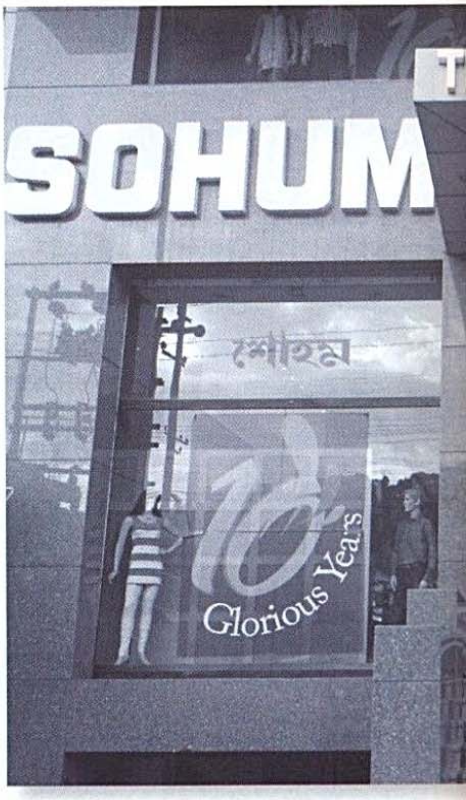
Taking the legacy forward



By Amit Bagaria

THIS IS THE SECOND IN A NEW SERIES OF STORIES, 'YESTERDAY ONCE MORE', INITIATED BY *IMAGES RETAIL* ABOUT SUCCESSFUL LOCAL AND REGIONAL RETAILERS, SPREAD ACROSS URBAN INDIA, WHO CONTINUE TO EXPAND AND GROW DESPITE TOUGH COMPETITION FROM NATIONAL (AND EVEN INTERNATIONAL) RETAILERS.

LITTLE SHOP IS NO MORE LITTLE

Founded in Kolkata in 1967, Little Shop – selling children's garments – remained limited to just one store (at the iconic New Market – India's oldest enclosed mall) for close to 36 years. One reason for this was that the retail business was not given too much importance, as the family concentrated on their main business of exporting children's garments.

In 2003, though, Shiv Daswani, the 26-year-old grandson of the founder, armed with an MBA degree from the UK, opened the second Little Shop at The Forum Mall on Kolkata's Elgin Road. The new 850 sq.ft store had a modern, self-help format, compared with the traditional counter service format of the New Market store. "Our export business exposed us to international environments and best practices," says Daswani.

After another five years of 'hibernation', in 2008, the now 31-year-old and more experienced Daswani opened a 2,700 sq.ft flagship store at South City Mall. Based on

extensive in-house research, the store had an expanded merchandise mix, including books, toys, basics for newborns and infants, nursery furniture, footwear and a wide range of accessories for children. "I made a list of everything required for a child, from parents' perspective," Daswani says proudly, "If you came with a list of eight things and couldn't find four of them, you would never come back to Little Shop." The gamble paid off and there's no looking back ever since.

Regular customer Payal Himatsingka says, "The store is very good for kids up to the age of three. It stocks toys and accessories, apart from clothes. It is a one-stop shop for children."

The not-so-little flagship store at South City Mall today clocks estimated annual sales of ₹12-15 crore (Daswani declined to disclose the numbers). The store has witnessed 7,500 footfalls on a single day. Another 2,100 sq.ft store opened the same year at Mani Square Mall, followed by an 1,800 sq.ft store in 2009 at Ambuja Realty's City Centre New Town (Rajarhat). The sixth store opened in August on the Ground Floor of Forum Courtyard – the brand new annexe of Forum Mall.

"Rahul Saraf (mall developer) had the choice of giving the shop space to Next, The Body Shop or some other international retailer, but I persuaded him to give it to us and convinced him that we had done very well with our first store at Forum Mall," says Daswani, beaming with pride. While this new format store at Forum Courtyard – branded as Baby Little Shop – caters to 0-2 year olds, the older and smaller store at the adjacent Forum Mall caters to the 3-14 age group.

"Little Shop is very well-known since the last generation. My mother tells me that she used to buy clothes for me as a child from Little Shop. They have been one of our best tenants, especially the manner in which they maintain the store. They have great visual merchandising and are the only retailer who keep their show window lights on until the last movie goer leaves the multiplex," comments the promoter and developer of Forum Mall and Forum Courtyard.

Little Shop is among the very few local retailers in India who have strategically chosen to grow only through the mall route, as opposed to the more popular choice of high streets. "At New Market itself, we had realised that malls were better and more convenient for families, especially in extreme weather conditions," says a confident Daswani, having tasted success in malls.

