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Gujarat Calling

By Amit Bagaria

IN THIS PART OF "YESTERDAY ONCE MORE", WE LOOK AT SUCCESSFUL REGIONAL RETAILERS IN GUJARAT WHO HAVE PROVED THAT THE STATE IS NOT A "RETAIL GRAVEYARD".

→ Following the closure of two Big Bazaar outlets in Ahmedabad in September 2008, *The Economic Times* termed Ahmedabad a retail graveyard. "The consumption pattern of local consumers has been a roadblock to modern retail. Although the cash-rich Gujarati consumer has lured brands to Ahmedabad, low acceptability of modern retail will turn the city into a

retail graveyard," commented analyst Harish Bijoor at that time.

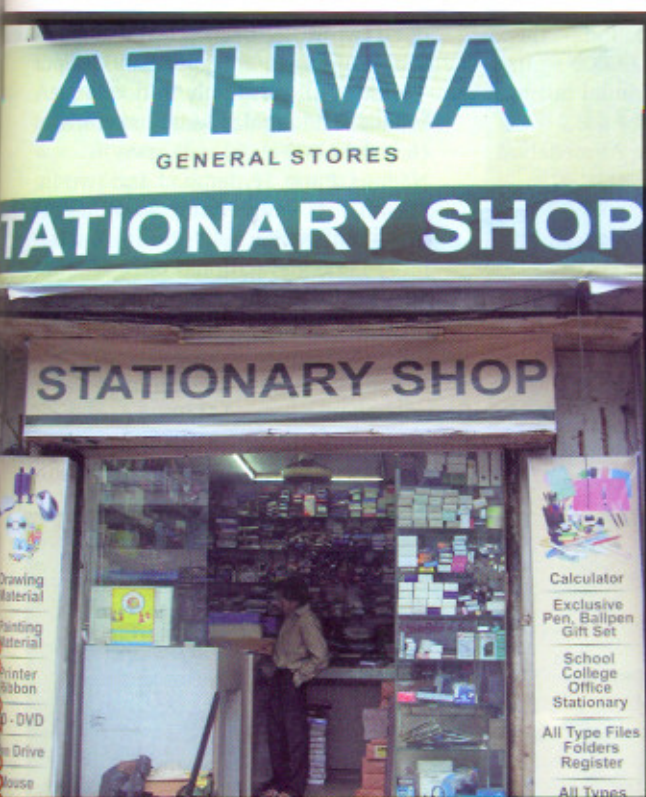
Just 19 months later, the spectrum auction for 3G telephony saw the bid for the Gujarat circle at ₹416.42 crore – the No.2 spot after the Delhi circle (₹416.43 crore). This article about three of Gujarat's local retailers will show that the telecom services companies are wiser than modern

retailers. I just don't understand why modern retailers give up so easily – why they cannot analyse hard facts.

THE COLOUR IS BLUE

Fifty-year-old Jitendra (Jitubhai) Chauhan was only 17 when he used to do cutting and stitching in his father and elder brother's tailoring business. Today, he does a turnover of more than ₹100 crore from 23 retail outlets (seven JadeBlue and 16 Greenfibre) occupying around 71,000 sq.ft of retail space. JadeBlue





Images Fashion Awards. Jitendra Chauhan was awarded the 'Atlas Diamond Outstanding Entrepreneur 2009' by Ahmedabad Management Association. In 2007 and 2008, JadeBlue received the 'Color Plus Best Dealer of the Year' awards.

Jitubhai was only 20, and fresh out of college with a BA in Psychology, when he opened a 250-sq-ft store,

and with their investment, in 1984 Jitubhai set up a factory in the basement of his store, to make RTW shirts, under his own brand 'D'Peak Point'. He supplied these shirts to small retailers (indirectly known to him through his friends' circle) in Mumbai. When a huge amount of money was stuck for almost a year, on enquiring Jitubhai was told the shirts were not selling in Mumbai. He got the unsold stock back. His friends wanted him to sell these shirts at deep discounts through Ahmedabad retailers.

Jitubhai, instead, opened an RTW shirts showroom in 1986, just above Supremo Menswear, connected by stairs. "This was the biggest turning point of my life," says Jitubhai emotionally, "had the shirts not been returned unsold from Mumbai, I would not have been where I am today." In 1987, he expanded the store size and added RTW trousers.

