

SEC/076/2018-19

March 18, 2019

BSE Limited Mumbai Samachar Marg, Fort, Mumbai - 400 001. Stock Code : 532638	National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. SHOPERSTOP
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Dear Sirs,

We refer to our letter SEC/074/2018-19 dated March 14, 2019, whereby, we have informed about our one-on-one meeting with officials of White Oak Capital Management, enclosed please find herewith the presentation being made to them.

This information is also uploaded on the website of the Company <https://www.shoppersstop.com>

Kindly take the same on the records.

Thanking you,

Yours truly,
For Shoppers Stop Limited

Bharat Sanghavi
Company Secretary





SHOPPERS STOP

START SOMETHING NEW

27 YEARS OF CUSTOMER DELIGHT

Our Genesis

- **Vision** : To be an inspirational and trusted brand, transforming customers' lives through fashion & delightful shopping experience every time.
- We are not here to sell, we want our customers to experience the moments of personal transformation they experience in our aisles.
- We are a team of **7,000 +** professional associates who strive endlessly to provide the best shopping experience to each of our customers.
- "Start Something New" to give retail a new dimension and innovation is our key driver to attain excellence in customer service.

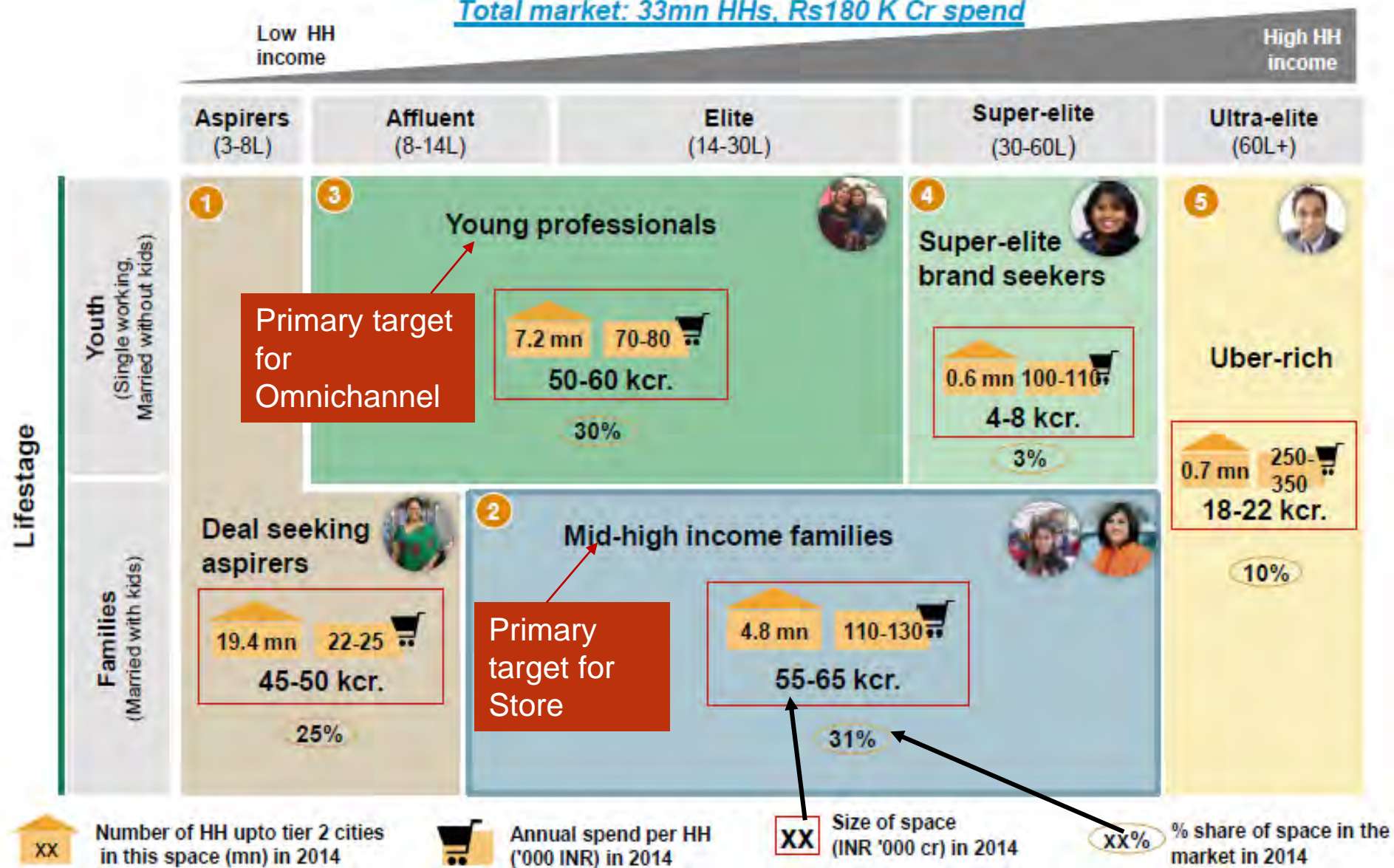
Our Customers

- Our core customers are Mid-High Income families and Young Professionals.
- We also specifically target millennial consumers via Social Media and our Website.
- These young millennials are key Purchase Influencers for Parents and Family.



Who is our customer?

Total market: 33mn HHs, Rs180 K Cr spend



The Way We Created Retail Legacy

Created the Department store format in 1991 with the take over and refurbish of a movie theatre in Mumbai

- Changed the way Indians shopped for fashion
- A whole new experience of large format house of brands, under a single roof

- 1991** • 1st Store in India
- 1994** • India's Largest Retail Loyalty Program
First Citizen
- 2000** • Acquired **Crossword Bookstores**
- 2005** •
 - Listed on BSE & NSE with the IPO oversubscription of 17.25 times
 - Launched **HomeStop**
 - Launched the first mono brand **M.A.C** store and partnered with ESTEE LAUDER Group (ELG);
- 2006** • Launched **Mothercare** in India
- 2008** • Introduced **Bridge-to-Luxury**, New Brand Identity
- 2010** • Nationwide presence with **34** stores spread across all four zones
- 2015** • Expanded Shoppers Stop footprint to **81** stores
- 2017** • Bollywood Celebrity **Sonam Kapoor** co creates brand **Rheson** making it the 5th Celebrity brand at Shoppers Stop
- 2019** • **+20 million USD** transformation investment in redesign, renovations and technology

The Way We Dominate

83DEPARTMENT
STORES**74**BEAUTY
STORES**+20,000**

CUSTOMER CARE ASSOCIATES

+40 million

WALK-INS PER YEAR

4.2 million 38

SQUARE FEET AREA

CITIES

+13 million USD

CASH SURPLUS



HomeStop.

