

IMAGES Retail

APRIL 2016 VOL.15 NO.4 ₹100

MARKETING IDEAS

THAT CHANGED THE
WAY CONSUMERS SHOP

- In Focus:
Picking on Private Labels
- Event Report:
Recognising East India's Potential
- Award & Recognition:
16th Annual Images Fashion Awards
East India Retail Awards 2016



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The retail industry is going through exciting times. It is on the right track and is surely treading on the 'road to positivity'. In this issue of IMAGES Retail our cover focus is on the 'marketing ideas that changed the way consumers shop'. Retail, by definition, has lived many lives. From the familiar brick-and-mortar to the boundary-less e-commerce, each aspires to outlive its competitors by inspiring a new set of attitudes and behaviours in customers. In this ever-changing environment, a few companies have managed to reinvent the shopping experience with well thought strategies that broke the confines of convention, stayed true to customer needs, and changed the game in their categories forever. Each one of these are revolutionary landmarks that have gone beyond creating a unique retail experience to engaging customers and turning competitors into mere imitators. Savvy retailers know that maximizing profits means smart marketing; the cover story of our April issue captures eight of the most well-known case studies across 5 categories in India, i.e., E-Commerce, Food & Groceries, Quick Service Restaurants, Electronics, Fashion, and an international case.

In this issue we have also covered in detail about the East India Retail Summit, which is the only regional retail summit of that region, the fourth edition of which was held in Kolkata's ITC Sonar on March 18th. The day-long event featured a wide-ranging conference addressed by powerful retail leaders and analysts, and an exhibition of retail innovation and retail real estate. The daylong event which discussed the scope of retail sector in Eastern India saw the presence of business leaders from across the region who joined the summit to discuss and share information about the trends that are there in the market.

We hope that you find this issue insightful and on its part it will help you in charting your future course of action.

Amitabh Taneja

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COVER STORY

Savvy retailers know that maximizing profits means smart marketing; This article captures eight of the most well-known case studies across 5 categories in India, i.e., E-Commerce, Food & Groceries, Quick Service Restaurants, Electronics, Fashion, and an international case.



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The best-performing companies and individuals from the East Indian retail industry were honoured and appreciated for their achievements through the Images East India Retail Awards held on March 18, the awards were powered by one of the biggest and most renowned conglomerate of Kolkata, Forum Group.

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MARKETING IDEAS THAT CHANGED THE WAY CONSUMERS SHOP

Savvy retailers know that maximizing profits means smart marketing; This article captures eight of the most well-known case studies across 5 categories in India, i.e., E-Commerce, Food & Groceries, Quick Service Restaurants, Electronics, Fashion, and an international case.

By Sheetal Choksi & Sharmila Cirvante

Retail, by definition, has lived many lives. From the familiar brick-and-mortar to the boundary-less e-commerce, each aspires to outlive its competitors by inspiring a new set of attitudes and behaviours in customers.

In this ever-changing environment, a few companies have managed to reinvent the shopping experience with well thought strategies that broke the confines of convention, stayed true to customer needs, and changed the game in their categories forever.

Each one of these is a revolutionary landmark that has gone beyond that have gone beyond creating a unique retail experience to engaging customers and turning competitors into mere imitators.

E-COMMERCE

FLIPKART: A billion reasons to buy

First, there was e-commerce. A promising term that delivered the world of travel, entertainment, bill payment and other exciting services at your doorstep. Limited in application, e-commerce websites mostly centred on services that made life easy.

Then came Flipkart, and e-commerce was baptised. Suddenly, you could order any product across any category from any corner of the country.

Flipkart was the first major e-tailer to give e-commerce a face and form, so much so that short of going generic, it has almost become synonymous with it. In 2014, they once again changed the e-commerce game in India with its 'Big Billion Day'. Held on 6th October that year, this event was marketed as the company's attempt to reach an unprecedented \$100 Gross Merchandise Value in 24 hours, a sum which it reportedly ended up achieving in the first 10 hours itself from 1.5 million shoppers.

Investments beyond imagination

In terms of investing into this mega-event, Flipkart can only be lauded.

