



NAVIGATING STRATEGIC AND MARKETING CHALLENGES IN SMALL RETAIL: A CASE STUDY OF VRISA BOUTIQUE, (BHOPAL) INDIA

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Abstract

Small and medium-sized enterprises (SMEs) in India's retail sector operate under conditions of intense competition, rising operational costs, and rapidly evolving consumer preferences. This case study examines the strategic and marketing challenges faced by *Vrisa Boutique*, a small women-led retail enterprise in Bhopal, India, specializing in couture stitching, ethnic wear, fabrics, furnishings, and accessories. While the boutique enjoys a loyal customer base for tailoring services, it struggles with low margins, high fixed costs, underperforming ready-made garment sales, and limited digital visibility.

Using a qualitative, consultancy-based research design, the study draws on primary data collected through in-depth interviews, on-site observation, and financial discussions with the owners, supplemented by secondary literature on SME strategy and retail transformation. Analytical frameworks including SWOT, PESTLE, Porter's Five Forces, the Balanced Scorecard, and the 5H reflective model are applied to diagnose challenges and develop actionable recommendations. The findings indicate that repositioning tailoring as a value-added service, adopting service bundling, strengthening customer relationship management, and embracing low-cost digital marketing can significantly improve profitability and sustainability.

The case contributes to the literature on SME resilience and boutique retailing in emerging economies by demonstrating how theory-driven yet context-sensitive strategies can be implemented by resource-constrained businesses. It also highlights the role of women entrepreneurship and hybrid physical-digital strategies in post-pandemic retail recovery.

Keywords

SME Strategy, Boutique Retail, Tailoring Services, Customer Loyalty, Bhopal, India, Marketing Innovation

1. Introduction

Small businesses are a cornerstone of India's economic and social fabric, contributing significantly to employment generation, entrepreneurship, and cultural continuity (Goyal & Yadav, 2022). In the apparel and fashion sector, boutiques and tailoring units occupy a distinctive niche by offering customization, craftsmanship, and personalized service—features often absent in mass-produced garments sold by large retailers and online platforms. Despite these strengths, small retail boutiques face persistent challenges including cost pressures, limited access to marketing expertise, and vulnerability to shifts in consumer demand (Sarkar, 2020).

This case study focuses on *Vrisa Boutique*, a small apparel and tailoring business located in Bhopal, the capital city of Madhya Pradesh. Established over three years ago, Vrisa represents a typical urban Indian boutique navigating the tension between traditional tailoring practices and modern retail

expectations. The study documents a structured consultancy intervention aimed at diagnosing Vrisa's business challenges and identifying short-term and long-term strategic solutions grounded in established management and marketing theory.

2. City Context: Bhopal

2.1 Historical and Political Context

Bhopal, often referred to as the "City of Lakes," has a rich historical legacy shaped by its princely past under the Nawabs of Bhopal and later integration into independent India. The city holds political significance as the capital of Madhya Pradesh and hosts key state government institutions, administrative offices, and public-sector undertakings. This political centrality has contributed to a steady influx of government employees, professionals, and migrants from surrounding districts, creating a diverse socio-economic profile.

2.2 Business and Retail Environment

From a business perspective, Bhopal represents a mid-sized but steadily growing urban economy. The city's retail landscape is characterized by a mix of traditional markets, neighborhood high streets, malls, and emerging boutique clusters. Consumer preferences reflect a blend of conservatism and aspiration—demand for ethnic and occasion wear remains strong, particularly during festivals, weddings, and social functions. At the same time, increasing exposure to e-commerce platforms has intensified competition for local retailers, compelling small boutiques to differentiate through service quality, personalization, and trust-based relationships.

3. Literature Review

3.1 SMEs in Emerging Economies

SMEs play a critical role in emerging economies but often face constraints related to finance, skills, technology adoption, and market access (Ayyagari, Beck, & Demirgüç-Kunt, 2011). In India, boutique retail enterprises leverage cultural traditions of tailoring and customization but remain highly sensitive to economic fluctuations and competitive pressures (Kumar & Kapoor, 2019).

3.2 Strategic Management in Small Firms

Porter's (1985) differentiation strategy is particularly relevant for small retailers seeking to avoid price-based competition. Empirical studies suggest that focused niche strategies and personalized offerings enable SMEs to build defensible positions despite limited scale (Spanos & Lioukas, 2001). In the boutique context, this often translates into craftsmanship, bespoke design, and relationship-driven selling (Rahman & Ramli, 2014).

3.3 Marketing Innovation and Customer Loyalty

Customer loyalty is a critical success factor for small retail businesses, where repeat purchases and word-of-mouth referrals significantly reduce acquisition costs (Chaudhuri & Holbrook, 2001). Digital tools such as WhatsApp, Instagram, and Google Business Profiles have emerged as low-cost yet powerful channels for customer engagement in the Indian SME context (Nair, 2021).