HOMESTOP

Premium Home Concept Store

12

STORES

Décor, Kitchen
Bed & Bath

CROSSWORD

India's largest lifestyle bookstore chain spread over 1 lac sq.ft across 34 cities

87

STORES

Books, Stationary Merchandise
Music & Gadgets



CROSSWORD

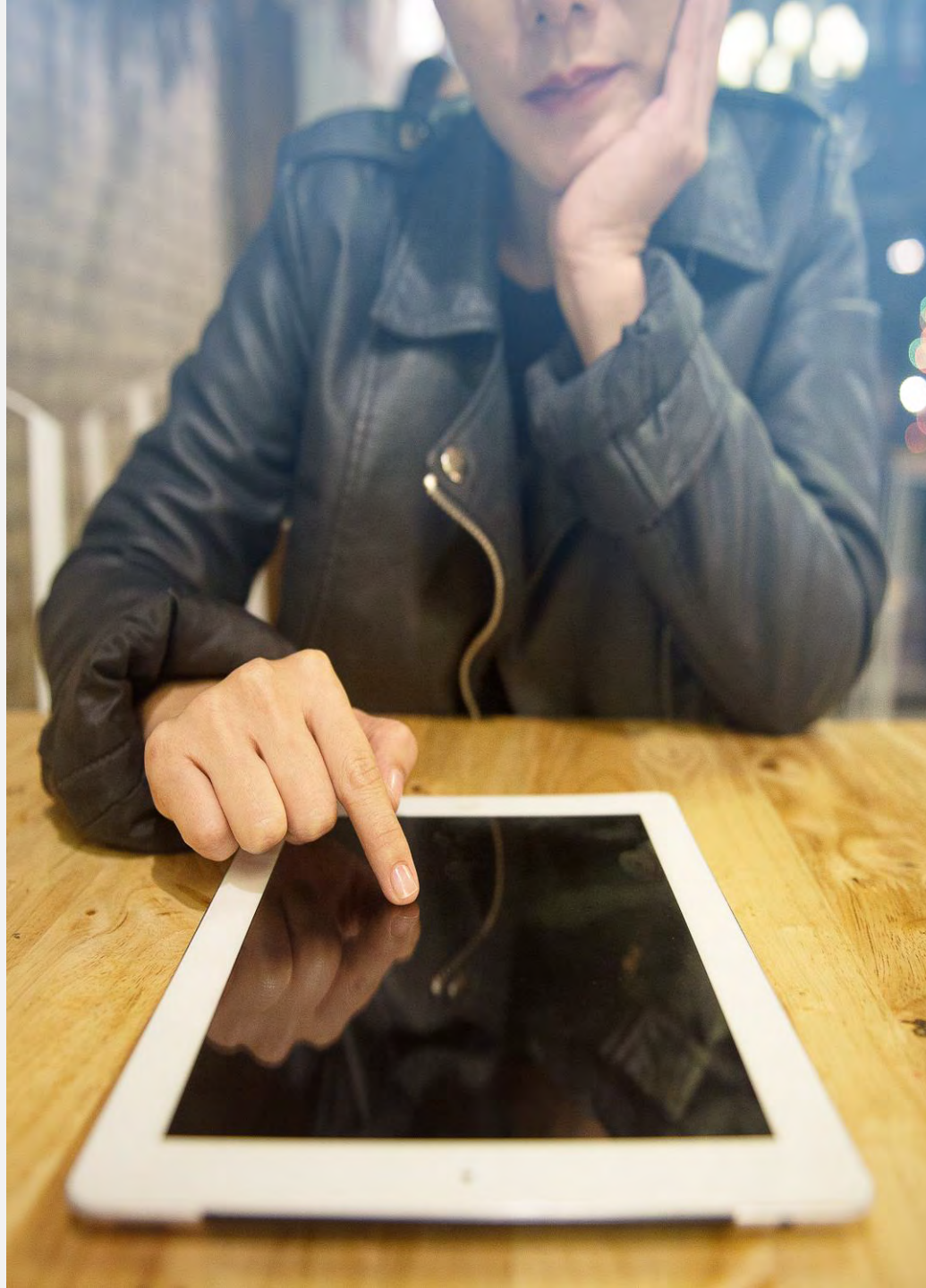
The Way We Digitize

 **+11 million**

 **+128k**

 **+25k**

 **+160k**



The First To Go Omni

+60 million
VISITS PER YEAR ON SITE & APP

+5 million
MOBILE APP DOWNLOADS

+25,000
PIN CODE COVERAGE

+50
OMNI READY STORES

The Way We Lead



**Karunakaran
Mohanasundaram**
Chief Financial Officer



Uma Talreja
Chief of Marketing &
Customer Officer



Amitabh Suri
President - International &
Private Brands



BVM Rao
Chief Human Resource Officer



Amin Kassam
Chief of Retail Operations



Anupam Saxena
President - Beauty



Devadas Chittozhi
Chief Supply Chain Officer



Anil Shankar
Chief Technology Officer



Maneesh Mittal
Chief of Omnichannel



Neeraj Nagpal
President Brands

Collective experience of about 200+ years in our Leadership

The Way We Show Our Loyalty To Customers

- **First Citizen** provides rich insights into customer behaviors, habits and preferences with over **25 years** of recorded transactions
- Recognised as one of the best loyalty program in India and the largest in retail industry
- First Citizen member spends 3 times more than a non-member
- Delivering hi-level of engagement and retention
- Analytics to analyze the proprietary First Citizen data to help deliver on customer centric approach
- Strive to add value and inspire our customers because we recognize that they come to us by choice

+ 5.9 million

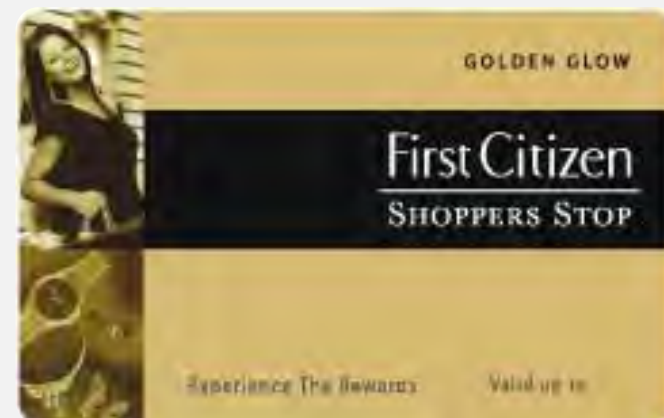
FIRST CITIZEN LOYALTY
PROGRAMME MEMBERS

+ 77%

CONTRIBUTION TO
COMPANY'S SALES

+ 87%

REPEAT SALES



The Way We Serve



PERSONAL SHOPPER
@SHOPPERSSTOP

*ARE YOU LOOKING
FOR THE PERFECT OUTFIT
FOR A SPECIAL OCCASION?*

Our Personal Shoppers will be glad to help you



Exclusive Trial Rooms and Billings

Personal Shopper @ Home

Invest 10,000+ hours every year in training

**250+ Personal Shoppers contribute to
14 % of our sales**

The Way We Care



Pankh

Pankh, an initiative by TRRAIN seeks to create sustainable livelihood for Persons with Disabilities (PwD) in the retail industry.



