

INDIA'S Retail

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INDIA'S
BEST SELLING
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ON MODERN
RETAIL



HR EMPOWERS RETAIL

WITH CHANGING TIMES AND CHANGING ROLES;
RETAIL HR IS ALL SET TO TAKE UP THE POSITION OF
A CRITICAL STRATEGIC PARTNER

- A REPORT ON INDIA FASHION FORUM & IMAGES FASHION AWARDS- 2014
- A REPORT ON COCA-COLA GOLDEN SPOON AWARDS- 2014
- DATA ANALYTICS IS HELPING RETAIL OUTLETS WITH CRITICAL DECISION MAKING
- RETAIL: A FEEDING STOCK TO GROWTH OF INDIA

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As we wrap up a series of crucial and important mega events, which included the iconic IFF 2014 and FGFI 2014, I thank you all for constantly being by our side and for all the support you provided. In retrospect, these events and the recently organised TRRAIN Awards, were a very constant and undeniably loud reminder that today skilled employees are the backbone of modern retail. Delving deep on this topic, the cover story for February issue of IMAGES Retail is based on the critical subject of "HR Transformation in Retail." In this story, we have tried to outline that how with the changing times and changing roles, the importance of HR in retail has steadily gained ground and is today playing the role of a strategic partner.

An analysis of the current and projected levels of retail space, shows that HR requirement would increase from the current levels of about 0.3 million to around 17.6 million by 2022, leading to an incremental employment opportunity of approximately 17.3 million persons. This will necessitate the intensification of HR intervention across all levels in the retail sector. Therefore, in coming time, the importance of HR will become vital in Indian retail scenario.

Apart from this analytical and thought-evoking cover story, we also present an ensemble of interesting articles and features. Our feature on ever rising e-commerce industry takes a detailed look at consumer behaviour when shopping online, which will be an area of great interest for online retailers. It talks of what all the new channel players are doing to capture and analyse consumer sentiments for their product lines through the clicks?

Ruchi Sally, Director, Elargir Solutions, talks about how and why retail is a feeding stock to growth of India. Apart from this optimistic article on modern retail, we have also featured an analytical feature on "How data analytics is helping retail outlets with critical decision making."

These are few of the many interesting articles that we are presenting in this issue.

We promise to bring even better and more informative and analytical articles in the upcoming issues of IMAGES Retail. Happy reading!



Amitabh Taneja

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HR EMPOWERS RETAIL

WITH CHANGING TIMES AND CHANGING ROLES; RETAIL HR IS ALL SET TO TAKE UP THE POSITION OF A CRITICAL STRATEGIC PARTNER

On analysing the current levels of retail space and the projected growth, it is expected that the human resource requirement would increase from the current levels of about 0.3 million to about 17.6 million by 2022, leading to an incremental employment opportunity of about 17.3 million persons. This will intensify the intervention of HR across levels in the retail sector. A sneak peek into the present scenario of HR in retail

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CYCLE TO SUPERMARKET

By Zainab Morbiwala

A decade ago a walk through Marol in Mumbai would have left one wondering if at all the place would ever see an iota of development, forget the entry of modern retail. Dead as it was with undone roads and community clusters occupying majority of the residential premises! It was somewhere in 2002 that Vershi Chheda decided to do something no one had thought of till then when it came to opening an air-conditioned supermarket in that area by the name Tanvi Super Market

Just when Vershi Chheda turned 15, he decided it was time to leave his hometown and come to the city of dreams to plan his life ahead. With absolutely zero vocational education and next to zero fluency in English, he set out to do menial jobs at various kirana and stationary stores. Having spent close to five years doing odd jobs, he decided it was time for him to do something on his own. “I bought a cycle with a carrier and during those days “farsaan” (light Indian dry snacks) used to do very well. I decided to enter this line of profession, and from 8.00 a.m. to about 9.00 p.m. I would be on the roads taking orders and delivering the “farsaan” to shops across Mumbai. Within two years, I purchased my own tempo for delivery as business grew as physically it wasn’t possible for me to cycle all the time,” recounts Chheda.

