyderabad
1999	Implemented JDA Retail ERP (a global leader in retail ERP packages). Opened the fourth & fifth stores in Jaipur& Delhi respectively
2000	Opened the sixth & seventh stores at Chennai &Chembur – Mumbai. Acquired Crossword – India 's leading retail book chain
2001	Opened the eighth & ninth stores in Pune& Bandra
2002	Opened the tenth store in Kandivli – Mumbai
2003	Opened the eleventh, twelfth & thirteenth stores in Mulund – Mumbai, Gurgaon& Kolkata
2004	Opened the fourteen, fifteen & sixteenth stores in Malad – Mumbai, Kolkata& Bangalore
2005	Opened the seventeenth, eighteenth, nineteenth & twentieth stores in Pune, Juhu – Mumbai, Bangalore &Ghaziabad. Launched M.A.C &Homestop – Shoppers Stop's home store.
2006	Opened the twenty first (Mumbai) and twenty second store in Lucknow . Launched Mothercare in India and the F & B outlets Brio &Desi Café. Bought 45% of Timezone India.
2007	Signed a 50:50 Joint Venture with the Nuance Group for Airport Retailing Signed an MOU with the Home Retail Group of UK to enter into a franchise arrangement for the Argos formats of catalogue & internet retailing. Opened the twenty third store in Noida
2008	Opened the twenty fourth, twenty fifth and twenty sixth stores in Kolkata (3rd store in Kolkata), Vashi and Jaipur (2nd store in Jaipur)
2009	Opened the twenty seventh store in Hyderabad (2nd store in Hyderabad)
2010	Opened 2 stores in Bangalore and Hyderabad, 3 stores in Delhi, and one each in Amritsar, Bhopal, Aurangabad and Ahmedabad (thirty sixth store)

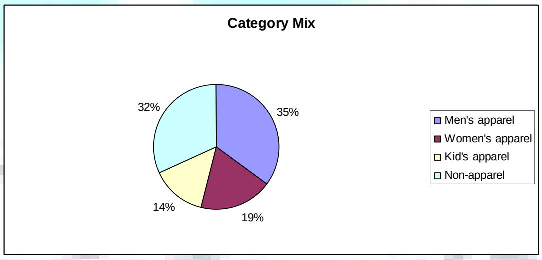
STORE FORMAT STRATEGY

As for the store format of Shoppers Stop, although it was initially a ready-to-wear apparel store when it opened in 1991, it grew to become a department store in 1993 in a multi-brand format. The research survey has indicated that the size of the typical Shoppers Stop store is an average of 66,600 square feet.

PRODUCT MIX

The overall product mix at Shoppers Stop currently according to the research is 68% apparel and 32% non-apparel. The major departments include Apparel: Men's, Women's, Kids and Non- Apparel: Fragrances & Beauty, Home & Travel and Gift Ideas. The category mix in specific sales contribution in Shoppers Stop currently is Men's apparel 35%, Women's apparel 19%, Kid's 14% and non-apparel 32%. The study points out that Shoppers Stop's product differentiation comes from its private label strategy (private label is a product or variety of products offered by a retailer under the firm's own name in competition with branded goods. Private label products, like non-branded goods, are normally cheaper than branded items). The firm's private labels contribute to 20% of the total merchandise sales. Globally, private labels contribute 17% of retail sales with a growth of 5% per annum. "International retailers like Wal-Mart of USA and Tesco of UK have 40% and 55% own label brands representation in their stores, respectively." (Source: Indian Retail: Time to change lanes, KPMG Study 2008).