Eight years later, in 1995, on the auspicious day of Dussehra, Jitubhai opened the first JadeBlue store on CG Road. He combined four shops on the first floor of a shopping complex to make a large store of 2,800 sq.ft. The brand was developed with the help of celebrity graphic designer



sells more than 10,000 'Modi Kurtas' every year. "I took permission from Narendrabhai [Gujarat CM Narendra Modi] to use his name - after all, he has been a loyal customer for more than 15 years," says Jitubhai proudly.

JadeBlue emerged as the Most Admired Regional Independent Fashion Retailer of 2009 at the 10th

Supremo Menswear, in the Ellis Bridge area of Ahmedabad in 1981. It sold fabrics and did tailoring. Jitubhai used to do the cutting and stitching himself. "The education in psychology taught me how to deal with customers and get to know their likes and dislikes," says Jitubhai.

Encouraged by a few friends

JADEBLUE SELLS MORE THAN 10,000 'MODI KURTAS' EVERY YEAR. IT EMERGED AS THE MOST ADMIRER REGIONAL INDEPENDENT FASHION RETAILER OF 2009 AT THE 10TH IMAGES FASHION AWARDS.

Hirabhai Bhansali was 20 years old when he launched a 500-sq-ft Asopalav store in 1968 in Patan. Asopalav sells saris and lehengas from all over India, dress materials, salwar suits, western wear and jewellery.

Subrata Bhowmick, an NID alumnus and creative consultant at a leading communications agency, Mudra, now owned by Anil Ambani's ADA Group. The word "jade" stood for the premium offering and "blue" because it was men's favourite colour (it is mine). The letters 'J' and 'B' also stood for the initials of the first names of Jitubhai and his brother Bipinbhai. Jitubhai had requested Subrata dada to come up with a brand that would withstand time and be accepted internationally. This only shows Jitubhai is a true visionary. He is also very humble, as he egged me to give

(bridegroom) collection. Today, the CG Road JadeBlue is a 13,000-sq.ft men's store and does annual business of more than ₹30 crore.

The first store outside Ahmedabad (5,200 sq.ft) opened in 2004 at Baroda. Two years later, a 6,500-sq.ft store started in Rajkot, followed by a 13,000-sq.ft store at Surat in 2007, the second store at Ahmedabad (6,000-sq.ft in Mani Nagar) in 2008, another 6,000-sq.ft store at Vapi in 2009 and the first store outside Gujarat – 8,000-sq.ft at Indore – in 2010.

The Gujarat CM is not the only celebrity to be counted among

open two stores of 2,000 sq.ft this year – one each at Nagpur and Raipur – which will carry only in-house brands. The regular JadeBlue stores (6,000-12,000 sq.ft) will open in Nagpur, Pune, Hyderabad and two in Mumbai. "I know Mumbai will not make money, but will give us much more fame and national recognition," says Jitubhai, without flinching.

Apart from apparel, JadeBlue sells only accessories. Even footwear is not part of their merchandise mix. Jitubhai says JadeBlue can be compared with other retailers, such as Options in Mumbai, Jai Hind in Pune,



FIFTY-YEAR-OLD JITENDRA (JITUBHAI) CHAUHAN WAS ONLY 17 WHEN HE USED TO DO CUTTING AND STITCHING IN HIS FATHER AND ELDER BROTHER'S TAILORING BUSINESS. TODAY, HE DOES A TURNOVER OF MORE THAN ₹100 CRORE FROM 23 RETAIL OUTLETS (SEVEN JADEBLUE AND 16 GREENFIBRE) OCCUPYING AROUND 71,000 SQ.FT OF RETAIL SPACE.

credit to Bhowmick for the brand and the logo.

JadeBlue sold fabric, RTW shirts, trousers, sherwanis and kurtas and two non-house brands – 'Freelook' and 'Killer'. Four years later, Jitubhai more than tripled the store size, added a few brands and became a true MBO. His motive was to give a wider choice ("basket") to customers. Today, JadeBlue carries almost 40 brands, including Arrow, ColorPlus, Energie, Fahrenheit, Nike and UCB.

THE EXPANDING FOOTPRINT

In 2000, he shut down the original Ellis Bridge store, as it was too small. The next year, JadeBlue added a 3,500-sq.ft section for the *dulha*

JadeBlue's clients. Owners of companies such as Nirma, Adani, Cadilla, Torrent and several IAS/IPS officers are also regulars.

