

# Trent-setter

By understanding customer needs, and offering quality products and an enjoyable shopping experience across a spectrum of formats and market segments, Trent has established itself as one of India's leading retailers. With a burgeoning presence in apparel, books, music and more, and in the hypermarket space, the company is primed to get stronger still as it builds on a profitable and scaleable business model in an ever-evolving industry

**T**he retail bug has bitten the country well and good. These past few years have seen a dramatic transformation of the retail industry, with gigantic malls and sprawling hypermarkets making a conspicuous and visible impact on the landscape of urban and semi-urban India. In this highly competitive milieu, Trent has slowly and steadily established leadership in a wide range of retail formats while catering to diverse consumer segments.

India's post-liberalisation economic transformation gave birth to a new character — the Indian shopper. Providing appropriate environs for this evolving personality to grow has led to the creations that now highlight what future business historians may well describe as the country's mall phase.

New retail formats — private-label chains, department stores, hypermarkets, in-house merchandising, etc — along with the entry of luxury and premium international brands, have been driven by an Indian customer enjoying long-denied exposure to world-class shopping experiences and the cushioning support provided by easy credit facilities and disposable incomes. Though the recent past has seen the industry experiencing its first jitters, the competition for a share of the customer's wallet has hardly eased.



Tata enterprises occupy a unique position in this evolving retail scenario. As Noel N Tata, the managing director of Trent, puts it, “When you go to a shopping mall today, the Tatas have the best private label fashion and apparel brand (Westside), we have the best hypermarket (Star Bazaar), the best format for books and music (Landmark), the best stores in electronics (Croma), watches (Titan) and jewellery (Tanishq). That’s the Tata’s retail portfolio...”

This is a significant achievement, given that the retail industry in India has seen the entry of established competitors. The Future Group and Reliance, among others, sought to dominate the industry by quickly launching a string of large-format retail outlets all over India. There was plenty of muscle and resources on display as this unfolded, but the slow-and-steady approach also has its virtues, as Trent would show.

Trent’s retail model — based on long-term operational sustainability and uncompromising quality — has been different from that of many of the big players. The company has been unhurried, methodical and discerning as it has gone about unfurling its retail umbrella over different segments of the industry.

The company has strategically expanded its portfolio, from the flagship Westside apparel and fashion store, launched in Bangalore in 1998, to acquiring India’s biggest book and music retailer, Landmark, and then associating, in 2008, with the world’s third-largest retailer, Tesco, for its hypermarket brand Star Bazaar.

Trent’s expansion has been strongest in the fashion and apparel segment, with a new store brand, Fashion Yatra, and international brand Sisley, and the imminent entry of Zara and TopShop, adding to Westside’s offerings. Landmark’s expansion drive has been in the form of forays into new formats and e-retailing. The hypermarket business, too, has been registering steady growth, with Star Bazaar looking to set up more outlets in urban India.

“The acquisitions and expansions have been a part of Trent’s overall strategy — apparel, fashion, footwear, food and groceries are within the same creative sphere,” explains Mr Tata.

The successful implementation of the strategy has been driven by Trent’s focus on two key factors: customer-centricity and the building of scaleable models. At Trent, the core belief is that a pragmatic and profit-oriented perspective on expansion is infinitely more preferable to a scale-oriented, non-profit model of business.

“When starting a new format we try and validate the business in different scenarios,” says KVS Seshasai, who joined Trent in 1999 and is currently business head for Fashion Yatra and Sisley. “We start wrapping up the platform only when we are sure it’s going to be rewarding for both customers and shareholders.” It is this solid foundation that has led to the company establishing itself as a leading operator in a challenging environment.

While Trent has been learning to craft a sustainable model for growth, it has had to contend with a rapidly morphing business milieu. “The growth of the mall culture has changed the way people shop,” says Smeeta Neogi, head of marketing at Westside. “Shopping is now a form of entertainment, a whole-day event that includes buying, a movie and eating at restaurants. The mall brings to the table multiple reasons why customers can visit you, so Westside’s focus is on having a presence there rather than going for stand-alone stores. Malls have become a hub and a footfall driver.”

A continuous process of tracking customer preferences and consumer behaviour, and emphasis on adequate store level profitability rather than maximising revenue per square foot has helped Trent ride through the recent global economic recession. And, as the Indian economy turns around and the retailing industry delivers newer opportunities and a greater range of possibilities, Trent is all set to scale up — to increase its footprint across segments, expand into new geographies and increase penetration into existing markets — and to expand its bouquet of offerings by exploring new channels and new formats.

That Indian shopper, now mature, has never been so pampered.