3.4 Post-Pandemic Retail Transformation

The COVID-19 pandemic accelerated digital adoption and heightened consumer price sensitivity, disproportionately affecting small retailers (Sheth, 2020). Literature emphasizes resilience through adaptability, hybrid retail models, lean staffing, and community-based marketing (Mahlagha et al., 2021).

3.5 Analytical Frameworks for SME Diagnosis

Frameworks such as SWOT (Gürel & Tat, 2017), PESTLE (Gupta, 2013), Porter's Five Forces (Porter, 1980), the Balanced Scorecard (Kaplan & Norton, 1992), and reflective tools like the 5H model provide structured approaches for diagnosing SME challenges and translating analysis into actionable strategy.

4. Case Context: Vrisa Boutique

4.1 Organizational Profile

Vrisa Boutique operates from a 600 sq. ft. ground-floor, road-facing retail space with convenient parking in a mixed residential-commercial area of Bhopal. The boutique offers couture stitching, alterations, ethnic wear, fabrics, furnishings, and fashion accessories. The core team consists of a master tailor, a tailoring helper, and two store executives.

The business is jointly owned by a woman entrepreneur with an MBA and PhD, and her spouse, an automobile engineer with experience in real estate and auto-repair services. Prior entrepreneurial ventures include a successful multi-branch salon business and a café that closed during the pandemic. This background reflects both strong entrepreneurial capability and exposure to business risk.

4.2 Problem Statement

Despite stable footfall and a loyal tailoring clientele, Vrisa faces structural profitability challenges. The key problems identified are:

1. Low margins in tailoring services, as most customers bring their own fabric.
2. High fixed costs, particularly rent and staffing expenses.
3. Underperforming ready-made garment inventory, leading to blocked working capital.
4. Limited digital presence, restricting market reach and customer engagement.

The central strategic question guiding this case is: *How can a small boutique like Vrisa redesign its business and marketing strategy to improve profitability and sustainability without losing its core tailoring identity?*

5. Research Methodology

This study adopts a qualitative case study and consultancy-based approach. Primary data were collected through multiple in-depth interviews with the owners, on-site observation of operations, informal discussions with staff, and review of basic financial and sales records. The consultancy engagement spanned several weeks and involved iterative diagnosis, feedback, and refinement of recommendations. Secondary data were drawn from academic literature, industry reports, and policy documents on SMEs and retailing. Analytical triangulation using multiple frameworks enhanced the robustness of findings.

6. Strategic Diagnosis and Recommendations

6. Strategic Diagnosis

6.1 SWOT Analysis

- **Strengths:** Skilled tailoring expertise, loyal customer base, personalized service, women-led ownership, cultural alignment with ethnic wear demand.
- **Weaknesses:** Low tailoring margins, high fixed costs, stagnant ready-made inventory, limited digital marketing capability.
- **Opportunities:** Rising demand for customized ethnic wear, festivals and wedding seasons, social media marketing, consignment partnerships with local artisans.
- **Threats:** Intense local competition, e-commerce platforms, seasonal demand volatility, rising input costs.

6.2 PESTLE Analysis

- **Political:** MSME incentives and women entrepreneurship schemes offer potential support.
- **Economic:** Inflation and consumer price sensitivity necessitate cost control.
- **Social:** Strong preference for customization and occasion wear supports tailoring-led strategy.
- **Technological:** WhatsApp, Instagram, and UPI payments enable low-cost digitalization.
- **Legal:** GST compliance and labor regulations affect operational flexibility.

- **Environmental:** Growing interest in sustainable fashion presents differentiation opportunities.

6.3 Porter's Five Forces

- **Threat of New Entrants:** High due to low entry barriers.
- **Bargaining Power of Customers:** High, with many alternatives available.
- **Bargaining Power of Suppliers:** Moderate; relationships can reduce costs.
- **Threat of Substitutes:** High from ready-made and online retailers.
- **Industry Rivalry:** Intense within Bhopal's boutique market.

6.4 Balanced Scorecard Perspective

- **Financial:** Increase average billing, reduce cost leakages.
- **Customer:** Enhance loyalty and repeat visits.
- **Internal Processes:** Streamline tailoring workflows and inventory tracking.
- **Learning and Growth:** Build merchandising and digital marketing skills.

6.5 5H Reflective Framework

The 5H reflective framework was used to capture the cognitive, emotional, and behavioral dimensions of entrepreneurship at Vrisa Boutique—elements often overlooked by conventional strategic tools. While frameworks such as SWOT and Porter's Five Forces clarified structural and competitive conditions, the 5H model revealed how owner aspirations, constraints, routines, and coping mechanisms shaped strategic choices. Its application strengthened owner engagement with the recommended interventions and supported a shift from intuition-driven management toward more reflective, strategy-led decision-making, particularly relevant in the context of women-led SMEs.

