

# RIMAGES Retail

JULY 2015 VOL.14 NO.7 ₹100

## LOYALTY PAYS!

THE HOLY GRAIL OF  
CUSTOMER RETENTION



BIG DATA & BETTER RETAILING

HOW SKILL TRAINING ASSURES BRAND GROWTH

FASHIONOMICS: THE MERGING OF FASHION  
& TECHNOLOGY FOR BETTER ECONOMICS

THE GROWING CONCERN OF CYBER  
ATTACKS IN THE RETAIL INDUSTRY

**IRF 2015**  
INDIA RETAIL FORUM

**INDIA OMNICHANNEL FORUM 2015**  
Where Retail Meets the Technology of Possibilities

15-16 SEPTEMBER, 2015  
RENAISSANCE HOTEL, MUMBAI





# LOYALTY PAYS!

THE HOLY GRAIL OF CUSTOMER RETENTION

52 COVER STORY

Loyalty to your brand is quite dependent on the rewards you offer to your customers. But then, in today's day and age, when freebies, gifts and discounts have become a norm with most of the brands, what really constitutes loyalty? We take a quick look into how brands are reinventing the loyalty wheel to excite their patrons, not to forget tie them down to their brands.



JULY 2015

# CONTENTS

- 12 **INTERNATIONAL ROUNDUP**  
McDonald's is making major changes to its menu and business following six straight quarters of same-store sales declines in the US.
- 16 **NATIONAL ROUNDUP**  
In an attempt to become a seamless 'omni-channel' retail store by the end of 2016, Shoppers Stop has earmarked an investment of ₹60 crore over the next three years to strengthen its technology.
- 20 **EVENT**  
Kishore Biyani, Future Group's founder and Chief Executive Officer has revealed his vision to rocket his conglomerate's turnover to ₹1 lakh crore by 2021
- 22 **REPORT**  
Effective retail store lighting solutions reflect brand identity and attract new customers, which ultimately results in improved sales.
- 26 **CONSUMPTION TRENDS**  
Today, the silver jewellery industry in India has already reached a market potential of ₹15,000 crore and is expected to grow by 300 per cent to reach ₹45,000 crore in the next 3 to 5 years.
- 28 **RETAIL EXCELLENCE**  
Bata, the undisputed market leader in the footwear category in India, is aiming to open 100 more stores in the country during the current year.
- 32 **STRATEGY**  
India's largest real estate player DLF divested one of its non-core assets DT Cinemas to PVR for about ₹ 500 crore.
- 34 **CONCEPT**  
In an exclusive conversation, Pratik Jindal, Managing Director of SRS e Retail throws light upon the emerging category of e-grocery.
- 36 **INITIATIVE**  
Inspired by the TRRAIN Retail Awards, IGDS - Inter-continental Group of Department Stores has launched a global awards at The World Department Store Forum to recognise outstanding work in the retail sphere across the globe.
- 40 **HUMAN RESOURCE**  
These days retail brands are recognising the importance of in-house skill development and investing heavily on the same.
- 44 **IN CONVERSATION**  
Sarat Binani, Director, Himalaya Optical talks about the rationale behind brand expansion.
- 46 **EXPERT SPEAK**  
The marketing function of loyalty programs and customer retention is on the brink of a major overhaul, both in India and in other international markets.