Inclusion

Partnership with TRRAIN for employment of differently abled

Committed to hire **4% of workforce** in next 2 years

Sustainable

Solar Energy Panels, Rainwater Harvesting and LED Lighting across stores - Reduced **28.26 lacs** units of power carbon emission by **2,207 tonnes** in FY 2017-18

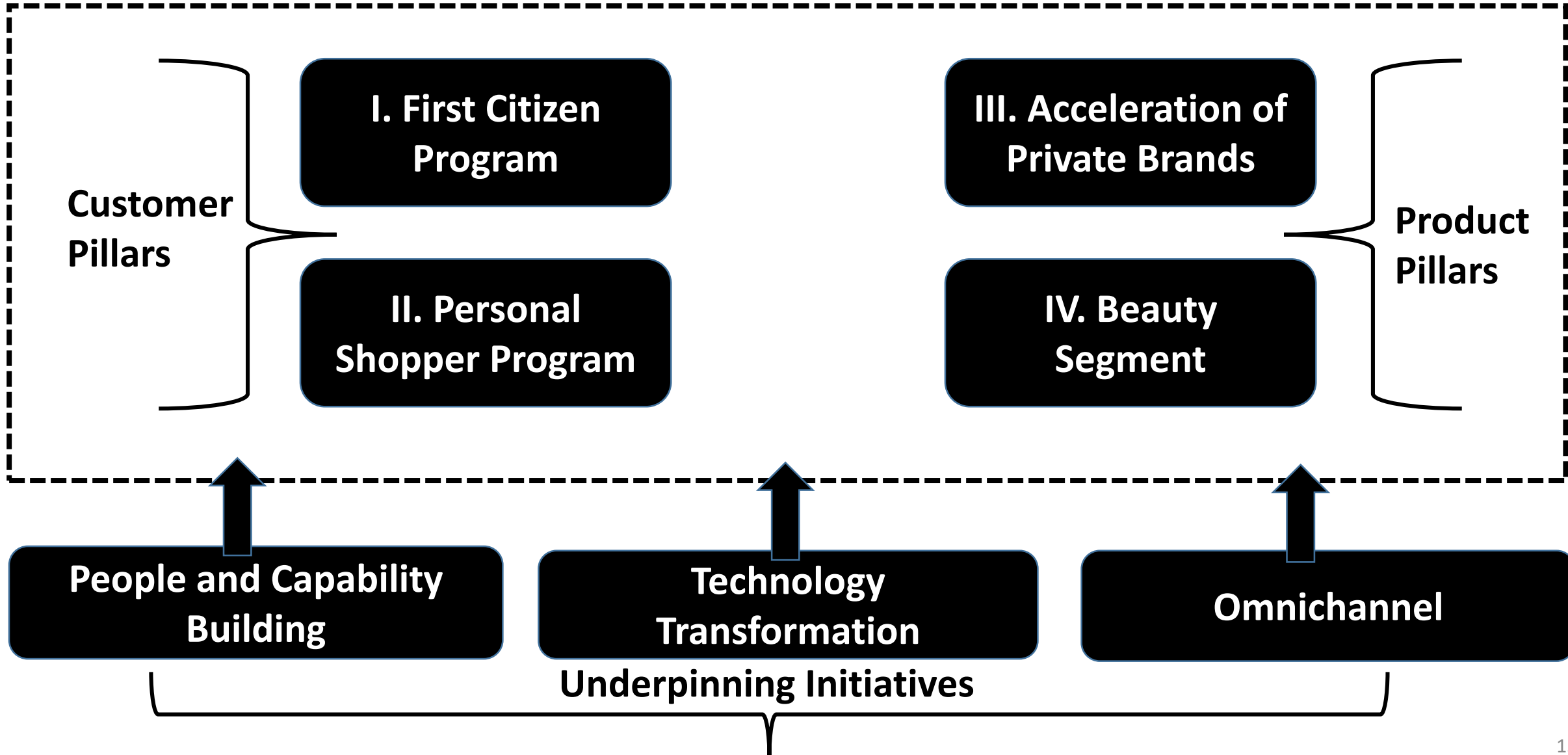
Women for Women

Women form **28%** of our workforce

37% in mid to senior leadership

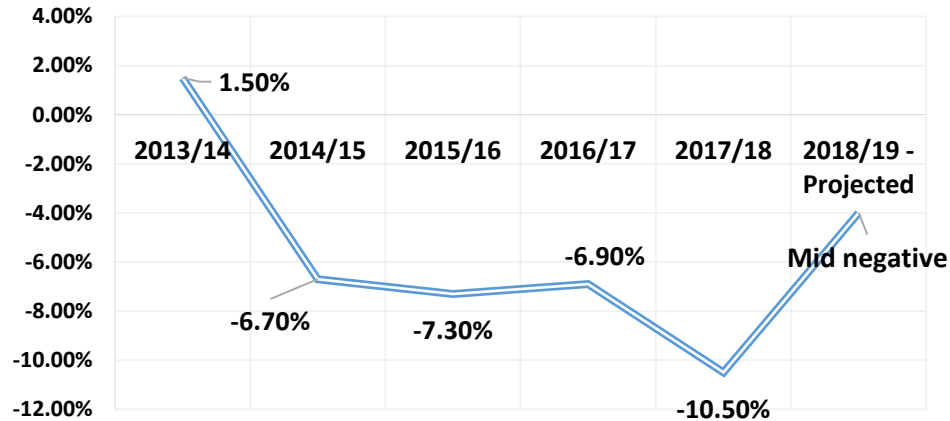
Programs to nurture brands founded by women entrepreneurs

4 Strategic Pillars

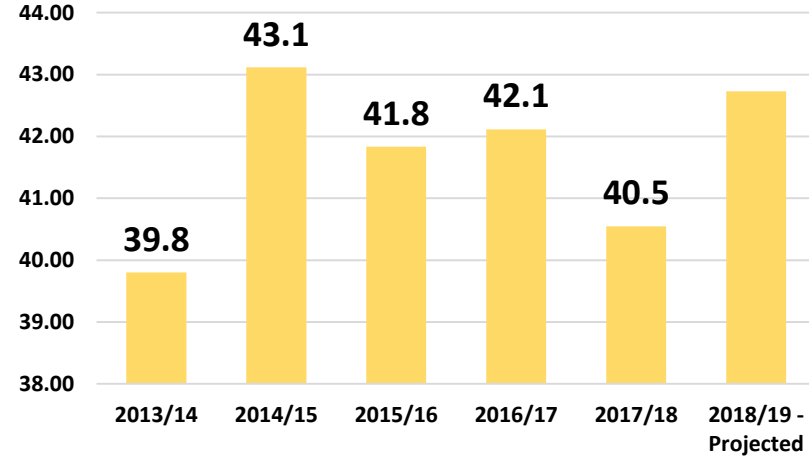


I. Customer Parameters

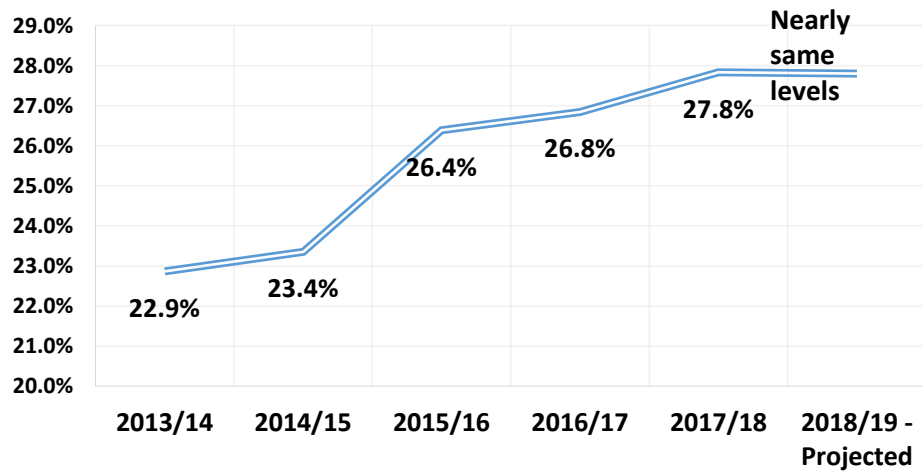
CUSTOMER ENTRY TREND (LTL)