FORMAT EXTENSION THROUGH ALLIANCES

As part of its efforts to implement its growth strategy Shoppers' Stop has extended its departments and category mix with considerable focus. The firm has branded its home section as Home Stop and rolled out a spin-off of an independent Home Stop in Bangalore in 2005. Similarly Shopper's Stop entered into a non-exclusive retail agreement with cosmetics major Estee Lauder to open up M.A.C. Cosmetics stores in India in 2005. In October 2005, Shoppers Stop entered into an exclusive franchisee agreement with the UK-based Mothercare Plc to open Mothercare stores in India in 2005. The firm strengthened its format by expansion of such categorybase which provides the firm with the economies of large-scale operations. To cater to the growing customer base in the airport segment in India, Shoppers Stop entered into a joint venture agreement with The Nuance Group AG of Switzerland, the world's leading airport retailer in 2007. Shopper's Stop Ltd. is now handling the retail operations at the duty free zones in international airport terminals in India. The joint venture company, called Nuance Group (India) Private Limited. is currently operating outlets at the International airports at Bengaluru and Hyderabad. Shoppers Stop forayed into the Entertainment sector by acquiring 45% stake in Timezone Entertainment Private Limited which is in the business of setting up and operating Family Entertainment Centers (FECs). It has 5 outlets in Ahmedabad, Hyderabad, Kolkata, Navi Mumbai and Mumbai. In 2007 the firm signed a memorandum of understanding with UK's leading retail chain Home Retail group to develop the Argos retail format stores in India. Two years later in 2009, Shoppers Stop Ltd has informed the Bombay Stock Exchange that it shall wind up and discontinue its catalogue retail operations under the Hypercity-Argos brand. In February 2009 Shoppers Stop and Cafe Coffee Day (CCD), the retail division of Amalgamated Bean Coffee Trading (ABCTL), signed an MoU to run its BRIO and Desi café outlets which serve as refreshment centres as part of the store format offering customer convenience. In 2000 Shoppers Stop bought 51% stake in Crossword, the book store chain and hiked its stake holding to 100% in 2005 and thereafter a concessionaire book format extension was made in Shoppers Stop stores to sell books and related categories of merchandise through the Crossword brand in addition to the independent Crossword stores. The group also opened a hypermarket format Hypercity as a separate business entity in 2006.

The firm's format strategy is significantly impacted by its focus on customer service, communication with its loyal customers, focus on its product quality and its process strengths.

THE LOCATION STRATEGY

Shoppers Stop is established as a destination format with its stores being located in high streets as independent stores and in malls where they play the role of anchor stores. The objective of the large size, independent high-street and mall format according to the study is to bring captive footfalls into the stores to make successful conversion into business.

FINANCIAL STRATEGY

FUNDING STRATEGY

The financing philosophy at Shoppers Stop attempts to limit the financial leverage to avoid compounding the firm's already high operating leverage in the business. A major portion of the overheads (occupancy cost, energy cost, employment cost, etc) are fixed in nature and pose a major risk to the company in the event of low sales. So the firm avoided debt as a prominent financing strategy. As a policy it has been restricting its Debt: Equity ratio to less than 1. Bringing in equity finance from new shareholders to finance expansion was the right step taken to give stability to Shoppers Stop's growth plans. The first was by way of inviting Private Equity players to participate in the firm's growth. The private placement to a clutch of PE players like Morgan Stanley, OCBC, ICICI Venture Fund, IL&FS Investment Fund in Feb 2000 brought in the much needed Rs 60 crores (Rupees 600 million) to fund the first major bout of expansion of the company by opening new stores as well as by building the required infrastructure and resources (like the implementation of new ERP systems, setting up distribution centres to support the business expansion, etc.). This money also helped the company face the crisis created by dwindling sales in a recessionary market in 2000-01.

The next milestone in funding the growth of the firm was the decision to go public for generating public equity funds. The first Initial Public Offering was made by the firm in May 2005. The company raised Rs 165 crores (Rupees 1.65 billion) from the IPO to finance its next stage of expansion. By taking the company public the firm was also able to enjoy the advantages of being a public limited company.