JULY 2015

# CONTENTS

- 64 **IN FOCUS**  
The story reveals interesting facts about how big data facilitates knowing customers one on one and is critical to building predictive businesses. It is a big game changer and retailers are beginning to accept this fact.
- 72 **FUNDAMENTALLY**  
We have all been potential targets for “BIG DATA” and it is completely transforming the way we do business and is impacting most of our lives.
- 74 **TRENDS**  
The narrative history of retailing is defined by periods of stability, interspersed with inflection points or - as they are fashionably known - disruptions.
- 76 **LOGISTICS**  
Indian businesses for long have ignored the significance of the logistics sector that continues to remain one of the most under invested and under rated sectors of the world’s fastest growing economy.
- 78 **INNOVATION**  
Samay Kohli of Grey Orange, a warehousing solution providing company, talks about the solutions that they provide to make the delivery model much more smoother for the e-tailers.
- 80 **TECHNOLOGY**  
The fashion industry is greatly influenced by developments and innovations in technology.
- 84 **UPCOMING PROJECT**  
Lodha Xperia, an upcoming mall by Lodha Developers, is situated at what is being pegged as one of the hottest catchments for organised retail within Mumbai Metropolitan Region.
- 88 **SECURITY**  
Almost 44 per cent of security incidents in the retail sector involved DoS attacks.
- 74 **VIEWPOINT**  
The word ‘Shopping’ has different connotations for different individuals. Whether you like it, or you hate it, but there is no way you can ignore it.
- 94 **PERSPECTIVE**  
In the near future the technology frontier and competitive edge will move to the Internet of Things (IoT), and the shift has already started.
- 100 **RETAIL GURUS**  
“We’ve merely scratched the surface of consumption possibilities so far,” says: Rajan Malhotra, President, Retail Strategy, Future Group.



# ONLINE GROCERY THE NEXT BIG THING!

**SRSGrocery.com is one of the largest Indian grocery stores with over 500 brands and approximately 6,000 products in its extensive repertoire. This grocery store is rich with a wide array of products spread over numerous categories. In an exclusive conversation, Pratik Jindal, Managing Director of SRS e Retail throws light upon the emerging category of e-grocery.**

By Shipra Srivastava

## **How do you see the growth of online grocery market in India?**

Online grocery marketing is growing at an exponential rate and as per the Gartner report, the online market is expected to grow 2.5 times the prediction made earlier by Gartner. Grocery is the leading market for online business in India and is also expanding with the help of various factors, such as smartphone market expansion, internet usage from 2G to 3G and now moving towards 4G, non-availability of brick-and-mortar stores in new developed areas and many more.

India is a developing country and any industry development has its effect on other industries because of increase in demand and limited supply. This is where SRS e-retail is willing to expand by 'Ad-joining Life and Technology'.

## **In which cities will your online services be available?**

Currently, we are operating in Noida, Faridabad and Gurgaon, and hope to spread to other areas and cities soon. Primarily, we are focusing upon a pan India presence.

## **What will be your delivery charges?**

The biggest USP of our online food and grocery business is that there is no minimum order constraint and no delivery charges either. It also catches the noticeable needs of the customer like same day delivery, flexible and favoured delivery openings and cash on delivery comfort.

# LOYALTY PROGRAMS NEED A NEW JERSEY



**The marketing function of loyalty programs and customer retention is also on the brink of a major overhaul, both in India and in other international markets.**

By Kunal Mehta

**O**ver the past decade, we have seen our retail economy grow by leaps and bounds. The mall culture took off somewhere around 2004 and that brought in a wave of change amongst consumers and their buying behaviour. Brands and branded products got a serious push by the surge in the average disposable income of the Indian and thus started the rise of the organized retail market and also the retail customer.

With the passing of time, retail merchants and malls alike, started realizing that simply housing shops

under one roof will not be enough. The modern customer demands a super shopping experience and that's what retailers are striving to provide to him. Then came the era of e-commerce and digital presence, and the retail market once again got a major makeover. Shopping, as we knew it a few years back, has changed completely and for the better. This change has almost touched every part of the industry. All retail merchants, including the malls, have been forced to recognize the increasing presence of the digital channels of marketing, sales, marketplaces and more.

The marketing function of loyalty programs and customer retention is also on the brink of a major overhaul, both in India and in other international markets. Here are few important points that will be very critical for loyalty programs and the way the customers engage with them in 2016.

Mobile loyalty programs and wallets provides a huge opportunity for both the retailers and customers to make the most of what's on the cards, and in the process lead to increased engagement and sales with a much better experience.