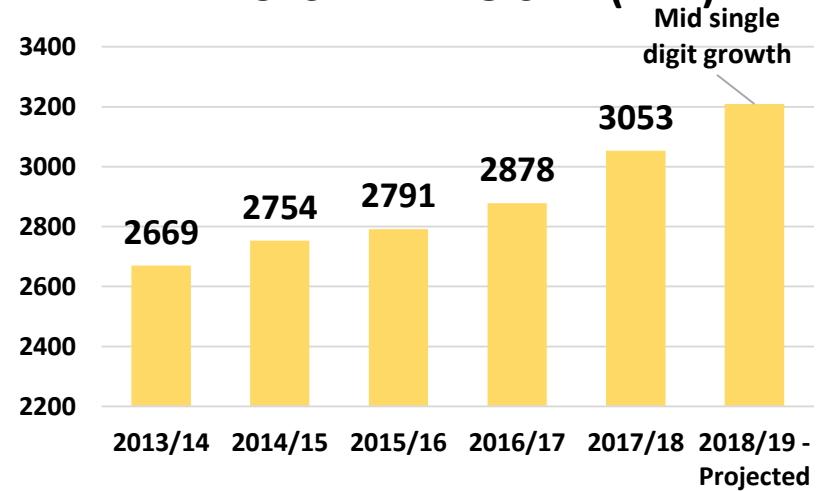
CUSTOMER VISITS(in Millions) (LTL)



CONVERSION % - TREND



CASH MEMO SIZE (ATV)



All the Parameters are on Rolling LTL

Marketing – Customer focused Actions and Initiatives

1

Strategic

- Brand Relaunch : New proposition launch by AW 19
 - Marquee event with new brand announcement
- Private Brands “brand” redesign : Launch with retail identity and branding by AW 2019
- Increase brand awareness from 49% to 60% in next 24 months

3

Leadership Areas

- Beauty Marketing Program
- Youtube and Instagram Content Strategy
- Social Media & Digital Revamp by SS19 including Influencer Strategy

2

Marketing Calendar & Footfalls

- Joint marketing pitch to Top 35 brands including SOH, print, VM, first citizen and digital.
- Prime weekend with Amazon: once a month
- Catchment footfall campaign through Facebook & Google targeting in perimeter
- 18 store focus corpus for local marketing
- Calendarized Celebrity visits/Social media activities

4

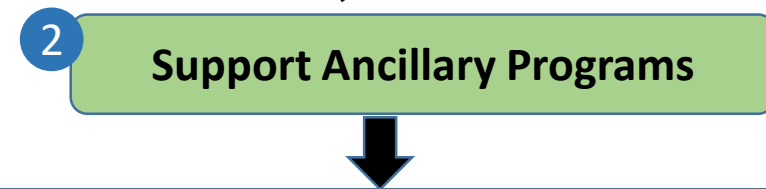
Insights and Analytics

- Store level Assortment planning
- New store location evaluation
- Retail Productivity
- Consumer Panel for Private brands
- Brand track with wardrobe study and awareness-churn arrest funnel
- Personal shopper customer assistance engine

First Citizen Program – Actions and Initiatives



- **Re-Launch of First Citizen Black**
- **Redesign & Relaunch of First Citizen Program with new engagement/experience initiatives**
- **Personalization for Members on Website & Mobile Application**



- **Personal Shopper: Member awareness about the program, Drive Leads for the program**
- **Penetration of Beauty and Private Brands with non users**
- **1.3 times additional new First Citizen acquisition to increase the active base**

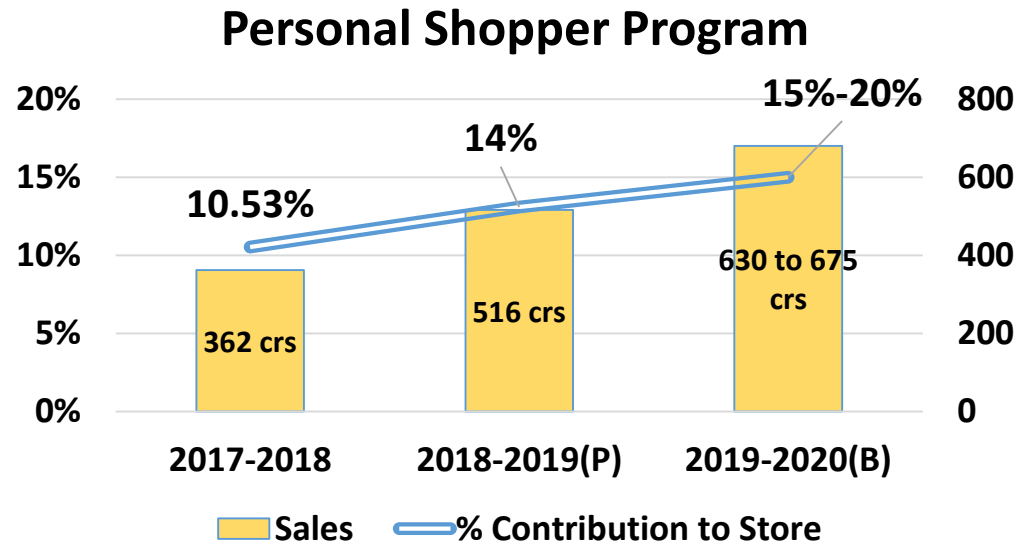
Key Performance Indicators – First Citizen Program

- First Citizen Customer Churn : Between **In the range of 20%**
- Repeat Member Sales : **+High double digit (20's range)**
- Repeat Member ATV/Spends : **3,600 to 3,800**
- First Citizen Contribution (Revenue) : **77% as of February and expected to increase further**
- First Citizen New Members Growth & Sales : **8,00,000+ New Members & Rs 450 to 600 crs**

Key Performance Indicators – Marketing

- Customer Entry : **Near breakeven or decline by low single digits**
- Private Brand First Citizen Customer Penetration : **nearly half, expected to increase**
- Beauty First Citizen Customer Penetration : **Ranging 1/3rd**

II. Customer Experience – Personal Shoppers



- Personal Shopper Program launched in September 2016. Current bench strength of 271 Personal Shoppers
- Average Personal Shopper Cash Memo Size is **3X** more than regular store's cash memo size
- Based on a low base Current Year Personal Shopper sales will be +40 to 45% underpinned by 58% growth in initial four months, we expect this to normalize next year on a higher base.
- **Budgeted to grow 20% to 30% next year and contributing to 15% to 20% of the business**