Daswani is emphatic (and very emotional) about his conviction that he will not sell the business to a Reliance Retail or a Mahindra Retail, even if they offered him a high valuation; but he is open to a minority stake sale, if this brings in the capital and the bandwidth required to experiment with a national model. He believes there is no direct competitor to his multi-category format today, although he is watching out for Lilliput World, as and when it opens in Kolkata.

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SREELEATHERS' FIRST STORE OPENED IN 1952. TODAY, THE CHAIN HAS 31 STORES, OF WHICH 26 ARE FRANCHISEE OWNED AND OPERATED.

Sohum Shoppe, which opened its first store in Guwahati in 2000, now has four outlets and the fifth will open at Jorhat in next few months.

By 2015, Daswani hopes to have 10-15 stores in Eastern India. He has no plans to go national, as he feels he neither understands other regions nor the local retailers in those regions. Also, he thinks, mall developers in other regions won't give him the right locations, as they don't know him or his business. Although he has more than 20 franchising offers from people who are continuously chasing him, he is in no hurry. Micky Jagtiani also started with the Baby Shop, didn't he?

owned and operated. Apart from eight stores in Greater Kolkata, there are stores in Delhi, Varanasi, Raipur, Bhubaneswar, Cuttack, Jamshedpur, Ranchi, Dhanbad, Bokaro, Patna, Muzzafarpur, Gaya, Bhagalpur, Guwahati, Asansol, Behrampur, Purulia, Naihati and Malda. A new 8,000 sq.ft store is opening in Jaipur this year and a 10,000 sq.ft outlet in Chennai next year. All stores are on properties owned by the family or by individual franchisees. "We don't believe in paying rentals," Dey says,

out on variety and style, they will be the number one in India."

This 58-year-old pure retail business sells all products only under in-house brands. Four family members are involved full-time in th business. One of Sushanto's uncles has diversified into the hospitality industry.

Sushanto Dey believes that The Loft – a retail chain promoted in the early 2000s by well-known real estat developers Hiranandanis – failed because they had only premium

FOUNDED IN KOLKATA IN 1967, LITTLE SHOP – SELLING CHILDREN'S GARMENTS – REMAINED LIMITED TO JUST ONE STORE FOR CLOSE TO 36 YEARS. IN 2003, THOUGH, SHIV DASWANI, THE GRANDSON OF THE FOUNDER, ARMED WITH AN MBA DEGREE FROM THE UK, OPENED THE SECOND LITTLE SHOP AT THE FORUM MALL, AND THERE'S NO LOOKING BACK EVER SINCE.

SREELEATHERS IS 'NOT FOR SALE'

Manoj Modi does not seem to have too many acquisition opportunities, at least in Kolkata. Just like his fellow "city-zen" Shiv Daswani, Kolkata-based Sushanto Dey of Sreeleathers won't sell his ₹140 crore footwear retail business, even if someone offered ₹75 crore to buy him out.

Daswani and Dey share the same initials (SD) and are both grandsons of the founders of their respective businesses. That's where the similarity ends. Malls do not feature in Dey's dictionary; he is already franchising (Dey calls them dealers) and Sreeleathers has gone national.

Sreeleathers' first store opened in 1952. Today, the chain has 31 stores, of which 26 are franchisee

"so we cannot be in malls."

He sees everyone, from a Bata and a Reliance Footprint to a footpath vendor, as competitors. "We take Reliance Footprint very seriously," comments Dey. Last time I looked, there were no footpath shoe vendors in Bangalore!

Regular Sreeleathers customer Cheryl Ann says, "They have shoes, chappals, belts, bags and leather accessories which are durable and suitable for rough handling. Shoes are priced at ₹200-800, while chappals are available even at less than ₹200. The most expensive shoes at Sreeleathers cost less than the cheapest shoes of its rival shops." Another customer, Nishant Kumar Pandey, says, "Sreeleathers is known for durability and economic cost; if they could work

offerings. "Bally is the Porsche of the footwear retail sector, Metro is the Audi and we are the Maruti," Dey says, "see who is the biggest among them in India."

I'm still trying to figure out where Bata and Reliance Footprint figure in this analogy.

Sreeleathers has been instrumental in the establishment of many footwear retail hubs across the country. After they opened a 2,500 sq.ft store in the basement of a building in Patna, four other footwear retailers opened shops in the same or adjacent building. A similar mushrooming effect has been witnessed across other markets too, but Dey is quite humble about the phenomenon and does not want any credit for it.

