

SomLalit Institute of Management Studies

Subject :Retailing and Franchising (R & F)
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Subject Code : 4539291

Case Study 1: Nisha's cosmetics

Nisha Gupta, a mother of two young children and a recent entrepreneur was talking on phone with her sister. It was evening time and Nisha was in her shop NISH Cosmetics. Nisha was very worried about the reduction in sales and hence the associated income. She was worried. She had recently opened a cosmetics store. She stocked various brands of cosmetics and related products like shampoos and conditioners. The cosmetics appealed to various age groups and she stocked a few cosmetics which appealed to both the genders. The store was on rent in a local neighbourhood shopping centre and faced a busy area. The shop was on ground floor. Nisha had borrowed the capital from a bank and was under pressure to repay. She had invested quite a lot in the interior and had trendy window displays .She had also hired two assistants in the shop to help the customers.

She had recently observed that while people came in her shop, the conversion rate was quite dismal., For example, as she just told her sister on phone, people had become quite shameless. Right in front of her in her store, one of her assistant attended to two young girls in their early twenties who wanted to explore various shades of lipsticks. They spent almost close to twenty five minutes discovering the various brands and shades and trying them on their hands. They also clicked selfies. And then started exploring an online shopping site application in to find an online price for the products. All this in Nisha's shop itself.

“Excuse me,” Nisha asked. “what are you doing?”

The two shoppers looked at each other and said. “We're only comparing prices, “and walked away.”

Customers like the above girls weren't unusual. More and more people were coming to just check the shades, try and see, click selfies, pictures and then walk away. It seemed like they were then then buying them from online competitors. She was wondering what to do. She knew that with her overheads and salary bills, it was not possible for her to compete with the online retailers.

Question: What would you do if you were Nisha?

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Sarvaorganic is a supermarket chain with around 15 stores selling a variety of organic, healthy and gourmet products such as organic vegetables, poultry, pulses, spices etc. Recently they have added a huge variety of cheeses, meats, and ready-to-eat products and imported confectionery. The Company began in the 2015 as a single store in a posh area of Ahmedabad. Through the purchase of small food stores in Ahmedabad and other cities, the company gained more exposure and access to distribution channels for natural foods. The company's growth was fuelled by the desire for promoting organic gourmet cooking. Sarvaorganic does not advertise much but they do have little pamphlets inserted in local newspapers. It is often featured in newspapers and magazines as a business success story. The promoter is not very active on any social media. The main form of promotion is word of mouth.

The shops are typically located in a shopping centre with high footfalls. The stores are located in urban areas and are around 2000sq feet in size. The products are displayed and the format is self service. Though a self-service concept is used, attendants are present to help its customers make proper choices. Its supermarket cashiers and stock personnel receive education about foods and earn above average-wages. The prices are higher than the other mom-and-pop stores and chain outlets and no discounts are given.

Though Sarvaorganic is one of its kind, other competitors have started blooming. The customers are the upper middle and the HNI segment. In 2023, Sarvaorganic stated that it wants to double the number of its stores by 2025 end.

1. Discuss the promotion strategy of Sarvaorganic. Why or why not is it appropriate? Elaborate.
2. Discuss the positioning of Sarvaorganic
3. Do you think doubling the number of stores is a sound strategy ?