Notes : 1. Sales in crs 2. Excludes Airport Stores

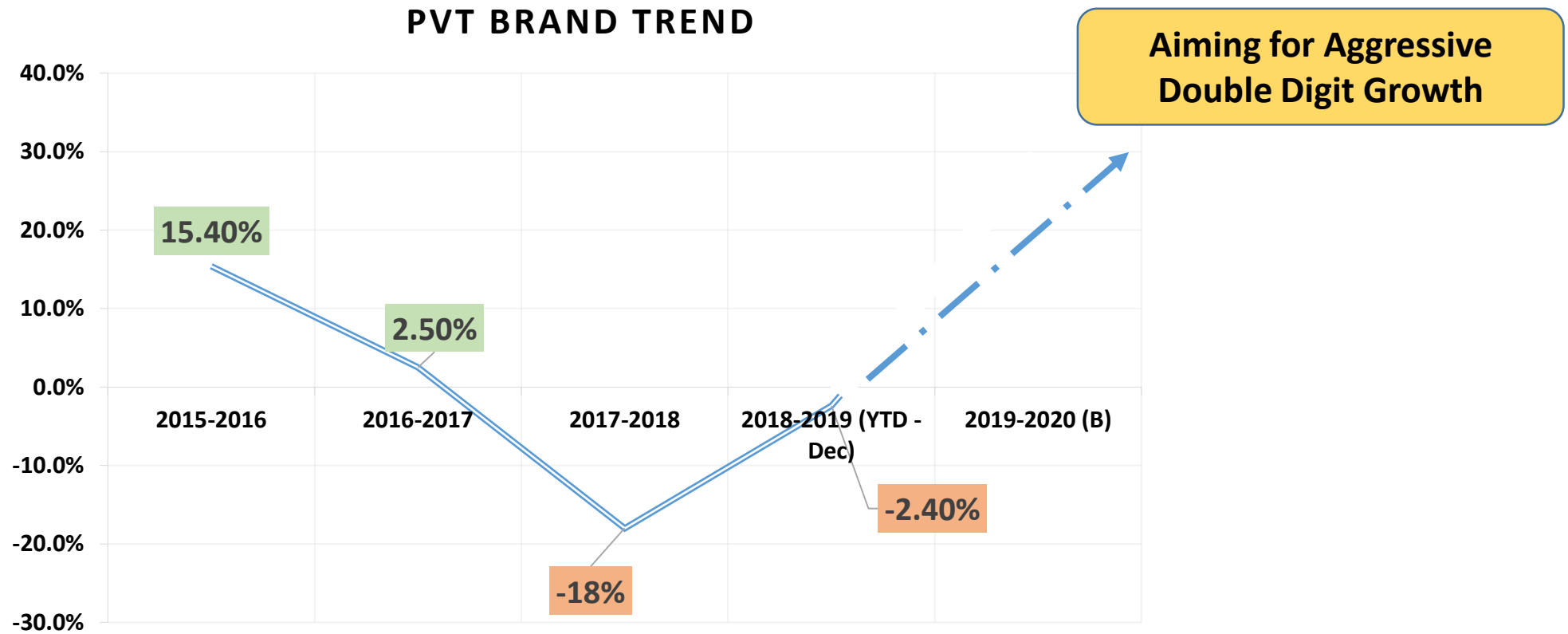
Personal Shopper Program – Actions and Initiatives

- Quarterly training of Personal Shoppers to keep upskilling on Fashion and Selling techniques
- Further more exclusive training programs from our top 10 vendors
- Training planned for next year : 9,000+ man-hours
- Revamping & upgrading Personal Shopper Lounges and extend basis Customer Feedback
- Hiring of 55+ Additional Personal Shoppers for top quadrant stores (16) to generate incremental business of 40 to 50 crs
- Comprehensive support from Marketing, Analytics and Omnichannel to improve of customer interactions and upsell (lead generation activity, social media campaigns)

Key Performance Indicators

- CSAT (Customer Satisfaction) : **94%**
- Repeat Purchases of First Citizen Customer availing Personal Shoppers : **20% to 30%**

II. Private Brands – Yearly Growth Trends



Private Brands – Key Investments

- Disproportionate Investments to re-establish and build the Private label business
- Dedicated Leadership Team in place : President Private Brands, Head of Design & Head of sourcing team. Strengthening of design team ongoing
- Inhouse Sampling Unit, Design Studio and Testing lab established by 31st March
- Investments in marketing and communication with customers
- Significantly up weighted quality of associates for Private Brands by Hiring : Fashion Consultants (20% in Top 14 stores) and creating a (Bronze, Silver, Gold structure) to provide a clear career path and to reduce attrition
- **Total Investment Amount : +10 crs**

Private Brands – Key Actions

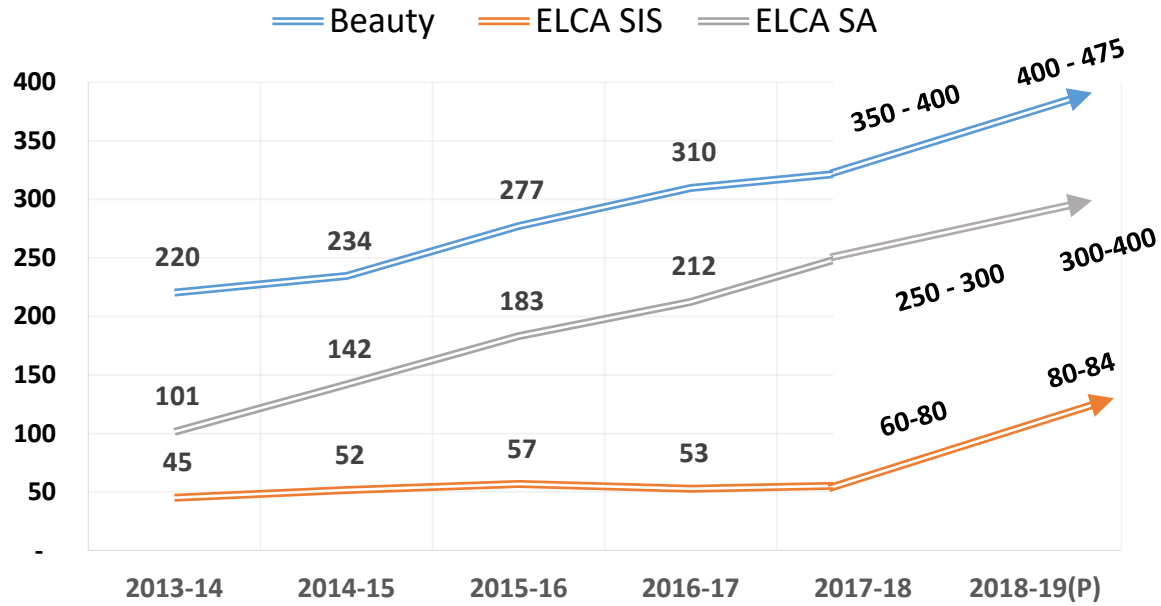
- Focusing sales on design led merchandise to improve sales densities
- Building brand ID's , category extensions with a clear brand purpose for each brand
- Re-establishing broken relationships with Celebrity & Exclusive brands.
- Adding more celebrity brands.
- Launching of International brands like Jones NY , Kendall & Kylie, etc next year

Key Performance Indicators

- Sales : **Aggressive Growth in FY20**
- Private brand mix : **15% ~20% by FY22**
- Gross Margin : **+ High teen vs Brands**
- Full Season sell through : High

