Chapter 5: SUMMARY AND CONCLUSIONS

5.0 Introduction:

This chapter summarizes the findings of the study and brings out their implications. Following this, it points to a few limitations and thereafter indicates the scope for future work.

5.1 Summary and Conclusions:

The study establishes that the trends and patterns of evolution, growth and expansion are similar across a majority of apparel retail firms in India. Customer demand factors have contributed greatly to the evolution and growth of apparel retail firms in India since 1990, i.e., post liberalization period. The firms focus on the product and merchandise mix strategies during the phase of evolution and growth. In respect of format extension, the firms consider Internet sales as an additional non-store channel to complement the existing store based retailing. The study establishes that all strategies, viz. product mix, pricing, branding and customer relationship have helped accelerate the growth of organized apparel retailing in India. Further, the study reveals that more customer related factors like Customer orientation, customer demand and customer relationship are found to be common in causing the evolution and growth of the firm. In respect of the factors causing decisions of the respondents at the time of expansion of retail operations with new formats, ‘Customer Demand’ has emerged as the most significant decision point considered by the firms for expansion. This implies that, based on customer demand, apparel retail firms may revisit their merchandise, brand-mix, pricing and customer relationship strategies to suit customer needs as they expand. India being a country with diverse tastes and preferences, firms ought to merchandise their stores after thoroughly understanding customer needs. In this context, it is observed that firms like ITC Wills Lifestyle and Tata’s Westside have an exclusive private label mix in attractive price-points, catering to the different geographic customer profiles and fulfill seasonal demand as well. A case in point is Marks and Spencer, who revisited their pricing strategy and downscaled prices to suit the demand of the Indian consumers. Other multi-brand firms like Shoppers Stop have forged special vendor-alliances to fulfill the demands
of various segments of customers; noteworthy among them is the designer tie-up that the firm has forged to meet the demands of the fashion-conscious customers. Perhaps the failure of a few large format stores of Globus in Bangalore recently, may be attributed to the neglect of this dimension.

Coming to the hypothesis, the study rejects the hypothesis (Hypothesis 1) of “The evolution of organized apparel retailing in India is not affected by social, economic, political and such environmental factors”. This reveals that social, economic, political, legal and such environmental factors support the growth of apparel retailing in India. However, no specific political and legal factors influencing the evolution and growth of apparel retailing are observed in the study. This implies that the evolution of consumer classes, the growth of consumer awareness and the social and economic development of the burgeoning middle-segment consumers in India are expected to trigger further internal consumption that may help retail firms expand even into tier two and tier three cities. It also implies that the regulations governing retail in India may impact its future growth. However, in this context we have also seen that in the past when the FDI regulations changed in 2006 to allow 51% of foreign investment in single brand retail, Marks and Spencer immediately forged a joint venture with Reliance, having moved out of an earlier franchise arrangement, for achieving its growth objectives.

Moreover, it is found that the organizational factors and strategies are largely similar across firms. The hypothesis (Hypothesis 2) “The organizational factors responsible for the evolution and growth of organized apparel retailing in India are dissimilar across the firms” is rejected. The study concludes that the organizational factors and strategies such as the Format strategy, Product mix and merchandising strategy, Branding and Customer Relationship strategy among the other operations related strategies are similar across firms. Further, the study also reveals some interesting organizational factors such as Efficient Management, Marketing Strategy, Customer Orientation, Supportive Environment, Capital Accessibility and Efficient Merchandising, which have affected the evolution and growth of apparel retailing in India positively. Among the factors significantly responsible for decision-making
across firms considered in common across firms for expanding the firm’s retail operations as observed by the study are customer demand, first mover advantage in the location, real estate space availability, viable lease rentals and urgency to attain economies of scale. This implies that the expansion of apparel retail firms by opening new stores pan India may be heavily dependent on the availability of real-estate space at viable rentals in the proposed cities and towns.

Also, the results do not reveal any significant regional and geographic influences in the evolution and growth of apparel retailing in India.

Coming to the comparative analysis, the study shows a few common trends and patterns in the evolution of apparel retail firms in India and abroad (USA, UK & Asia) largely. While the average store size, numbers of stores per firm and volumes are already much larger in the firms abroad, the firms in India do not show a growth trend to achieve similar proportions. Customer acquisition, customer orientation and customer relationship trends are found to be common among firms abroad and those in India. The factors influencing the growth of apparel retail firms abroad and strategies vary largely from what we see in the firms in India. The study shows that the majority of the companies abroad adopted “Expand by acquisition and mergers” strategy for expansion and the study shows that in India evolution of apparel retail firms is by organic growth. The factors and strategies impacting the evolution and growth of apparel retailing in India are found to vary largely as we have seen in the section on comparative analysis in the results and discussions chapter. The hypothesis “The Evolution of organized apparel retail organizations in India is not dependent on the patterns of evolution of organized apparel retailers in developed economies” (Hypothesis 3) hence is supported. This largely implies that apparel retail firms in India may seek to attend to such factors and strategies that exclusively work well for them. This means that firms from abroad, when they come into India (as regulations in India may allow FDI further in future) will have to study India thoroughly as otherwise they may fail miserably.
Finally, the case study shows the factor of “customer orientation” is adopted by the firm for growth as the significant strategy with a customer loyalty programme. This implies that customer loyalty ensuring the repeat visits of the majority of customers is significant for a retail firm to have an edge over competition and achieve growth. The case study also observes that an apparel retail firm’s evolution and growth is dependent upon committed focus on format strategy, financial strategy and operational strategy. From the case study of Shoppers Stop, we find that a well-planned long-term funding strategy is significant for a firm’s expansion. Moreover, the case study has revealed that a firm needs to be cautious about its funding strategies without going overboard on debt but working on a healthy debt: equity ratio. Deploying a long-term funding strategy like accessing bank funding initially, then making a private placement of equity in the next stages of growth and later an Initial Public Offering has helped Shoppers Stop in its growth. This implies that such a well-planned long-term funding strategy may be critical for the growth and expansion of apparel retail firms in India.

5.2 Limitations:

One of the limitations of this study is the dependence on secondary data alone for analyzing the evolution and growth of a few apparel retailers in the developed economies like the USA, UK & Asia. Officials from a few sample organizations could not be interviewed face to face because of constraints of access.

5.3 Scope for Future Research:

This study could be extended to other sectors such as jewellery, grocery, hypermarkets, home electronics and appliances, etc. Further, the study can be carried out to investigate the opportunities for Indian retailers for transnational retail expansion. Finally, the influence of supply driven factors may also be looked into.