In addition to the seven JadeBlue stores, there are 16 stores (of 600-900 sq.ft each) of their VFM brand Greenfibre, including three shop-in-shops inside Central. Jitubhai expects to grow the turnover from the current ₹100 crore to over ₹250 crore in two years. Almost 70 per cent of the current turnover comes from western wear, 20 per cent from ethnic and the balance 10-11 per cent from tailoring and fabrics.

On being asked about a five-year plan, Jitubhai smirked he couldn't think five years ahead. He plans to

Hi Style in Chennai, Prestige The Man Store in Bangalore and Kapsons in Chandigarh.

In addition to his brother Bipinbhai, their two sons assist in the business. Bipinbhai looks after the tailoring and fabrics business. Although JadeBlue needs capital to fund its growth plans, Jitubhai is averse to raising private equity, "as the PE guys do too much interference". On being asked whether he is planning an IPO, the award-winning Gujarati retailer, Jitendra Chauhan, politely avoided answering the question as "he had to attend a wedding". I am sure the *dulha* wore a sherwani from JadeBlue's collection.

ASOPALAV – THE JADEBLUE OF WOMEN

What JadeBlue is to men in Gujarat, Asopalav (Ashoka tree in Gujarati) is to women. Founder Hirabhai Bhansali was 20 years old (his father was a moneylender) when he started a 500-sq.ft Asopalav store in 1968 – in his native place, the ancient fortified town of Patan, 108 km from Ahmedabad. The store sold cut pieces (fabric). The current population of Patan is under 200,000. History has it that Patan was the 10th largest city in the world back in 1,000 AD, with a population of 100,000 people. The kingdom was destroyed by Alladin Khilji in 1298.

The very next year, Hirabhai opened another 500-sq.ft store – this time at Palanpur – 27 km away from Patan. Palanpur's population back then was less than 60,000. The Patan and Palanpur stores are still in business today and have both grown to about 2,000 sq.ft each.

Six years later, Hirabhai (with his partner V Vohra) opened his third store of 750 sq.ft – this time in the Ratan Pole area of the state capital Ahmedabad. This store has grown 10 times in size today. This was followed by a 5,000-sq.ft store (now 15,000 sq.ft) on Ahmedabad's Ashram Road in 1985. For the next 14 years, no new stores were opened by Asopalav.

The fifth store in the chain was started in Surat in 1999 – it occupied an area of 7,000 sq.ft, and this store today does higher business than the similar sized store in Ratan Pole, Ahmedabad.

In 2001, the Bhansali and Vohra families diversified into IT, with a development facility at Cincinnati, Ohio, US. They also have a centre in Bangalore. Two of Vohra's sons look after this business.

In 2006, Hirabhai opened a 60,000-sq.ft superstore in Ahmedabad's 'Satellite' area. This is one of the largest women's wear shops outside southern India and does a business of almost ₹130 crore; Hirabhai, however, declined to disclose sales figures. Asopalav sells saris and lehengacholis from all over India (priced from ₹500 to ₹250,000), dress materials, salwar suits, western wear and jewellery.



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“GUJARAT IS TERMED THE GRAVEYARD OF MODERN RETAIL BECAUSE PEOPLE HERE WANT QUALITY AT FAIR PRICES AND ARE VERY CALCULATIVE,” HIRABHAI BHANSALI SAYS, “PEOPLE HAVE LOST TRUST IN MALLS AND MODERN RETAIL BECAUSE THEY DON'T OFFER QUALITY.”

Hirabhai feels Asopalav has no competitors in Gujarat. His store is like the Benzer in Mumbai or the Frontier in Delhi. When he goes across the country for sourcing merchandise from weavers, Hirabhai often bumps into 33 other large women's ethnic wear retailers. “We are a group of 34,” he says, “Chiman Savla of Benzer, S Ramesh of Pothys (Chennai), Beena Kannan of Seematti (Kerala) and T S Pattabhiraman of Kalyan Silks (Kerala) are all good friends of mine.” That's national integration.

According to him, the women's

ethnic wear market in Gujarat is worth between ₹3,500 and ₹4,000 crore. As per Asipac's research, this is almost similar to the market size in Kerala and half of the market size in Tamil Nadu.

“Gujarat is termed the graveyard of modern retail because people here want quality at fair prices and are very calculative,” Hirabhai Bhansali says, “people have lost trust in malls and modern retail because they don't offer quality.”