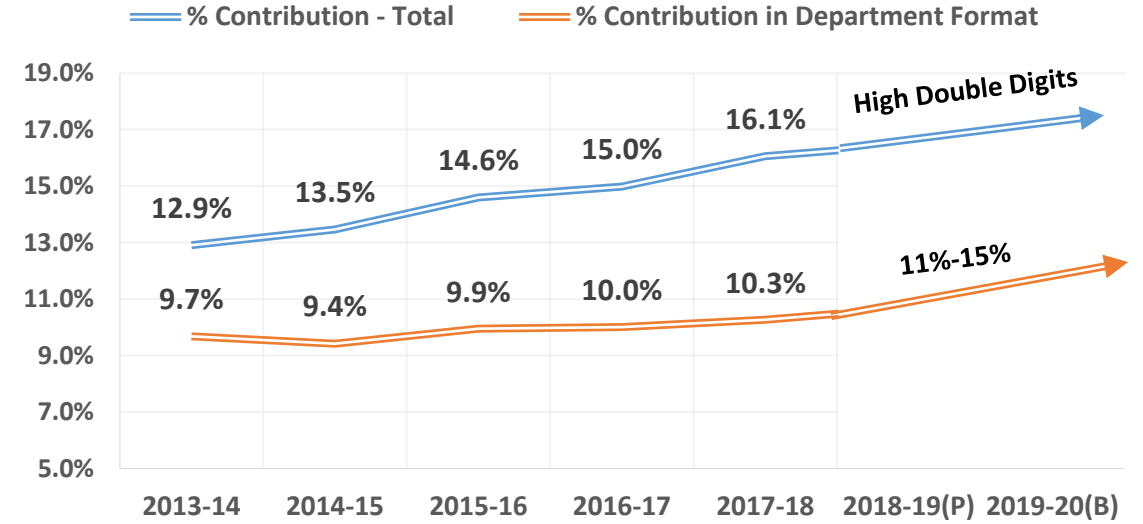
II. Beauty (Including ELCA SIS & SA)