The study reveals that in order to fund further expansion, the company wanted to approach the shareholders once again through a Rights Issue in 2008 but was unable to do so because of the unfavorable conditions in the Stock market. However Shoppers Stop continues to contain the Debt: Equity ratio under 1 as at the end of FY 2009. According to the firm's Chief Financial Officer, Mr. C. B. Navalkar, "Debt: Equity ratio is the important ratio determining the leveraging of the company's capital structure. The other ratio we consider while planning debt is the EBIDTA: Debt ratio. It indicates the capacity of the company to repay the debt from its internal accruals in the regular course. Additionally, the cash flow drawn conservatively over the term of the Debt gives a good indication of repayment capacity of the company. The third ratio in priority is the Interest coverage ratio, which indicates the number of times the Operating cash flows cover the interest outgo. Fortunately for us the last two ratios are rendered irrelevant by the restriction of debt by the first ratio. The Debt: Equity ratio restricts growth plans through aggressive funding by debt and necessitates sourcing of the Equity funds beyond the Internal Accruals. In the absence of Equity funds it has been our observation that a growth of 25% on the existing base is comfortably managed with funds generated from internal accruals and a little debt."

STRATEGIES TO ADD SHAREHOLDER VALUE

The strategy of the firm is to expand the business profitably with a long term perspective. This strategy has helped the firm to focus on its flagship department store business as other added businesses which might be profitable in the short term but may not hold long term value. For example when the firm recently realized that its Food & Beverage business did not have long term value, it handed over the business to Café Coffee Day from whom it can expect long term value. Similarly, the firm wound up its Catalogue retailing business when it found the top-line and bottom-line achievements were way below the projections.

For Capital expenditure, the firm invests only when it foresees a Return on the Capital Employed of over 20% over a 5-7 year period. This ensures channeling of shareholders' funds to project giving material returns.

RISK MITIGATION STRATEGY

To assess risks facing the organization, Shoppers Stop has formed a Risk Committee which meets and discusses the risks to which the company is exposed and decides the steps to be taken to address them. The Risk Committee's membership includes all the senior management members of the company. Risk mitigation takes different forms in the firm. Conservative insurance covers all insurable assets of the company. The Manual of Authority (MOA) and Standard Operating Procedures (SOP) ensure discipline at every functional level to adhere to the directions decided for the organization. A best-of-breed internal auditor ensures adequacy and implementation of processes and systems to avoid situation of risks. Additionally an internal Loss Prevention Team functions to check on transactional level inconsistencies. Retaining quality statutory auditors and advisors in the fields of law and property matters, ensures reduction in documentary and compliance lapses which may expose the company to serious long term risk.

STORE OPERATIONS STRATEGY

STORE OPERATING PROCESSES

Store operations strategy plays a very significant role in Shoppers Stop's overall growth implementation strategy. The firm is acclaimed to be a well run company with strong systems and procedures in place. The senior management believes that its thrust on systems and processes will help to better manage growth. The company has created a Manual of Authorities (MOA), which governs decision-making authority. It has also created a Standard Operating Procedures (SOPs) manual to govern most activities from site selection, store planning, store operations, buying and merchandising, distribution, and logistics. Standard operating procedures and systems reduce the risk from losses due to potential lapses. Such standard operating procedures when updated regularly help the company share best practices across its various stores. According to the study, shrinkage as % of gross retail sales currently stands at 0.34% which is lower than the international average of 0.50%. The footfall conversion ratio stands at 30% consequent to the implementation of the strong customer loyalty strategy at Shoppers Stop. This conversion ratio is found to be good as the footfall count in the firm is done on a headcount basis and the conversion is measured by the number of cash memos generated against the footfall and so when a family of four enters the store the footfall amounts to four but the family may buy merchandise on a single cash-memo. The average transaction size per bill is Rs.1866 currently.