Gifts! Now who does not like receiving gifts? In retail, the moment you reward your customer with a freebie or a gift, chances are you shall be tying him down to your brand for a good amount of time, or, at least till your competitor manages to outdo you. Loyalty to your brand is quite dependent on the rewards you offer to your customers. But then, in today's day and age, when freebies, gifts and discounts have become a norm with most of the brands, what really constitutes loyalty? We take a quick look into how brands are reinventing the loyalty wheel to excite their patrons, not to forget tie them down to their brands.

By Zainab S. Kazi



# LOYALTY PAYS!

THE HOLY GRAIL OF CUSTOMER  
RETENTION ...

An excerpt from Bryan Pearson's book, *The Loyalty Leap*, is apt to set the context of the story – In an age, when people are joining more loyalty programmes than ever before, we still have no hard evidence of their true underlying commitment to our brands and services. Sure they may visit one of our locations regularly, but is that because they actually go out of their way to do business with us, or because there is no better alternative! Add to this the accelerating sophistication (and affordability) of technology, which empowers consumers to make highly educated purchase decisions in moments, and you have tremendously challenging market conditions to overcome.

According to Rahul Rana, MD and CEO, PAYBACK India: “Gaining a customer's loyalty has become more difficult today with the price war that has been unleashed in the e-commerce space. As the dust settles on this, over time acquiring a customer will be as important as retaining an existing one. But looking broadly across segments, other industries are going through different challenges, where retaining customers is paramount. Moreover,

customers today are well informed and with 24x7 ubiquitous access to updates and offers. Hence, they seek value as the primary attribute of every purchase. Different segments define value differently and there could be trade-offs between price, experience and convenience.”

He further explains: “Customer loyalty fundamentally refers to customers coming and shopping more frequently and in newer categories, thereby driving more sales for the business and in turn creating loyalty.”

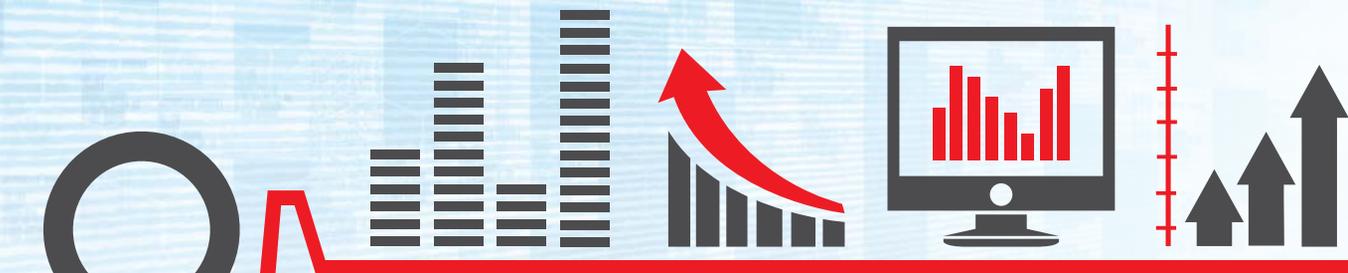
Sharing an overview of the dynamics witnessed in the Indian loyalty market, Anil V. Pillai, Director, Terrangi Consulting shares: “When you look at loyalty programme, there are two parts – one for the consumer and to learn what she wants and the other part is the administration of the programme. When you look at international companies looking at India, they are looking at the second part. So what they do is execute it according to what they do in their home countries and countries they operate. There are two reasons why you have a loyalty programme. One is to have the customer buy from you and increase his ticket size and the other is to make the customer return to you. So it is an opportunity to up-sell and the other is

constant consumer engagement. If we are looking at increasing ticket size, then it is all about instant gratification but if we are aiming for constant engagement then it is all about providing an experience.”