TREND



*Trend and ELCA – SA includes new stores as well

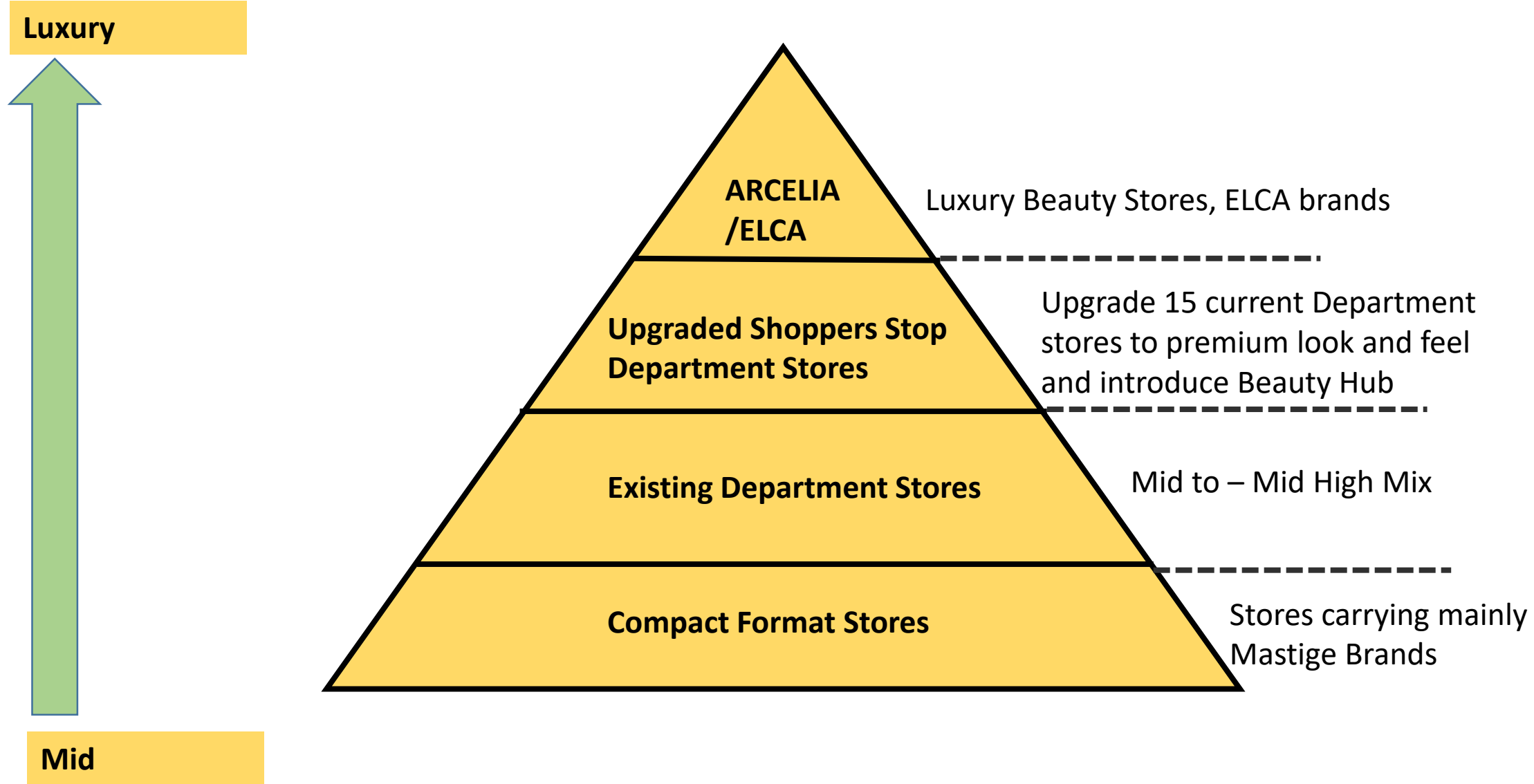
BEAUTY CONTRIBUTION TO BUSINESS



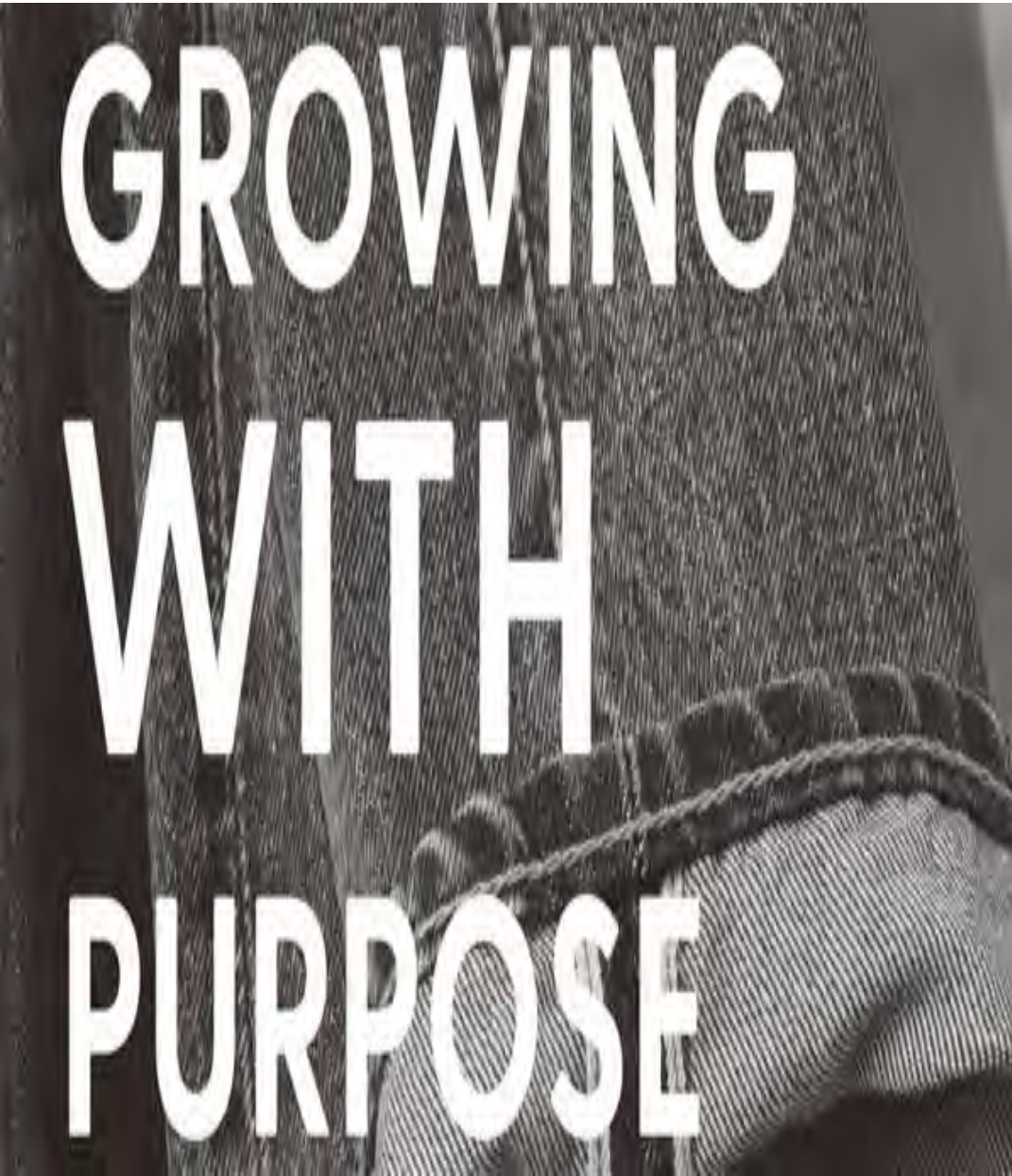
Destination for Beauty Category

- Strengthening of the Leadership Team to establish a dedicated focus on Beauty category
- Re-establishing Shoppers Stop as a Premium Beauty department store :
 - Redesigning 15 stores for a premium look and feel for better customer shopping experience, defending our reputation as a leading beauty retailer; 4 stores pilot will generate 10 to 20 crs sales on an annualized basis and ROCE of 30%
 - Adding Beauty Hub brands in these stores using a Wall & Gondola concept rather than complete SIS's
 - Doing away with traditional counters of masstige brands , replacing with modern gondolas
- Additional nine to twelve “MAC SIS” will generate 20 to 30 crs sales on an annualized basis with a ROCE of 40%
- Other initiatives in the works :
 - Exclusive brand tie-ups like Elca : Dior , Make up of Forever , Nars etc
 - Franchise opportunities for multi-brand beauty stores : Boots , Ulta , Blumercury
 - Alignment / acquisition of beauty distributors to get 'source' of supply & margins
 - Evaluate Private Brands for Beauty

II. Beauty Pyramid (For Reference)



II. People and Capability Building



Strategy Enablers

I. Personal Shopper Program

- Support aggressive growth plans
- Hiring of additional 55 Personal Shoppers
- Training and Certification of Current Personal Shoppers

II. Private Brand

- Building of Merchandising, Sourcing and Design Team to support high double digit growth
- Total People Investment planned at 5 crs.
- Significantly up weighted quality of associates for Private Brands by Hiring : Fashion Consultants and creating a (Bronze, Silver, Gold structure)

III. Technology Driven Organization

- Continuous Training & Certification on new technology solutions (POS, ERP, etc.) being implemented
- Making system knowledge as part of assessment & promotions

II. People and Capability Building



- Current Rank across all industries is 63
- In Retail Industry we are at Top 10
- Employee Engagement
 - 77% vs industry at 71%
 - (Best Employer 79% - AON employee engagement survey)

Aspiration to be Top 40 Employer*

I. Care & Culture

- Improve emotional and physical well being score (Care from 90% to 92%).
*Industry average at 85%
- Improve diversity and Inclusion by 2% from existing 27%
- Quarterly Happiness Index

III. Employee Wellness

- Five days working at Stores
- Break room improvement at Stores & Services Office
- Wellness Program – Doctor Visits
- Crèche facility

II. Employer: Branding and Communication

- Shoppers Stop YouTube Channel to disseminate information
- Employer Branding – Testimonials of current employees on website, Social Media Updates
- Alumni Speak
- Live interaction with CCA's using Webex conference

IV. Org Vision and Values

- HR Road Show to drive vision & values

II. People and Capability Building



Capability Building

Planned Initiatives

- Comprehensive Management Development Program for Hi-Pots to create a Succession Pipeline
- Associate Opportunity Path (BSG – Certification)
- One Degree Learning and Job Enhancement
- Leadership Team Integration Workshops
- Coaching and Mentoring for Business Heads and Key Talent
- Quantum improvement in the store staff recruitment by use of psychometric tests /Online assessment etc

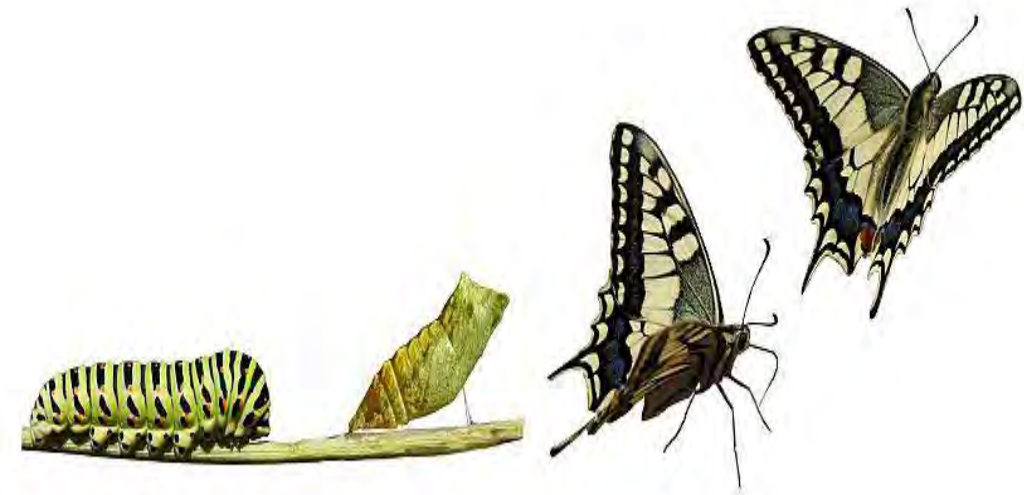
Key Performance Indicators

- Be in top 40 employer and in Top 10 for Retail
- Sustain 77% employee engagement and aspire to reach 79%
- Regrettable attrition for SO at 0.8% from current 1.0% and for Stores at 0.3% from 0.4%