RETAIL TECHNOLOGY AT SHOPPERS STOP

Leveraging retail technology for achieving efficiency in store operations: Shoppers' Stop was the first retail chain in India to invest on an ERP package, and the firm is again investing heavily on software according to the study. The company implemented a software package called Arthur Planning, and a data warehousing solution from JDA (J D Armstrong, Scottsdale, Phoenix, USA), from which it bought the ERP package. Arthur Planning is useful in measuring the stock position at the store shelf level and for auto replenishment of the shelves. Although Shoppers Stop selected JDA as its ERP in 1998 to replace its legacy systems, the firm recognized the need for new technology solutions that would enable it to efficiently and profitably grow its retailmodel, as well as ensure the company's success — particularly that of its newly expanded business. To ensure consistency and uniformity of fixtures across its stores in a given business unit, Shoppers Stop licensed JDA's space planning and replenishment applications. The use of JDA portfolio solutions has enabled Shoppers Stop to:

- Optimize floor space and visualize the layout before they areconstructed.
- Efficiently manage high inventory turns and volumes.
- Improve inventory planning through sophisticated forecasting.
- Improve the management of metrics, including service and inventory levels.
- Provide a high magnitude of analysis and reporting

CUSTOMER LOYALTY STRATEGY

Shoppers Stop launched its customer loyalty programme, First Citizen in 1995 which is currently the largest loyalty programme in the category with more than 1.30 million members across India. The First Citizen Programme membership entitles the loyal customer to exclusive privileges such as product previews, priority billing and other special benefits. The firm offers co-branded credit cards in alliance with Citibank which offers customers to earn up to 5 Reward Points for every Rs. 100 spent at Shoppers Stop in addition to the discounts and benefits offered by partnering restaurants, hotels and other establishments. This is a strategy to bring new customers to Shoppers Stop. The study reveals that the members of the loyalty programme of Shoppers Stop, First Citizen contribute 72% of the total sales in the organization so far in 2009.

CUSTOMER SERVICE STRATEGY

Currently the firm is dealing with over 260 brands of garments and accessories. Shoppers' Stop has clearly become a one stop shop for all customers. The demographic profile of customers at Shoppers Stop falls between the age group of 16 years and 35 years, the majority of them being families and young couples with a monthly household income above Rs. 20000 and an annual spend of Rs.15000. A large number of non-resident Indians visit the shop for cultural clothes in the international environment they are used to which means people from abroad are also interested in shopping at Shopper's Stop. Their target customers include upper middle class and upper class. Customer service at Shoppers Stop is of top significance and a major area of focus. Each store has a customer service desk besides dedicated telephone lines for customers to call. The study shows that there is a no-questions-asked exchange policy at Shoppers Stop, which delights the customers. The specification of retail service-output levels, operational efficiencies embodied in the retail technology, and the learning and experiences contained in the retail culture, determine the position the retailer secures in the market place (Goldman, Arieh, 2001).

IMPLICATIONS OF FINDINGS AND DISCUSSIONS

The study points out that the format of Shoppers Stop has undergone a transformation from a small sized multi-brand men's apparel store format in 1991 to becoming a large department store chain with an average store size of more than 66,000 square feet with 36 stores by 2010. A secure strategy of offering reputed brands under one roof for the family made the firm become a destination for customers offering a pleasurable shopping experience. As part of the format strategy Shoppers Stop focused on its merchandise mix and the firm's private label sales contribute to 20% of its total sales, which again has ensured the viability of the firm facilitating its expansion. The private labels at Macy's department store in the United States of America account for 18% of the store sales (Jones, Sandra, 2006). The early development of private labels at Shoppers Stop has helped the firm in differentiating it from competition that has emerged over the years. The proliferation of brands in India has helped a multi-brand outlet firm like Shoppers' Stop build the store format, which is dependent on brands. A brand/vendor partnership may be of significance to the successful growth of a multi-brand retail organization. The profile of the store is a sum total of the profiles of the brands. The brand-mix strategy becomes significant to uphold the positioning of the store brand.

From the case study of Shoppers' Stop it may be relevant to note that a clearly defined private label strategy for the firm may be the key factor impacting the merchandise mix offering, which in turn may improve the gross margins for the firm. Such increased gross margins may help in the generation of internal accruals for growth. The success of multi-brand department stores in future may be dependent upon its robust private label strategy.