Unique media coverage

The media took this mega-event to even more gargantuan levels, both online and offline. Apart from familiar channels, video ads featuring stand-up comedian Vir Das further fuelled dreams and desires. In another first of its kind, an emotional email from the founders forged an emotional bond between consumers and company.

Unexpected challenges

With such pre-emptive and precise planning, 'Big Billion Day' was not without its share of problems. Many products flaunted pre-discount prices, making buyers suspicious. To add to their woes, the company's portal collapsed under the weight of multiple bookings, leading to order cancellations.

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The business of private labels in India has seen a sharp growth with offline as well as online retailers pumping in resources to strengthen their growth. We have also seen a collaborative effort in this space with retailers stocking private label brands of industry competitors at their stores. We take a look at the current dynamics and speak with key retailers in this space to learn more.

By Zainab S Kazi

PICKING ON **PRIVATE LABELS**

Aptly setting the context for the story, Govind Shirkhande, Customer Care Associate and MD – Shoppers Stop Ltd. shares, “A private brand affords retailers a distinct differentiation from the crowd.” Adding further, he shares, “With private brands, retailers have full control on design, pricing, merchandise assortment, stocking, distribution etc. Therefore, by studying customers’ shopping habits and preferences as well as global fashion trends, we are able to immediately inject these insights into our brands to improve their productivity. Finally, private brands give retailers a higher margin.”

Understanding the Market

On the dynamics of the private label business in India, Subrata Roy, Business Adviser to the Tea Trading Division of Aditya Birla Group shares, “Growth potential for Private label is immense as it is directly related to the growth of modern retailing. Private label brands are margin generators. India’s share around 10 per cent as opposed to around 40 per cent in European countries.

It is envisaged that in the next two decades, 50 per cent of Indian retail will be occupied by Private label.”

As rightly pointed out by Shirkhande, private label brands have an edge with regards to understanding of the customers better, especially those that have a loyal set of customers attached to them. By means of data mining, the retailer is in a better position to narrow down on merchandize and products that sell better than the others and also the trends that are in vogue. Little wonder, we have almost all retailers bring out their private label – and this is across categories and genre – be it food, fashion or furniture! The online players too have a mammoth share of private labels on their portal and we hear that Amazon too shall be joining the bandwagon of launching its own line of private label in fashion very soon. Electronic retailers like Croma and Vijay Sales too have jumped the gun and have an exhaustive line of private labels across categories – from washing machines to air conditioners.

To hear it from an online player, Manoj Gupta, Founder and CEO, Craftsvilla.com, “Private label is an opportunity to create brand in a category which does not have any strong existing brands or largely

Private label brands have an edge with regards to understanding of the customers better, **especially those that have a loyal set of customers attached to them.**

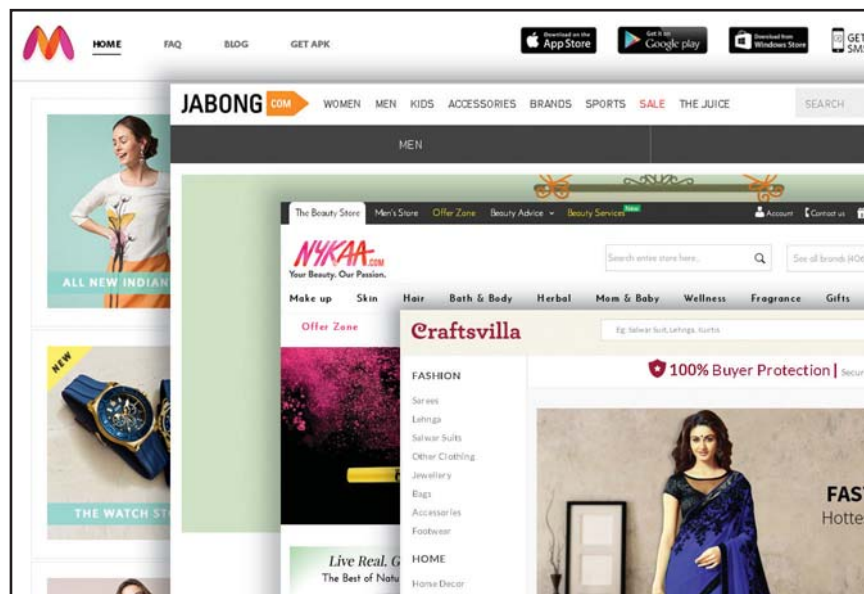


▲ CROMA

unbranded like ethnic category. Private label has also been created in branded categories because of lower prices private label can offer to consumer for similar products. They have higher margin compared to marketplace commission. For example, private label margins can be as high as 40-50 per cent in ethnic category compared to 20 per cent commission we get from marketplace sales.”