G Sankar, chief executive of Reliance Footprint, says, "They are a good value retail player. They do well in the eastern parts of the country, especially in Kolkata. In footwear circles, we talk about their crowd-pulling ability during pujas in Kolkata which is almost surreal – thousands of people wait in long queues outside their shops. This is very impressive. How many other businessmen can boast about customers standing in a queue to buy their product?"

THE SHOPPERS STOP OF THE NORTH EAST

Variety is the spice of life, the popular 18th century English poet William Cowper wrote. Manohar Lal Jalan of Assam's retail chain Sohum Shoppe – winner of the IMAGES Retail Award for the 'Most Admired Regional Independent Fashion Retailer 2009 (East Region)' – is not the grandson of the founder. He is the founder. And he is ready to sell his business, if he gets a good price, of course. Is Kishore Biyani reading this?

Guwahati-based Jalan, 54, came from a family in the business of sarees, operating under Assam Silks – the regionally popular brand of the 1980s. In the early 1990s, Jalan recalls, following the success of Kishore Biyani's John Miller shirts – then retailed at ₹110 – he started a readymade shirt brand named after a West Indian cricketer (he couldn't recall the name) and priced it at ₹90 per piece. This business did not do as good as anticipated.

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In 1996, Jalan visited his cousin in Mumbai. There he wanted to buy some socks and handkerchiefs for himself, as these were not easily available in his home town – Guwahati. But as he was too embarrassed to tell his cousin this, Jalan asked him where he could buy readymade shirts and trousers. His cousin directed Jalan to the only Shoppers Stop outlet at Andheri – India's first modern department store.

He reached Shoppers Stop at 4pm and left at 9pm, but did not buy any socks or handkerchiefs in the five hours he spent there – not because they didn't have any, but because he was so mesmerised with the shop that he completely forgot what he had come there for. He went back to the store the next morning and spent the entire day there, followed by the same routine the next day. By the third day, he was convinced that he, too, could open a similar shop back in Guwahati.

Jalan spent almost 25 extra days in Mumbai, during which he went to Shoppers Stop each day. Fascinating, isn't it? Well, it was for me, when I heard the story from the man himself.

Back home, this 40-year-old entrepreneur started assembling the blueprint of his own 'Shoppers Stop'. The only high street area of Guwahati in those days was Fancy Bazaar. A 10,000 sq.ft shop was available for ₹3 crore. Jalan calculated that the interiors would cost him another ₹50 lakh and he would have to stock merchandise worth at least ₹1.5 crore. So, the total investment

required was a little over ₹5 crore. He figured that, with such a high investment, it would take 5-6 years to break even – so the business was not viable. Instead, he bought a 12,000 sq.ft shop on the fourth floor of the building for just ₹72 lakh, saving himself more than ₹2.2 crore.

It was a decision he regrets today, in retrospect. The first Sohum Shoppe at Fancy Bazaar (named by his guru Sri Sri Ravi Shankar of The Art of Living Foundation) opened in the year 2000. It witnessed sales of only ₹15,000-20,000 per day in the first five months. By the third year, the business was still bleeding. He then went back to Shoppers Stop in Mumbai and immediately realised that most people were actually buying well-known brands. He decided to start stocking genuine brands. He got Mont Blanc pens, Swarovski crystals and Lladro porcelain figurines, among other well-known brands in several categories. And I always thought the places to buy these brands were New York, Paris or Dubai! Anyway, it was then that the business really took off.

When Jalan selected the site for his second store – today the flagship – he did not compromise on the location. The 28,000 sq.ft store on GS Road opened in 2005. By then, his elder son Sandeep (then 24) had joined the business. Sohum Shoppe had arrived. Three years later, the third outlet opened at Pan Bazaar of Guwahati. By now, his younger son Siddharth had also joined the business.