Putting things into perspective, Kunal Mehta, Co-Founder, inoyal, explained: “Loyalty programmes, since the early days, have been designed to keep the customer loyal to the brand by providing him with points and discounts that can be redeemed while making repeat purchases. Since the beginning of the first full-scale loyalty programme of the modern era in 1981, loyalty programmes have not changed much in character. The idea then was to hook the customer to discounts and rewards and thereby increase the frequency of his purchases and the idea is the same today as well. What we are failing to recognize is that the audience of 1990s and of today are vastly different. The audiences today are much more demanding and need to be engaged with constantly to keep him hooked on to the brand. As a result, huge efforts will have to be made from the merchant's side to stay loyal to his customer's needs and desires and deliver a wholesome experience continuously to earn his loyalty.”

Customer loyalty fundamentally refers to customers coming and shopping more frequently, **thereby driving more sales for the business and in turn creating loyalty.**





# GAME CHANGER **BIG DATA** ANALYSIS

**Marketers today hardly know their customers. What they know is an aggregated cluster of people who are out there to buy. The story reveals interesting facts about how big data facilitates knowing customers one on one and is critical to building predictive businesses. It is a big game changer and retailers are beginning to accept this fact.**



**A**s it is said, retail is detail. And the most important part of retail is the consumer. That is where the strength of big data analytics lies. It can help any retailer to deliver a smaller, but more intimate, experience to the end consumer. This, in turn, may positively impact purchasing experiences and deepen customer relationships and brand loyalty. Today, retailers rely on data like wish lists, browsing histories, and purchasing history to create individualised product suggestions, marketing offers, e-mail and SMS campaigns, etc.

Setting the context of the story and the growing importance of big data and why it is more relevant for retailers today, Ratul Ghosh, e-commerce industry expert says: "The concept of a man flying through air, like Icarus for instance, has been

around much longer than it has been possible to actually fly. What the Montgolfier balloon achieved was just physical feasibility for the idea. Similarly, the idea that more data is useful for understanding consumers or predicting transactions has been around for long, the difference is that today data is suddenly available and analysable. Data is something that was not as available yesterday as it is today. Most large brands thought of distributors as their customers and the distributors thought the retailers were their customers. The eventual consumer preferences were not even recorded until very recently, when direct-to-consumer started collecting interest, affinity and transaction data

in addition to consumer profiles. It is also recently that mechanisms to capture, store and analyse large volumes of data came about. The fact that relevant data can help retailers deliver better experiences is a no-brainer, but the 'How' of that has just become possible now."

He further adds: "Predictive analysis was always possible but one can achieve much higher reliability of analysis using Big Data tools now. It has the potential for predicting successful products, attractive consumer segments, and the best match between segments and products."

"Traditionally, retailers have used a range of methods to set prices for different products to reach an optimal price to make maximum profits. These methods are often rules of thumb and lack any kind of optimisation. Oftentimes, tremendous opportunities to gain market share are lost by this approach. With big data analytics, it is possible for a retailer to build models with an objective to come up with optimal pricing. This can be done where enormously large amounts of data from the market and competitive products can be analysed to understand price and demand elasticity coefficients. These coefficients and the pricing models would be more accurate in the domain of Big Data analytics because they would use inputs from different sources like historical product pricing, customer activity, preferences, competitor pricing, desired margins on the product and available inventory," says Deepak Ghodke, Country Manager – India, Tableau.

Adding further, Ghodke, opines: "Yet, this is the solution to only half the problem. The other half that remains unsolved is: 'How the category manager or product manager can set the appropriate price?' This is sorted by having a completely interactive, self-service interface in which the user should be able to modify product pricing, category pricing, make appropriate assumptions of competitive pricing and immediately be able to see the impact on the volume and demand of their own and competitive products.

Further, appropriate attention should be paid to the existing inventory and the ability to source the product in case it is not in stock when there is high demand. Similarly, in times of lean demand, the category manager should be able to bundle the product with other faster moving products and create packages that are able to optimise sell-through of the product."