A department store's Shop-in-Shop if branded and marketed well, it can gather the strength to stand alone as a new store format. From the case of Shoppers' Stop one finds the firm's home section, branded "Home Stop" has evolved from a shop-in-shop format to a freestanding home-store specialty format. This 'incubate and proliferate' pattern has been observed in the case of Marks & Spencer, UK as well. St. Michael's was earlier a shop-in-shop brand of Marks & Spencer and it has currently become a freestanding independent specialty format. In future such multi-brand department store firms may plan their category-mix with a view to incubate first and proliferate later. As department stores grow, some of the key categories may be branded, positioned well and incubated to grow to spin off as an independent specialty format and if this pattern persists as it is seen in the case of Shoppers' Stop and Marks & Spencer, it may be propounded as the "Incubate and Proliferate Theory of Retail Evolution"

The study clearly establishes that 'customer orientation' of the company is the key factor for its successful evolution and growth. The firm's successful 'First Citizen' customer loyalty programme has helped the company with customer retention. As one sees from the customer relationship practices of Shoppers' Stop customer retention becomes significant for growth and apparel retail firms have to consistently come up with innovative ways to retain customers.

As an inorganic growth strategy, Shoppers' Stop has expanded in many cities in India almost year after year till now from 1998 constantly. This points to the management's commitment to open new stores as an expansion strategy. But the study shows that the firm is not able to expand at an aggressive pace on account of delay of up to eighteen months from mall developers to hand over possession of the leased space for retail fit-out. Further, it is found that the firm's retail format is large and hence it is restricted within the top twenty cities in India. Pantaloon Retail with a similar format is tapping the potential beyond the top twenty cities in India with more favourable and customer-friendly price-points. The study reveals that the firm is encumbered by high operating costs which impact its fast growth negatively. It also clearly reveals that it is important for the firm to concentrate on its bigger department store business which gives steady returns rather than getting into everything in retail and distracting the management focus in order to enhance shareholders' value.

In terms of the firm's financial strategy, Shoppers Stop is very keen to build the firm steadily by restricting its debt and the study has indicated that the Debt : Equity ratio is currently less than 1. The Debt : Equity ratio of the firm shot up from 0.45 in FY 2007 to 0.73 in FY 2008 and to 0.94 in FY 2009. The firm has plans to lower its debts by planning to tap the capital market once again through a Rights Issue any time in the near future and as the market conditions were not conducive because of recessionary pressures in 2008, it continued with its debt funding. In the absence of diverse funding opportunities in India, growth may be dependent upon internal generation of funds and the implication for the future could be that it may not be advisable for apparel retail firms in India to be over dependent on debt.

Shoppers Stop has only one acquisition for record, which is of Crossword Bookstores Ltd in February 2000. Its business is complementary to the firm's department store retail business adding the category of books as a category-offering to Shoppers Stop's customers. This acquisition was financed with the proceeds of the Public Equity moneys the firm received in Feb 2000. However the business has not yet been able to provide meaningful monetary returns to firm. The managing of Crossword's different management culture has also been a major source of learning for the company's management. The other additions, like the Hypermarket business (Hypercity), family entertainment centres (Timezone) , Airport retailing (Nuance) and Catalogue retailing (Argos) were started as Greenfield ventures, either as subsidiaries or JVs with world's best retail players. While as of date however the firm is yet to see the desired results from these efforts. The study confirms that two of the airport stores have been closed and the firm has wound up its catalogue retailing business too. Macy's strategy for expansion has been found to be based on acquisition and mergers of apparel retail firms. A focused approach to acquisition and merger of similar apparel category and department store related firms might help in the expansion of firms in India in future.