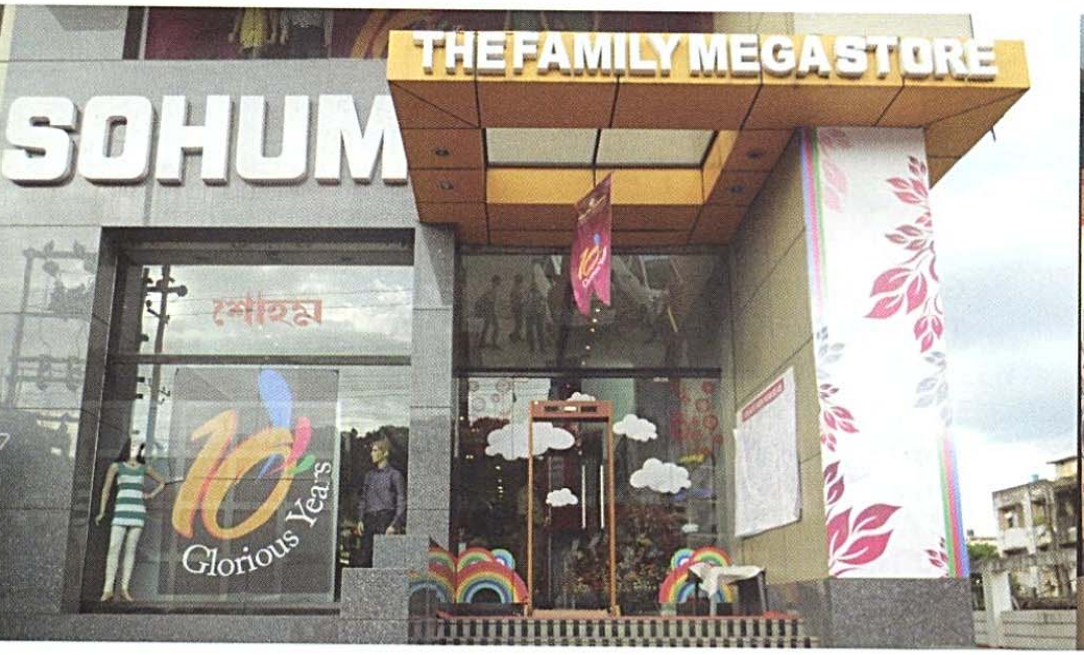
In 2009, a 15,000 sq.ft Sohum Shoppe opened at Dibrugarh. In just a few months from now, a 22,000 sq.ft store – the fifth in the chain – will open at Jorhat. For the time being, the Jalans have abandoned plans for a shop at Shillong, Meghalaya, because of insurgency in the state. They are looking at Nagaon and Silchar towns in Assam, and are eyeing Ranchi and Jamshedpur – both cities in Jharkand – for future expansion. "Business is good, but not in the Northeast," says senior Jalan, "insurgency is a big problem."

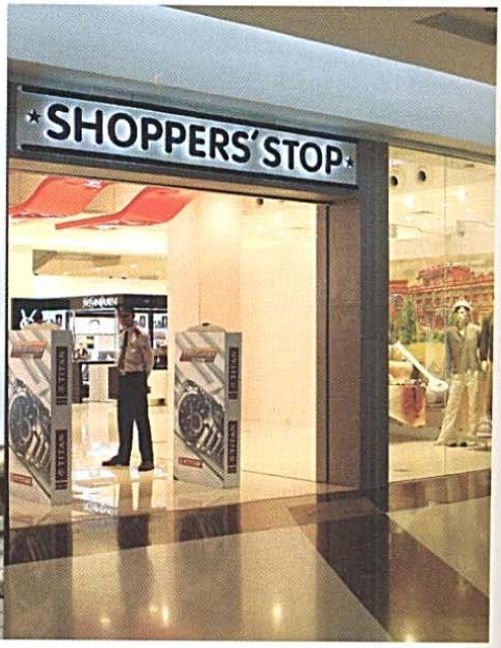
IT WAS A CHANCE VISIT TO SHOPPERS STOP IN MUMBAI, IN THE YEAR 1996, THAT GAVE BUSINESSMAN MANOHAR LAL JALAN THE IDEA TO OPEN HIS OWN 'SHOPPERS STOP' IN ASSAM. A FEW YEARS LATER, IN 2000, THE FIRST SOHUM SHOPPE OPENED ITS DOORS TO CUSTOMERS IN GUWAHATI.

He considers Pantaloon and local retailer Goenka's as his main competitors. Bijan Deka of Guwahati says, "Sohum Shoppe is the buzz of the town. Its wide range of products and trendy collection of cosmetics, apparel and accessories defines its escalating popularity."

College student Rakesh Sharma adds, "It is the big thing in the world of style and comfort for people of Assam – an exclusive shopping extravaganza at nominal prices. It has a glamorous feel and an ecstatic aura."

Young Sandeep Jalan feels the future is very bright. He has brought in many changes in the business. By installing a modern specialised retail software package, he is able to control his inventory better. He has also initiated several activation programmes, almost on a daily basis, to increase footfalls at Sohum Shoppe. Let us see what does the founder's grandson do 25 years from now! ⊠





ABOUT THE AUTHOR

Amit Bagaria is founder chairman and CEO of Asipac Projects. (If you know about any such retailer in any Indian town, including tier II and III towns, please send the name of the retailer and the city (with contact details, if available) to *ab@asipac.com*.)