III. Customer Centric Technology Transformation

Towards a Data Driven : Digital Company

- **Digital Core**: Sunset outdated technology and implement a new digital core with **SAP S4/HANA**. **Implementation of Core ERP modules by Sep/Oct 2019.**
- **Store Front-end**: Upgrade to latest version of POS (Oracle XStore)
- **Customer Loyalty**: Revamp the loyalty engine to latest technology
- **BI & Analytics**: Rebuild the analytics capability around the new digital core
- **EDI for partners**: Introduce EDI to allow integrations with partner systems
- **Digital Technology Adoption**: Introduce RPA and bots in back-end and customer facing areas



III. Technology Transformation



Benefits of SAP ERP and Other Tech Initiatives

- **Customer Experience** :
 - Better Assortment and Availability (based on channel clustering & size scaling)
 - Personalization for First Citizens based on 'Customer Lifetime Value'
- **Technology** :
 - Improved Enterprise System Architecture and Integrated system with cleaner data set for better B2B collaborations
- **Core B&M Function** :
 - Data Science led demand forecasting & assortment plan
 - Automated margin tracking
 - Reduced outsourced headcount by 30-40% by FY 21 (like Data Entry Operators, Bill Matching, etc)
- **Finance Function** :
 - Self Service Data/Report Feeds for Partners and Exception Alerts & automated postings to Financials will help to improve compliance and productivity.
 - Systemized lease management and Statutory Compliance (Ind AS16)
- **Governance, Risk & Compliance Function** :
 - Ready Dashboard and Self Service report for faster turnaround
 - Automated alerts based on defined business exceptions

All new exciting experience

Omnichannel

Objective

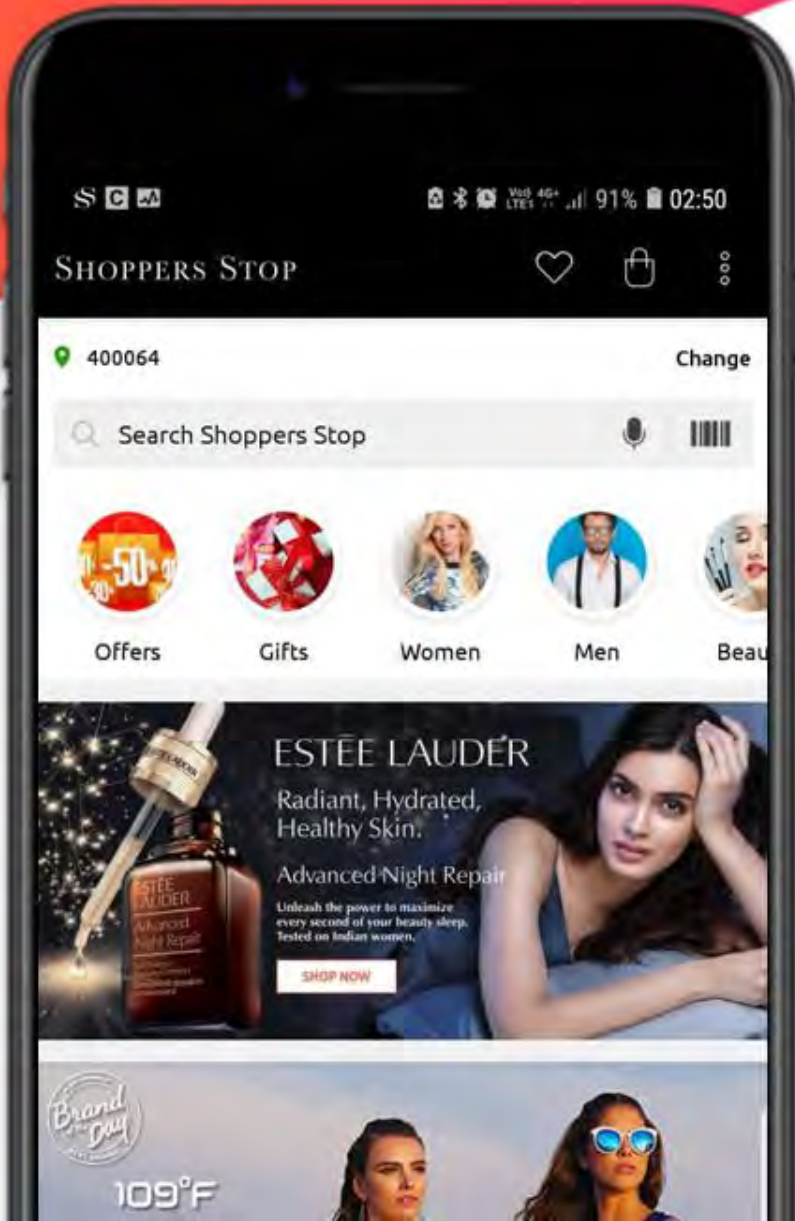
- Provide our customers with ONE experience across all touch-points
- Drive younger customers to our stores and create a pipeline of future First Citizens

Key Initiatives

- Unifying First Citizen Experience across touch-points
- Make Shoppers Stop relevant for the younger millennials
- Drive foot-falls to stores through digital influence
- Convert 'new online customers' into First Citizens

Cost Optimization

- Independent review of org-structure for optimization opportunities
- Optimize Warehouse & Logistics Costs
- Enhance tech to improve productivity of site merchandising / ops



Unifying First Citizen Experience across touch-points

SHOPPERS STOP

START SOMETHING NEW

Single repository of all Shoppers Stop transactions

Manage entire wardrobe – including non SS purchases (scan / shoot & add)

Fashion, Lifestyle, Beauty Trends – now with personalized content

Reminder for replenish, shopping list for the next store visit

Recommend latest styles based on affinities & preferences

Connect with Personal Shopper – including remote screen view

Notify Personal Shopper when First Citizen steps into store

Side-by-Side, assisted selling by Personal Shopper

Self-serve for First Citizens – scan & know, scan & buy

Reduce Trail Room hassles - Virtual try-on mirrors with in-store and chain catalog

Queue-less check-out

Hands free always – priority delivery (will include in-store purchases)

Make Shoppers Stop relevant for the younger millennials

- Maximise organic reach of digital platforms
- Introduce new features (visual search, collaborative shopping, shoppable videos)
- Provide greater conversation opportunities (live chat, personal shopper connect)

Drive foot-falls to stores through digital influence

- Leverage new tools such as Google LIA, Google Shopping & Facebook SSD
- Differential user interfaces based on customer propensity analytics
- In Store Availability to become a navigational aide throughout browsing journey
- Incentivising store visits (material / experiential) for always online customers

Convert 'new online customers' into First Citizens

- Leverage new entry level tier for seamless conversion of online customers to First Citizens
- Bring these new First Citizens into the Customer Life Cycle Management program

Communication personalized to user affinities

- To extend for off-site (mailers, adverts, notifications) as well as on-site (banners, recommendations)

First Citizens

- Present a Style & Fashion led story, with latest products being the Hero
- Off-site Communication across all channels to be unified through CLCM
- On-site banners, messaging & curated catalog to be personalized based on First Citizen profile

New visitors

- Price competitive positioning through old season merchandise to attract
- Present mix-curated range of discounted & latest season products to engage & convert



**THANK
YOU**