

How a Leading Indian Fashion Brand Decided to Go with Exclusive Brand Outlets (EBO)

BACKGROUND

The client is a top 3 player in the \$10 billion category of the Fashion market in India. The brand commands high brand loyalty from both the customers as well as the various distribution channels. The company wanted to explore feasibility & threats in the model, by gathering perspectives from their current channels and from competition.

Krysalis, a general management consulting company which specializes in B2B Market research in India, were approached to study the feasibility and suggest business models for the same.

GOALS



Feasibility & profitability of the EBO model



Dealer & retailer perspectives on Exclusive Brand Outlets in India



Challenges, and learning from competitor businesses

The Objective was to explore the feasibility of the EBO model in South India - the major market for the brand

Study & Findings

A comprehensive research tool was designed to capture the multidimensional aspects about running the fashion retail business.

Factors like 'store economics', positioning, product preferences of specific market, basic requirements for Exclusive Brand Outlets in India, etc. were captured.

About 150 stakeholders across 4 states and 16 cities and towns were interviewed.

Major factors considered in the study were:

- The willingness of the existing retailers to switchover to the EBO model.
- The average revenue generated by a store in a city centre/ high street, an urban marketplace and a suburban marketplace.

- The costs involved in running the existing Multi brand retail outlets (MBO) & other brands EBO.
- Weak spots if any - product range, price points.
- Threats from the current channel if in case the company goes with Exclusive Brand Outlets in India.
- Dealers' perspective on the EBO concept.
- Study of competitor stores and their P&L to study breakeven, ROI etc.

Based on the data collected, different models were created for EBOs in tier 1, tier 2 & tier 3 cities. Using which:

- Max Number of stores in a city was estimated
- Price range to be maintained across stores was found
- Important EBO P&L numbers were found

Results

Based on the study, setting up EBOs in the southern states of India were found to be feasible with a significantly high market potential. Major strategic decisions based on our recommendations were:



Type of city, locality, EBO size, turnover, RoI & breakeven volumes were calculated and agreed upon



Differentiate EBO Product portfolio from the general market



Shared investment into store set-up will be the quickest way to expand



Small store with 1 day replenishment will be a gamechanger

Contact us for evaluating business models, diagnosing & resolving any business challenges



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