SURAT'S ACQUISITION KING

With a population of more than 5.5 mn, Surat is the ninth largest city in India. Gujarat is only the second state (after Maharashtra) to have more than one city in the top 10.

Just after Independence, Dhirajlal Modi started a kirana store in the old city area of Bhagal. Thirty-seven years later, his three sons – Rajnikant, Bipinbhai and Prafulbhai – started an 1,800-sq.ft self-service convenience store, Dhiraj Sons, in Surat's Athwa Lines. The store also sold crockery, home appliances and watches.

In 2000, a 16,000-sq.ft (mega) store was opened within the Athwa Lines area. Categories such as luggage, footwear, hosiery, fashion jewellery,

gifts and cosmetics were added. In 2003, the 7,600-sq.ft Kutchi Superstore at Parle Point was acquired and converted into a Dhiraj Sons store. In the same year, the 42,000-sq.ft Rita Supermarket at Nanpura (Surat) was acquired and converted into a branded apparel megastore under the name of Dhiraj Sons Fashion World.

The sixth store (9,000 sq.ft) was opened in 2005 in Surat's Sumal Dairy area. Apart from grocery, crockery and watches, this store also has CDIT products. The next year saw the opening of two new stores, a small store of 4,500 sq.ft in Bardoli (population 70,000), a town built for

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APART FROM RETAIL STORES, DHIRAJ SONS SETS UP EIGHT TEMPORARY RETAIL COUNTERS (MOSTLY IN TENTS) DURING SPECIAL OCCASIONS – SELLING COLOURS DURING HOLI, CRACKERS BEFORE DIWALI AND DECORATIONS BEFORE CHRISTMAS. MODERN RETAILERS HAVE A LOT TO LEARN FROM THIS SURAT RETAIL GIANT.



NRIs, 30 km away from Surat; and a 9,000-sq.ft store in Surat's Kumbharia area.

In 2007, the 7,000-sq.ft Picnic Supermarket on Gordan Road was acquired (their third acquisition) and converted into Dhiraj Sons. Last year, the 10th Dhiraj Sons store opened in the Adajan area of Surat. Apart from these 10 stores, the Dhiraj group also has three small speciality stores – one each in toys, plastics and gifts. Together, the 13 stores occupy a retail area of around 1,05,000 sq.ft,

giving an annual turnover of ₹130 crore, of which 60 per cent comes from grocery, 20 from apparel and the remaining 20 per cent from CDIT and other categories.

The plan for this year is to open 7-10 new stores, in Surat, Navsari and Valsad. "National retailers will all come and we have to not just compete, but move forward," says Prafulbhai's son, Ankur Modi, "we expect to achieve a turnover of ₹1,000 crores in 3-4 years." Future Group's Big Bazaar, Reliance Fresh and D-Mart

are already in Surat. Tata's Star Bazaar is opening soon.

Commenting on the acquisition of three competitors, Ankur says, "All three shops closed down because they could not compete with us." Big Bazaar also shut down one of its two outlets in Surat.

Apart from retail stores, Dhiraj Sons sets up eight temporary retail counters (mostly in tents) during special occasions – selling colours during Holi, crackers before Diwali and decorations before Christmas. Modern retailers have a lot to learn from this Surat retail giant.

Actually, the reverse has happened. Before Big Bazaar opened at Surat, Dhiraj Sons studied their business model and realised that one of Big Bazaar's key strategies was to have promotions every Wednesday. Dhiraj implemented this three months before the first Big Bazaar store opened. When Big Bazaar launched its Wednesday promotion, "the people of Surat felt they were getting nothing new," says Ankur. Dhiraj repeated this before D-Mart opened. They studied their potential competitor and caught on to D-Mart's strategy of "daily discounts, daily savings". Just as in the case of Big Bazaar, three months before the first D-Mart store opened in their home base, Dhiraj Sons introduced a standard five per cent discount on all MRP products. Sales volumes have risen 17 per cent since.

Only one new store has opened in the last three-and-a-half years because the promoters of Dhiraj Sons were busy hiring professionals at all levels and in getting formal training themselves. "We took classes at institutes such as the Leadership Management Institute and attended the India Retail Forum," says Ankur, "all this has helped a lot."

I hope modern retailers learn a thing or two from this enterprising Surat retailer. ☒

ABOUT THE AUTHOR



Amit Bagaria is chairman of shopping centre development consultants and managers Asipac Group and retail chain Men and boys.