



IS SHOP-IN-SHOP THE NEW RETAIL MANTRA?

It doesn't take much time for a brand's store presence to make or break the deal. Footfalls and sales could vary depending on the visibility of a brand and its products. When most brands are taking the tech road to adopt latest technology, some still believe in expanding through the shop-in-shop format. How do brands benefit when retailing with other brands?

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Walk down the aisles of Shoppers Stop or Landmark and it's impossible to miss out the array of brands. From 'desi' to 'videsi' and budget brands to luxury products, the consumer is thrown open to multitudinous options simultaneously. At a time when many brands are splurging on concept stores and experiential centres to create experiences for

their customers rather than just make business, there are brands like Gap and Mamaearth who have chosen the shop-in-shop format to expand their retail presence. The reasons could be many: high-cost rentals, cut-throat competition from e-commerce and declining footfalls to physical stores – but there's no denying the fact that shop-in-shop is making a comeback in India.

For instance, for the first time in India, GAP will venture into shop-in-shop retailing across India. Recently, speaking at the launch of the event, GAP India's Business Head Parag Dani maintained that since the launch of GAP in India in 2015, the brand had witnessed strong growth and now with shop-in-shop expansion, only more people could experience GAP's iconic American style through modern wardrobe staples. "We are confident that we will receive great response from our customers and we are incredibly excited about this journey," he said, while announcing the brand's plans. GAP is looking at launching 17

shop-in-shop outlets across various cities, including New Delhi, Jaipur, Ahmedabad, Bhopal and others.

LOOK ONLINE, BUY OFFLINE

If e-commerce is competing with brick-and-mortar, then why are retailers turning towards shop-in-shop? The answer is quite simple – a majority of consumers happen to make researches online while they end up buying in physical stores. Hence, the percentage of consumers buying online is actually small. Varun Alagh, co-founder of Mamaearth, says, “Two reasons why shop-in-shop scores is because although consumers are shifting towards e-commerce, they want to experience touch-and-feel and want to be educated about a product by a person, even if they have ‘googled’ and know it all. Also, the time period in obtaining a product plays a key role and convenience is still a deciding factor.”

Commenting on why shop-in-shop has an edge over standalone stores, Alagh, says, “From the first day of launching an exclusive store, it is the responsibility of a brand to create footfalls, make the store accessible and ensure that the sales is good. However, in shop-in-shop, due to shared footfalls you could expect more sales. Also, brand presence gets more attention in this format. That apart, it takes a much longer time to break even when expanding through standalone stores.”

BRAND BUILDING BECOMES EASY

While shop-in-shop has a lot of advantages to its credit, helping a brand become significant and get consumers’ attention, which is a brand-building exercise in its own sense, is also the shop-in-shop format’s contribution

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to product sales, opines Ghazal Alagh, an entrepreneur and co-founder of Mamaearth. She says, “Choosing shop-in-shop is much more than simple retail presence. For instance, many consumers today like to be assisted in stores as they prefer making an informed choice. Shop-in-shop gives an opportunity to display new collections, complete product portfolio and even discounted items under one roof.” Ghazal highlights the fact that the offline presence of a brand is as important as its online presence and

sales in comparison to specialty retail formats. “Big format stores can capture sales from both monthly buyers and impulse buyers. Also, the exorbitant cost of rent pushes retailers to operate from shop-in-shop. When compared to hypermarkets where retailers function from large space and get cheaper average rates, specialty stores seem much expensive,” the agency says.

LACK OF DATA A CHALLENGE

Although shop-in-shop has its own fair share of benefits, there are still many hurdles before retailers can master this format, thinks Alagh. He says the format is mostly ad hoc and except big retailers like Shoppers Stop, not many have succeeded in cracking the code. “There is very limited data available on what rules brands should follow when opting for the

shop-in-shop format. For example, information on where they should open a store-in-store, what would bring more footfalls and what would help build a brand is unavailable. If there was more data, retailers could build better markets and find more opportunities to scale up,” he opines. 

THE EXORBITANT COST OF RENT PUSHES RETAILERS TO OPERATE FROM SHOP-IN-SHOP



with every brand having its presence through its own website, e-commerce sites and brand sites, all forms of formats have now become quintessential.

Furthermore, management consulting firm Technopak believes that shop-in-shop in a larger format is helpful for retailers to make more