The Business of Private Label

Addressing the need of the ever evolving and changing fashion trends, it is not surprising to find majority of the fashion retailers have their own private label. For e.g Shoppers Stop has STOP, Lifestyle has Melange and online e-tailers like MYNTRA and Jabong too have their own private label which has been witnessing a good traction. Fashion and lifestyle e-tailer Myntra is targeting 35 per cent of its revenue from its private labels over the next 12-18 months. At present, Myntra offers 11 of its own private brands to shoppers, which contribute to 20 per cent of the overall revenue. According to a news report in Business Line, besides the 11 private labels, Myntra is also experimenting with a technology insights based, in-house brand called Moda Rapido which was created and launched six months ago. Abhishek Verma, Head – Myntra Fashion was quoted saying, “Based on customer insights gleaned from our platform, we launch new fashion collections under the Moda Rapido brand once every four weeks. This process normally takes other brands a few months to execute. We are still in the process of experimenting with this tech-led fashion brand.”



▲ MYNTRA.COM, JABONG.COM, NYKAA.COM, CRAFTSVILLA.COM



RECOGNISING EAST INDIA'S POTENTIAL

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INAUGURAL SESSION: THE EAST RETAIL WAVE

Retail in Eastern India has been slow but steady. The industry dynamics has changed drastically over the last decade. This region has immense untapped potential and thus a lots needs to be explored. To discuss the dynamics of this market in detail, the stalwarts of retail industry gathered to discuss that how retailers in this part of the country are innovating their business models and building their strategies and future plan for staying attuned. The session was moderated by B S Nagesh, Founder, TRRAIN and the panelists comprised of Mohit Kampani, Managing Director, Spencer's Retail, Sushil Mohta, Managing Director, Merlin Group, Sanjeev Rao, Director - Business Development, Raymond Limited and Pankaj Renjhen, Managing Director - Retail, JLL India.



▲ L TO R - SANJEEV RAO, PANKAJ RENJHEN, MOHIT KAMPANI, SUSHIL MOHTA

Mohit Kampani spoke about the growth of retail in Eastern India and penetration of the market by various premium brands. He added, “In Kolkata there has been a mass increase in the growth of premium brands and people are buying them like never before.” Agreeing that there has been a growth in the market Sushil Mohta said that “Micro markets have come up which are spread not only in the city but all around. The need of the hour is more efficient apartments with shopping convenience.”

The panel also pointed out that it was essential to explore newer retail formats especially in Tier II cities; for example a city like Bhubaneswar might not have the need for a structured mall like South City but an open format mall might work well there. Models where customers shop

and buy online and pick up from collection centres was also discussed. Pankaj Renjhen pointed out that, modernization has happened but in the upper ends of Kolkata only. “Traditional retail still continues. Such innovative models need to be explored in order to further propel the retail growth,” he said.

Sanjeev Rao illustrated that his brand has presence in 95 cities in east and is exploring on innovative retail concepts constantly. “Concept of made to measure with concierge facilities is a hit – as a part of this the consumer’s house is visited and there a customer will get the provisions not just to select the fabric and the design but even the buttons. The products will get delivered on time to the consumer. This is not a concept that has been tried out yet in eastern India but we hope to launch the service soon.”



▲ B S NAGESH



IMAGES EAST INDIA RETAIL AWARDS 2016

The best-performing companies and individuals from the East Indian retail industry were honoured and appreciated for their achievements through the Images East India Retail Awards held on March 18, the awards were powered by one of the biggest and most renowned conglomerate of Kolkata, Forum Group. Their MD RAHUL SARAF also addressed the felicitation evening with his enthralling speech.



▲ RAHUL SARAF, MD, FORUM GROUP ADDRESSING THE AUDIENCES AT 4TH EDITION OF EAST INDIA RETAIL AWARDS.

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