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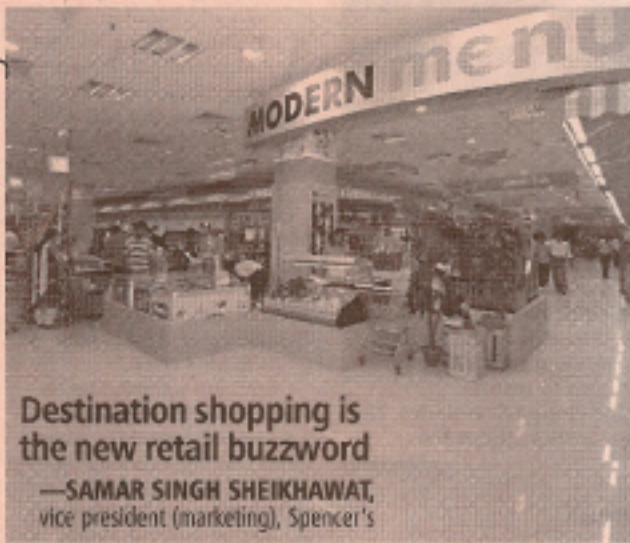
# Strategic move: Spencer's to merge five formats into two

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Spencer's Retail, the Rs 800-crore retail arm of the RPG Group, is consolidating its five retail formats into two in an attempt to tap its consumers' changing preferences and buying habits.

The strategy will be to concentrate on large 'hyper' formats to offer more variety and brands to consumers so that they spend more time inside the stores and the average spend per trip goes up. Simultaneously, neighbourhood stores will also be set up to tap the 'top-up buying behaviour' of consumers when they run out of daily-need products.

Spencer's Retail Vice-President (Marketing) Samar Singh Sheikawat said, "Destination shopping is the new retail buzzword. Large stores also provide Spencer's the opportunity to accommodate more brands in the same store."



Destination shopping is the new retail buzzword

—SAMAR SINGH SHEIKHAWAT,  
vice president (marketing), Spencer's

The large hyper stores will be built on 25,000-80,000 sq ft, depending on the availability of land and catchment area potential, and the smaller stores christened Spencer's will be built on 2,000-10,000 sq ft. Spencer's earlier had experimented with 'Express', 'Daily' and 'Fresh' formats.

Products such as bread, butter and tissues are purchased almost twice or thrice a week, when consumers would depend on the neighbourhood stores and spend 15-20 minutes to shop when they run out of these products, he said.

Spencer's large formats will have 71,000 stock-keeping units, while the smaller stores will stock about 5,000-10,000 units. Customers spend an average of Rs 500-600 per trip in larger stores, but smaller formats see them spending half the time and money per purchase, even as it ensures more visits.

Simultaneously, Spencer's large formats witness a conversion ratio of 50 per cent, while small formats have a conversion ratio of as high as 90 per cent. Currently Spencer's has 32 large formats in India, the number of which the company plans to take to 75 by March 2009. It also has around 368 smaller Spencer's stores, which it would take to 900 by March 2009.