

# GO EAST: THE NEW RETAIL BUZZ

Even as the metros are becoming severely competitive and pushing the bottomlines further down for the retailers, it is the eastern region in India that is showing new signs of hope and profit. To take a cue from Varieties – The Raymond Shop franchise in this region, this may well be the beginning of a new curve

BY PAYAL GULATI

**I**t's never been a better time for a retailer to be present in a small town. Ditching the metros, India's smaller towns have become the new destination for growth – and the retail community is cashing in on the growing middle-class segment, rising disposable incomes and growing aspirations for improved living standards (especially among the youth) in these locations.

## **EAST: THE NEXT OBVIOUS BET**

The retail market in India is estimated to reach USD 1.1 trillion by 2020 from USD 672 billion at present. And to achieve this desired growth, retailers need to shift their focus from traditional northern and western zones to eastern India. According to the CBRE, the retail space supply in the eastern region has increased to 5.5 million sq. feet from 3 million sq. feet in 2014. Retail stalwarts opine that the true demographic dividend of India would

remain untapped if the eastern region is not explored. And at a time when retailers are looking to expand beyond metros, the eastern region is the next obvious bet.

In fact, there are many retailers who have tasted success in this region. One such retailer is Varieties – The Raymond Shop. With 54 years' of legacy, the company knows how to tap the pulse of the consumer. "Since 1964 we are associated with Raymond. Initially, we were an authorised dealer and then became a franchisee of Raymond in 1994. We started with a single outlet, Varieties, which is a brand in the town. In 2015, we renovated the store (from 11,000 sq. feet to 20,000 sq. feet) located in Hathwa Market, giving it a new look and feel. In the same year, we opened another The Raymond Shop in Anisabad, (6,000 sq. feet), Patna," says the second-generation entrepreneur Rahul Agarwal, franchisee of The Raymond Shop, Patna, Bihar.

"The store was renovated in March 2015 and since then it has been a big success for us, not

only in terms of business but also by way of customer satisfaction and appreciation on the highest standards. Post-renovation, our store witnessed growth of 47%," he adds. Recalling the initial journey, he says, "The road from being a multi-brand outlet to a Raymond franchisee was initially not easy since as it was a completely new line of business for us. To become a Raymond franchisee, my father, Raj Kumar Agarwal, had to put in a lot of hard work and effort."

### THE CHALLENGES

Small cities offer huge potential to retailers to spread their wings and boost their topline, but smaller markets pose their own challenges. "There exist challenges such as lack of adequate infrastructure, skilled retail manpower and high attrition but the challenges are not specific to the eastern region. They are rather applicable across the country," believes Agarwal. Highlighting the main challenge faced by the brand, he says, "Competition is a big challenge. There are nine Raymond shops in the area. Besides, other multi-brand outlets also pose a challenge." To beat the competition and retain customers, the company is betting big on its offerings in terms of fresh and huge stock and great customer service.

### THE FLIP SIDE

Not all retailers have experienced success beyond the metros – for some it's hard to survive in these locations. So what is it that goes wrong? The right location and customization of the product mix according to local preferences are the keys to succeed in such locations. Agarwal has been really selective about the choice of location. "The catchment of the stores in Hathwa Market is evolved when compared to Anisabad which is still evolving," he shares. The brand name of Raymond was another factor that worked in favour. Taking about the support they got from Raymond, he says, "Raymond has been kind to us over the years. They have supported us in good and bad times. We consider ourselves as a part of the Raymond family."

### THE ROAD AHEAD

Betting big on the growth potential of this market, Agarwal wants to fully explore the region before moving ahead to cover other locations. The company is soon coming up with its third store in Patna. Talking about the business vision, he says, "It is to keep growing. And we can achieve it through hard work, experience and innovation." ©R

"THE AVERAGE FOOTFALL DURING THE PEAK SEASON IS 1,500 PER DAY AND THE AVERAGE BILL SIZE IS RS 10,000. WE CATER TO MASSES AS WELL AS CLASSES."





## “Innovation is the Key Word”

In this exclusive chat, Rahul Agarwal shares the success mantra

### **How is the eastern market evolving?**

Eastern India is on the cusp of being transformed from a conservative customer base into a fashion-conscious, brand-savvy buyer. Consumer sentiments are rising. We have masses as well as classes. In the eastern region are locations such as Bihar, Bengal and UP while the north eastern region has Guwahati which together make for the key markets.

### **Could you take us through your entrepreneurial journey?**

I started my career in 2007 when I was just a graduate. My family was into the jewellery business, which I managed for three years. And in 2011, I came to Raymond. Now we have a monopoly in Patna and Bihar.

### **What's trending?**

In suits, checks are in demand. In shirting, printed shirts are the latest craze. Now Raymond is coming up with a new campaign to sell a total black collection. They keep on changing the trends.

### **What's the average footfall and bill size?**

The average footfall during the peak season is 1,500 per day and the average bill size is Rs 10,000.

### **What are your expansion plans?**

We want to focus on the eastern region for now. We are soon coming up with our third store in Patna.

### **What's the key to succeed in the retailing business?**

Innovation is the key word, which the company has been doing over the years.

### **Any tips for aspiring entrepreneurs?**

The right idea and hard work sell well in the market.