Retail Landscape Analysis

Our Client is a high-end retail chain based in India. Estimate the market size and the number of supermarket stores that we could get for the client.

CASE TYPE	COMPANY NAME	DIFFICULTY LEVEL
Market Entry	Kearney	★ ★ ★

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Opulent Outlets Assessment

Case Type	Company Name	Round	Difficulty Level
Market Sizing Case	Kearney	Partner	▬ ▬ ▬ ▬ ▭

Problem Statement **Our Client is a high-end retail chain based in India. Estimate the market size and the number of supermarket stores that we could get for the client.**

What is the target location for the supermarkets? Are we focusing on tier 1 cities or tier 2 and 3 cities?

At the moment, we are focusing primarily on tier 1 cities. Let's say Mumbai.

We can go ahead by looking at Income-Based Segmentation. So the population can be divided into rural and urban and then we can take further classification of upper class, upper middle class, lower middle class and below the poverty line.

Let's not go ahead with this approach. You can probably give me some other approach.

If not income-wise, we can do an Area-Based Analysis. So if we can calculate tier 1 and some penetration rate of tier 2. Within that, we go in general with the forest, cultivated area, waste area, and constructed land. Within constructed land, probably we can see residential and commercial. And then within commercials, if we give a certain percentage area to general supermarket stores,

it gives an estimate for the number of supermarket stores that a retail chain can have.

Sounds Great. Now, we can take a proxy approach that could quickly give some numbers.

Another approach could be related to a metro line, supermarkets and other high-end stores, which would be somewhere where either a lot of tourists go or high net-worth individuals live in general. In every metro line, there are 4-5 stations, which are hubs for high net-worth people living or where a lot of travel comes in. Then estimating 10 metro lines, we can average it out to 4 such stations in every line, and then we can have a very base number of how many supermarket stores we can have.

Now you can think of something similar to an FMCG sector and then drive an approach.

Alright. We can take the example of Naturals- a high-end ice cream store, targeting a somewhat similar customer segment.

For Naturals ice cream, from my experience, We see one Naturals ice cream store in general in a radius of 5-10 kilometres in Mumbai. Then take the entire Mumbai area as an area for the base number of supermarket stores. But, one goes to Naturals ice cream not only for ice cream but for the experience also. This provides us with a reference point for estimating supermarket locations, but because one wouldn't go to a retail store to buy things for experience. So if it's too far away, one would probably just buy it online and import things and not go to that store to buy things. So that is why we probably have to increase the number to cover small distances with the supermarket store because it does not give you that experience that Natural ice cream gives.

Alright. We can end the case here. Thank you.

HERE'S A TIP!

Estimate market size and store locations based on a proxy approach, such as high net-worth hubs or metro stations, to quickly gauge potential expansion opportunities for high-end retail chains

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CASE FLOW

CASE FACTS

1. The target location for the high-end retail chain's supermarket stores is presently tier 1 cities, with a specific focus on Mumbai.