Sowing the Seed

It was somewhere in the late 1990s when Chheda suddenly realised that this is not what he had come to Mumbai for. In his own words, “One fine day I just thought that this certainly wasn’t what I was here for. How long would I continue to spend my days just taking orders and delivering. I had to set up a business that was enterprising and would be sustainable in the long run. I always wanted to have a shop from where I could serve the customers.” This one thought paved way for him to rent a shop and begin the business of laundry services. Why laundry? “Simply because it involves zero investment. You have to simply outsource all the work. Your shop just becomes a collection point,” he shares. The business of “farsaan” was still running but now he had someone else to look after it and he devoted all his time to further tap the market gaps and launch something of his own.

HR EMPOWERS RETAIL



On analysing the current levels of retail space and the projected growth, it is expected that the human resource requirement would increase from the current levels of around 0.3 million to about 17.6 million by 2022, leading to an incremental employment opportunity of approximately 17.3 million persons. This will intensify the intervention of HR across levels in the retail sector. A sneak peek into the present scenario of HR in retail...

By Manisha Bapna



“It doesn’t matter whether you are a lion or a gazelle... But the sun has risen, and gearing up will fetch the best food.” The investments are done, the platform is being set, and challenges are known. Now is the time of consolidation of the best talent and an imminent need for retailers to shred their traditional mindset barriers and attract a wider talent pool.

The Indian retail industry is slated to grow from its US\$ 500 bn status to US\$ 1.3 tn by 2020. Retail is the second largest employer, engaging close to 33 million workforces with manpower costs adding up to 7 percent of the total costs. Retail was growing at an unprecedented rate until recently. However, the growth has been sluggish over the past 12–18 months due to indecisive FDI norms in the sector. At present, the sector is witnessing consolidation and reorganising in the service delivery model, and Human Resource (HR) is playing a strategic role in the retail story.

India Ratings & Research (Ind-Ra), a Fitch Group company, has revised its FY15 retail sector outlook and shows that median employee cost as a percentage of sales for players like Shoppers Stop, Trent, Lifestyle, Provogue, Brandhouse Retail and others, in FY 2013 has been almost the same as that of last year. This indicates that companies decelerated hiring and implemented measures to increase employee productivity per square foot. Over the years, specialised talents have been hired across functions but in reality, trained manpower is still unavailable for the retail industry. With the influx of many international brands, the demand for groomed, informed and confident individuals has increased.

Salaries have become competitive; individuals have the liberty to choose from an array of brands. However, the brands face a challenge, as the right set of talent is a scarce resource!

“The sector is facing a multitude of challenges with 6 percent monthly attrition, low engagement levels at the front-end, growing acceptance of modern retail formats, markets expanding beyond metros and Tier-I cities, cultural alignment with organisational values and vision, ethical dilemmas between stores and suppliers, matching individuals’ and organisations’ expectations, career path and its scope, managing compensation expectations, etc,” says Nihar Ranjan Ghosh, Executive Director - Human Resource, Spencer’s Retail.

According to Harish Bijoor, Brand Expert & CEO, Harish Bijoor Consults. “Attrition of well-trained and high-performing employees is a serious concern. Just as they enter the high-performance stage, employees tend to get lured by the outfit across the road. The issue is further compounded as new employees come at a higher price tag than the old one that leaves.”

