

Business Standard

V Mart to open 40 stores in Tier-II, III cities by 2013

Priyanka Singh | New Delhi

A large graphic featuring the letters 'BS' in a white, serif font, centered on a solid red rectangular background.

V Mart Retail Ltd, a medium-sized hypermarket format retail chain, is set to open 40 outlets over the next three years, starting with 13 stores in 2011. These would come up in Tier-II and Tier-III cities at an overall investment of about Rs 80 crore.

“There is an immense untapped market in fashion garments for the masses in Tier-II and III cities. Our aim is to provide fancy garments at lower price points in an organised modern retail format to middle and lower middle classes. They have the money but not enough options. We will try to capture their fashion aspirations by providing trendy and contemporary garments which are priced much below than our competitors,” said Lalit Agarwal, who founded V Mart in 2002.

V Mart forayed into retail in October 2003 with its maiden store in Ahmedabad. It currently has 55 stores covering almost 51 cities. It mostly covers Tier-II and Tier-III towns; it has

only four stores in New Delhi. The company would spend Rs 1.5-2 crore on each store, to be built over 7,000-10,000 square feet. Besides garments, the company will expand its accessories section.

Each V mart store comprises about 20,000 stock-keeping units. About 35 per cent of these are private labels.

“Retail is not an easy business. Many small-time retail companies are either on the verge of closing or are incurring losses. They face stiff competition from big retailers. There are several issues like oversizing, pushing for more incentives and discounts, selling at lower gross margins and sometimes even below costs. One needs to have a lot of money to run this business to ensure profits in the long run. We have to face competition from Big Bazaar, Vishal Mega Mart, Koutons Menswear and Lilliput, etc,” said Agarwal

The company has big plans to advertise and promote its products through advertisements and below-the-line activities. It recently became the media partner of two popular movies — Tees Maar Khan and Action Replay.

“We have been advertising quite frequently in print and on radio. Though in TV, our presence is restricted only to local channels,” he said.

The company spends about three per cent of its top line on advertising and promotion.

“Apart from these, V Mart comes with discounts twice every year, in February and September. The challenge is to maintain the best quality at most reasonable prices. We have been true to our commitment with the positioning of providing best value for money. This explains why about 30 per cent of our customers repeat our stores every month.”

First Published: Jan 09 2011 | 12:55 AM IST

Page URL :https://www.business-standard.com/article/companies/v-mart-to-open-40-stores-in-tier-ii-iii-cities-by-2013-111010900039__1.html