The culture of corporate governance demonstrated by the top management has percolated down to all the levels of the organization, which ensures that every stakeholder of the business acts in tandem with the organizational direction and mitigates risks. There is a high level of empowerment and demonstration of values by employees and these are ensuring the mitigation of risks more than even the control assurance processes the firm has implemented. The firm has a list of ten values that every employee swears by, in its growth journey. The study points to the strong operating strategy in vogue right from the initial years of the growth of Shoppers Stop. The firm has robust operating processes and procedures through its strict compliance to its Manual of Authorities (MOA) and its Standard Operating Procedures (SOP). Three key operating initiatives at Shoppers Stop have played a significant role in fuelling the growth of the firm – attaining operating efficiencies through the deployment of the latest technologies and solutions, customer focus through a well planned and executed customer loyalty programme by name First Citizen and its focus on customer service. Shoppers Stop implemented the Enterprise Resource Planning package, JDA from Scottsdale, USA way back in 1998 and has been upgrading the systems with the latest solutions. This gives the firm the advantage of speed and accuracy to reach out to its customers. Though the organization had teething trouble immediately after the ERP implementation, when the system crashed in 1999, it quickly came back on its feet with the credit of being the first in the department category to implement an ERP system in India. The study points to the fact that a good customer loyalty programme at Shoppers Stop has been yielding results continuously adding customer lifetime value in the firm. The firm's loyal customers contribute to 72% of the organization's total sales. Such customer data generation and maintenance is strongly supported by the deployment of an efficient ERP system in Shoppers' Stop and apparel retail firms in India could deploy such technologies and solutions for achieving faster growth in future.

The study reveals that regulatory obstacles are a restriction on the retail firm's part to provide quality service to consumers. Some of the obstacles specified are the inability to serve customers 24 hours, 7 days a week and 365 days a year as the firm has to apply for special permissions every time from the local state governments, which is difficult to come by. Such regulatory obstacles also include the absence of Central VAT and the existence of archaic labour laws applicable to female employees restricting them to work beyond 8.30 pm. Others like the ban on Foreign Direct Investment (FDI) in multi-brand retail and the non recognition of retail as an Industry in India have restricted the firm's capital infusion opportunities and its scaling up opportunities during its initial stages of growth. Retail firms abroad have ranked favorable FDI as the most considered factor for expansion in international markets. As FDI restrictions prevent investments in multi-brand retailing, a firm like Shoppers' Stop is not able to forge the right joint ventures for expansion. It is once again reinforced that favorable FDI may propel the apparel retail firms in India to grow and expand.

CONCLUSION

A secure format strategy of offering established and reputed brands under one roof in a multi-brand department store format, offering customers a pleasurable shopping experience with a facility to access merchandise freely has made the firm become a destination for customers. The case study shows that a clear format strategy adopted by apparel retailers will help them gain the right customers and grow. The development of private labels and increasing the contribution/share of private labels to total sales even in the early stages of its growth has helped Shoppers' Stop differentiate itself from other competing department store firms that have emerged over the years. A clear merchandise differentiation strategy in a clutter of competitive store organizations in the same format is the key to become successful.

In terms of the firm's financial strategy, it has been found that the firm is very keen to expand its operations and build the firm steadily by maintaining a healthy debt:equity ratio of less than 1. The firm adopted various funding strategies during the various stages of its growth, right from tapping the Private Equity market to going public and then planning a Rights Issue for funding growth in future. The key financial strategies followed by Shoppers' Stop to implement expansion plans especially in a situation in India where Foreign Direct Investment is not allowed in multi-brand retailing, can serve as a learning for many such retailers intending to grow.

The case study clearly establishes that 'customer orientation' of the firm is one of the key factors for its successful evolution and growth. The firm's successful customer loyalty programme called "First Citizen" introduced in the initial stages of growth, as part of its operating strategy, has helped the company achieve customer retention largely, over the years. The operating strategies that have found to propel the growth of the firm have been found to be very customer-centric and such customer-centricity, if followed by retailers will enable them to grow.

The case study of Shoppers Stop points to very vivid strategies of growth implemented in the various stages of growth of the firm as established in the areas of store format, finance and store operations with their specific implications and results, which will serve as a learning for many new retail firms who intend to set shop in India and expand in future.

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