“Huge investments are being witnessed in people systems to attract, train and engage talent. The sector faces intense competition when it comes to talent, as hospitality and financial services organisations in particular vie for the same talent, thereby contributing to the attrition

in the sector,” says Nishchae Suri, Partner and Head – People and Change, KPMG India. The average attrition rate in the retail industry stands close to 25 to 35 percent. Considering the high attrition rate, Lacoste ensures that all their employees across functions are motivated in some way or the other and the staff is connected with each other using the latest trending technology, such as e-mail and WhatsApp, etc. Hence, at Lacoste, the attrition rate is very low as compared to other players. “To control high attrition, we identify talents with potential of vertical growth and then groom them towards a role of higher responsibility. We take an effort to fulfil progressive vacancies internally by moving the talent to a higher role,” says Rajesh Jain, Director and CEO, Lacoste. Succession planning, therefore, is a key element of HR practice at Lacoste along with hygiene practices of induction training, leadership skills, product training and the like. Rising turnover rates pose an additional burden to HR in their efforts towards retaining talent and decreasing turnover to maintain business performance. Simply providing long-term employment contracts, healthcare packages and pension funds is the done thing and expected by the employees in their package. “We as an employer believe in providing opportunities



“ Spencer’s Retail has created retail talent academies with courses at different levels for employees to build the capability of their in-house talent. They have also come up with various certification programmes and courses to equip their employees with various skills.”

-Nihar Ranjan Ghosh, Human Resources, Retail, Spencer’s



HOW DATA ANALYTICS IS HELPING RETAIL OUTLETS WITH CRITICAL DECISION MAKING

Critical for retail organisations nowadays is the use of data analytics as it helps in tracking, understanding and optimally managing the stocks and avoid the costly stock-outs and over-stock situations, feels Arvind Nagpal

Stock-outs are the bane for any retail business since they are costly and result in long-term losses. Consumers shift to competitors when their needs are not met in today's fast-paced world. Companies across the world are spending unprecedented amount of money in finding ways to prevent stock-outs and ensure that they can serve what consumers want, at the time when they want it! But it is more easily said than done!

For example, a typical apparel retailer stocks thousands (some even stock millions) of different SKUs; additionally consumer demand, driven by fashion trends, can be very difficult to predict – especially for new launches and sales during holiday seasons. While stock-outs result in loss of valuable profits, too much stock has an inventory cost that can again reduce profits substantially. The science of data analytics is now showing a ray of hope to bring simplification to complex business problems, taking decision making from a rudimentary gut-feeling based to a much smarter fact-based one.

Most retail organisations today operate in the master franchisee model where another company becomes the master franchisee and manages the operations of the different outlets of the brand. In such cases, it is important to understand the difference between what brand the company sells to its master franchisee stores and what the stores in-turn sell to the consumer. This metric is where the insights are hidden. Hence, it is very important that companies track, understand

INDIA FASHION FORUM 2014

FORECAST, CREATE, TRANSFORM: THE BUSINESS OF FASHION

By Chhavi Gulati, Shradha Sharma, May Yee Lew-NIFT, Mumbai, Rachel George and Rajan Varma

India's biggest fashion business event, India Fashion Forum (IFF) 2014, was held on 17-18 January 2014, at the Bombay Exhibition Centre in Mumbai showcased attitude, bustling trade, invigorating knowledge and networking like never before. The fashion retail event concurrently hosted the Mega Fashion Trinity - India Fashion Forum 2014, InFashion 2014 and India Shoes & Accessories Forum (ISAF) 2014



FASHION FORWARD INDIA: NURTURING INDIA'S FASHION AND THE RETAILING ECOSYSTEM



The inaugural session of the 14th edition of the Indian Fashion Forum (IFF) which took place at the Bombay Exhibition Centre, Mumbai, began with a fascinating discourse on “Fashion Forward India” and the ways to redefine the fashion business by developing and nurturing fashion creation and the retailing ecosystem.