- **Hopes:** Transform Vrisa from a survival-focused tailoring unit into a sustainable niche boutique known for quality, trust, and personalization. Achieve financial stability, local brand recognition, and professional identity—particularly significant for women-led entrepreneurship.
- **Hurdles:** High fixed costs (rent and staffing), low tailoring margins due to customer-supplied fabric, slow-moving ready-made inventory, limited strategic planning time, weak marketing expertise, and post-pandemic entrepreneurial fatigue.
- **Hustle:** Strong owner involvement in daily operations, personalized customer engagement, and consistent service delivery. Stable tailoring demand provides a cash-flow anchor despite weak performance in other segments.
- **Help:** Need for targeted, low-cost support rather than capital-intensive investment—especially in digital marketing, visual merchandising, bookkeeping, and seasonal staffing. Preference for flexible, modular assistance to retain control.
- **Habits:** dependence on walk-in customers, informal financial tracking, and reactive decision-making. While effective for short-term survival, these habits constrain scalability and long-term strategic thinking.

Overall, the 5H framework helped surface emotional, behavioral, and cognitive dimensions that are often overlooked in conventional strategic analysis. Its application strengthened owner buy-in for the recommended changes and supported a more sustainable transition from intuition-driven management to reflective, strategy-led entrepreneurship.

6.6 Managerial Implications

This case offers several managerial insights for small boutique owners and SME practitioners:

1. **Reframing Core Services:** Tailoring should not be viewed merely as a low-margin necessity but as a strategic entry point for cross-selling, bundling, and customer relationship building.
2. **Strategic Simplicity:** SMEs benefit more from a few well-executed initiatives than from complex strategies that strain limited resources.
3. **Hybrid Capability Building:** Combining owner involvement with selective outsourcing enables cost control without compromising quality.

4. **Reflective Decision-Making:** Tools like the 5H framework help entrepreneurs recognize behavioral patterns and emotional constraints that influence business outcomes.

6.7 Implementation Roadmap (12-Month Horizon)

To operationalize the recommendations, a phased implementation approach is proposed:

Phase 1 (0–3 months):

- Introduce service bundles and tiered pricing
- Launch WhatsApp catalog and optimize Google Business Profile
- Reduce excess ready-made inventory through promotions

Phase 2 (4–8 months):

- Implement loyalty and referral programs
- Pilot consignment partnerships with local artisans
- Outsource bookkeeping and embroidery selectively

Phase 3 (9–12 months):

- Evaluate financial and customer metrics using Balanced Scorecard indicators
- Scale successful digital campaigns
- Formalize standard operating procedures for peak seasons

7. Strategic Recommendations

The strategic recommendations proposed for Vrisa Boutique are designed to address immediate profitability concerns while building long-term competitive resilience. Consistent with SME strategy literature, the emphasis is on low-cost, high-impact interventions that leverage existing strengths rather than capital-intensive expansion (Porter, 1985; Nair, 2021).

7.1 Service Bundling and Tiered Pricing

One of the central recommendations involves reframing tailoring services from a low-margin operational necessity to a strategic revenue driver. By introducing **bundled offerings that combine fabric and stitching**—such as festive wear sets, wedding trousseau packages, or coordinated blouse-saree solutions—Vrisa can increase average transaction value while simplifying customer decision-making.

To accommodate diverse customer budgets and preferences, a **tiered pricing structure** is proposed:

- **Basic:** Standard stitching with limited customization
- **Premium:** Enhanced fitting, fabric guidance, and priority delivery
- **Designer:** High-touch customization, add-on detailing, and consultation

This approach aligns with differentiation strategies for SMEs, enabling value capture through personalization rather than price competition (Spanos & Lioukas, 2001).

7.2 Repositioning Ready-Made Garments

Rather than treating ready-made garments as a competing product line to tailoring, the study recommends repositioning them as **complementary and aspirational offerings**.

Key initiatives include:

- **Visual Merchandising:** Use of mannequins, styled displays, and coordinated outfits to demonstrate usage occasions and styling possibilities.
- **Pop-up and Community Events:** Temporary stalls during festivals or in residential societies to generate awareness and trial.
- **Consignment Partnerships:** Collaborations with local designers and artisans to reduce inventory risk while offering differentiated products.

This repositioning strategy reduces working capital strain and aligns with research on experiential retail and local sourcing in boutique environments (Kumar & Kapoor, 2019).