The session, anchored by Arvind Singhal, Chairman, Technopak, saw an esteemed panel of experts, comprising Rakesh Biyani, Chairman, IFF and Joint MD, Future Retail; Kulin Lalbhai, Executive Director, Arvind; Ritu Kumar, Fashion Designer; Prem Kumar Gera, Director General, NIFT; and Ram Sareen, International Specialist and Consultant, expressing their perspectives on the Indian fashion market. While the markets are ripe, the consistent idea presented by all the panellists was that the future of the Indian fashion industry lies in the integration of the textile and fashion industries, innovations, investment in infrastructure and people, focus on the distribution models and, above all, recognition of the role that technology will play in the industry. In this reference, Singhal succinctly said:

“The need of the hour is an efficient distribution system, strong design and skilled manpower across areas like production, design, retail, etc.”

In the textile industry, when it came to the manufacturing perspective, Lalbhai was of the opinion that in the value chain, the focus tends to remain primarily on cost and availability, which is a small perspective and which leads to a very costly supply-



“The need of the hour is an efficient distribution system, strong design and skilled manpower across areas such as production, design and retail”

- **Arvind Singhal**, Chairman, Technopak

“We must take a new look at KRAs on both the buyer’s and supplier’s side. Indian retail is the next telecom industry waiting to happen – we must look at the supply chain with a new lens”

- **Kulin Lalbhai**, Executive Director, Arvind



chain inefficiency. Instead, all aspects must be considered with an eye to brand integration. He said: “We must take a new look at KRAs on both the buyer’s and supplier’s side. Indian retail is the next telecom industry waiting to happen – we must look at the supply chain with a new lens.”

He also noted that while India has a very rich legacy in textiles, on the global map, we are still small minnows, as only a small number of manufacturing units are of global quality. This is where investments in infrastructure and people are required. “We need to create new labour inclusions to draw more workforce. We should be ready to invest in our people and larger assets, and create required infrastructure to provide housing and other requirements for the labour force we are creating,” he added.

Kumar and Gera presented their own opinions regarding the integration of the retail and textile industries. Kumar observed: “Most Indian designers patronise crafts because of the scale. However, India



IFA

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IMAGES FASHION AWARDS - 2014

India's Most Admired Fashion Brands, Retailers & Design Concepts Felicitated at IFA'14

IMAGES Fashion Awards 2014 recognised outstanding achievers in the business of fashion in India for their performance in 2013. Held at the Bombay Exhibition Centre in Goregaon, Mumbai, the ceremony to honour the achievements of India's leading fashion brands and retailers kicked off with a high-voltage "All Starr Jamm" entertainment sequence sponsored by Vero Moda and Jack & Jones, which was a multi-artist jamming session with Shibani Kashyap, Shalmali Kholgade, Aditya Narayan, and Swaroop Khan. The show emcees were Tunvey Gogia and singer-actor Manasi Scott. Mansi also rocked the event with her rendition of "Skyfall." Fictitious Group raised the evening's entertainment pitch with a high-energy dance performance featuring the dynamic Skechers brand.



The IMAGES Fashion Awards Process

The IFA nomination categories and entry details are announced through the IFF and Infashion website, magazine ads, a personalised electronic campaign and tele-calls. A prelim jury identifies the best performers among brands and retailers. Nomination forms are then checked for eligibility, completeness and data correctness. The IFA team of analysts makes a presentation to the IFA jury - with analysis of performance metrics such as growth in top line sales and retail presence, sales per square foot, average transaction values and profitability. A special note is prepared on innovativeness, marketing effectiveness, supplier relations and employee practices. Then the IFA jury - goes through the presentation and gives scores based on their own understanding of the nominees.

The IMAGES Fashion Awards Jury

The jury comprised some prominent names from the retail academics, support and market research companies in India and the members included: Professor Ravi Dhar of Yale University; Anuj Puri, Chairman and Country Head, Jones Lang LaSalle; Anshuman Magazine, Chairman and Managing Director, CB Richard Ellis; Abhishek Malhotra, Partner, Booz & Company; and Amitabh Taneja, Chief Convenor, Images Fashion awards.



IFA Grand Finale with Fashion Forward League retailers



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