7.3 Customer Relationship Excellence

Given the boutique's reliance on repeat customers, strengthening relationship-based marketing is critical. The study recommends:

- **Referral Incentives:** Rewards for loyal customers who introduce new clients.
- **VIP Subscription Model:** A nominal monthly subscription (₹199) offering priority service, minor alterations, and exclusive previews.
- **Personalized Communication:** Regular WhatsApp updates on new designs, festive collections, and order readiness.

Such initiatives reflect established findings that loyalty and relationship marketing significantly enhance SME sustainability (Chaudhuri & Holbrook, 2001).

7.4 Digital Transformation through Low-Cost Tools

Recognizing resource constraints, the digital strategy focuses on **accessible, low-investment platforms** rather than full-scale e-commerce.

Recommended actions include:

- **Instagram Reels:** Showcasing tailoring transformations, before–after fittings, and festive styling ideas.
- **WhatsApp Catalogues:** For ready-to-ship items and service packages.
- **Google Business Profile Optimization:** To improve local search visibility and credibility.

These tools extend Vrisa's reach beyond walk-in customers and are consistent with emerging evidence on digital adoption among Indian SMEs (Nair, 2021).

7.5 Operational Restructuring

To address cost pressures, the study proposes a lean operational model:

- Retention of the master tailor as a core capability.
- Conversion of helpers into part-time or seasonal roles aligned with demand cycles.
- Increased owner involvement in sales and customer interaction to reduce payroll dependency.

This restructuring supports operational flexibility without compromising service quality, a key determinant of SME performance (Goyal & Yadav, 2022).

7.6 Selective Outsourcing Strategies

Selective outsourcing is recommended to balance efficiency with control:

- **Overflow tailoring** during peak seasons using freelance artisans.
- **Specialized embroidery and adda work** outsourced to experts.
- **Bookkeeping** handled by a freelance accountant to ensure compliance and financial clarity.
- **Marketing support** through student interns or short-term consultants.

Such modular outsourcing aligns with lean SME practices and reduces long-term fixed commitments.

8. Discussion

The consultancy findings provide valuable insights into how a small boutique in a mid-sized Indian city can navigate the complex interplay of operational, marketing, and strategic challenges. A key insight is the importance of reconceptualizing tailoring not as a cost center but as a strategic anchor around which complementary revenue streams can be developed. Service bundling and tiered pricing enabled Vrisa to increase average transaction value while enhancing perceived customer value.

Digital transformation emerged as a critical enabler of growth. The adoption of WhatsApp catalogues and Instagram-based engagement expanded the boutique's reach beyond walk-in customers and

strengthened repeat purchase behavior. These outcomes are consistent with research emphasizing the role of low-cost digital tools in SME competitiveness (Nair, 2021).

Operational adjustments—such as flexible staffing and selective outsourcing—improved cost efficiency without diluting service quality. The owners’ prior entrepreneurial experience facilitated rapid implementation, underscoring the role of experiential learning and resilience in SME success (Goyal & Yadav, 2022).

From a theoretical perspective, the integrated application of SWOT, PESTLE, Porter’s Five Forces, the Balanced Scorecard, and the 5H reflective framework proved particularly effective. While diagnostic models clarified structural and competitive conditions, the 5H framework captured behavioral and emotional dimensions of entrepreneurship, strengthening owner engagement with the strategy. This integrated approach demonstrates that even resource-constrained SMEs can apply structured strategic analysis to generate context-specific, actionable solutions.

9. Conclusion

Vrisa Boutique’s journey illustrates the transformative potential of evidence-based strategic consultancy for small retail enterprises. By diagnosing challenges related to high fixed costs, underperforming ready-made inventory, and limited marketing reach, and by applying a coherent suite of analytical frameworks, the owners were able to implement practical solutions with measurable outcomes.

The key results observed include:

1. **Revenue and Profitability Improvement:** Service bundling and tiered pricing increased average billing by approximately 15–20%.
2. **Stronger Customer Engagement:** Digital initiatives and loyalty programs expanded reach and reinforced repeat patronage.
3. **Operational Efficiency:** Flexible staffing and selective outsourcing reduced cost pressures during non-peak periods.
4. **Improved Product Mix:** Strategic repositioning of ready-made garments enhanced diversification and footfall.
5. **Enhanced Strategic Mindset:** Engagement with structured frameworks fostered data-informed, proactive decision-making.

Overall, the case demonstrates that small boutiques in emerging economies can achieve sustainable performance improvements by aligning traditional craftsmanship with modern marketing and operational practices. Vrisa serves as a practical illustration of how entrepreneurial adaptability, when guided by theory-informed strategy, can transform constraints into opportunities. These insights hold relevance not only for boutique retailers in India but also for SMEs across similar emerging-market contexts seeking to balance tradition, innovation, and strategic resilience.

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