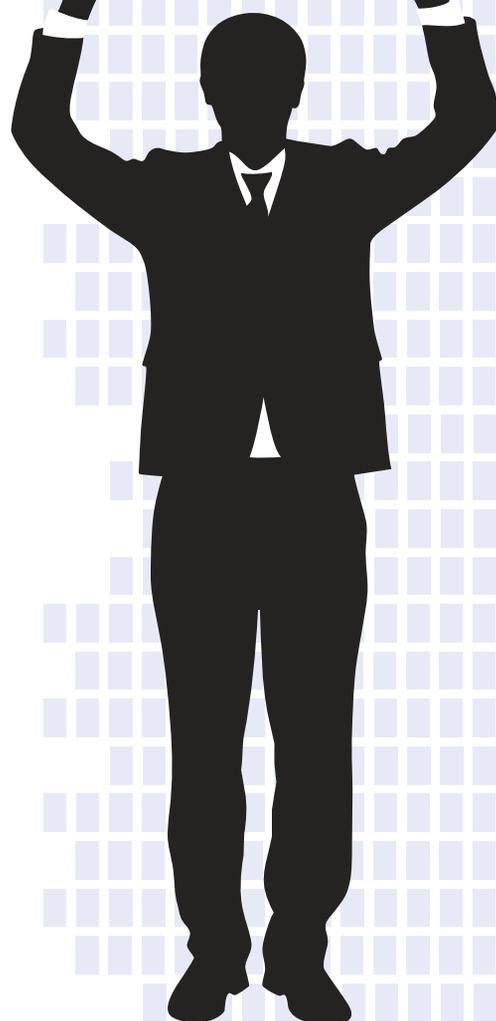
"At Wall Street, scientists and engineers with little formal financial training are trying to funnel massive computing power into predicting securities prices by drawing from clues in news and data. Likewise, Big Data crunching is establishing new statistical relationships between buyer behaviour and choice of merchandise for ecommerce," says Ashish Jhalani, Founder, eTailing India. Big Data is supporting critical financial decisions the world over. Marketing too is a financial decision, as it involves investment.

"Over the last few years, retailers have been bogged down by the huge amount of data pouring in from diverse online and offline channels. Studies have shown that 64 per cent of retailers are relying on Big Data to gain competitive edge; incorporating Big Data analytics in your marketing mix can help raise operating margins by as much as 60 per cent and strengthen customer engagement by 76 per cent," says Aneesh Reddy, CO-Founder & CEO, Capillary Technologies.

Dr. Rupal Shah Agarwal of Your Retail Coach asks a pertinent question: "Do we have a choice to not inhale CO2 while breathing? Do we have a choice of not having artificially ripened fruits? Do we have a choice to escape from digitisation? Whether you like it or not, we have all been potential targets for 'Big Data' and it is completely transforming the way we do business and is impacting most of our lives."

Facebook has the data of nearly 1.44 million active users, which they have efficiently categorised into age-specific, gender-specific, profession-specific, area-specific, interest-specific and several such groups.

Big Data  
crunching is  
establishing  
new statistical  
relationships  
between **buyer  
behaviour  
and  
choice of  
merchandise  
for  
ecommerce  
companies.**



ORION

MALL AT BRIGADE GATEWAY

# ORION MALL BAGS TWO COVETED AWARDS AT THE IMAGES SHOPPING CENTRE AWARDS!

Orion Mall at Brigade Gateway once again wins the award for The Best Shopping Mall in South India. The prestigious Images Shopping Centre Forum awards Orion Mall at Brigade Gateway as the Best Mall in South India and also as The Best Mall for Marketing and promotions in India.

The coveted awards underpin an earnest commitment to consistently provide world-class shopping and leisure experiences to millions of patrons.

Thank you for all the love and support!

Best Mall in  
South India



IMAGES Most Admired  
Shopping Centre of the Year: METROS (SOUTH)

Orion Mall, Bengaluru



IMAGES Most Admired  
Shopping Centre Marketing & Promotions of the Year

Orion Mall, Bengaluru

Best Marketing  
& Promotions

[www.orionmalls.com](http://www.orionmalls.com)





## A BIG OPPORTUNITY SELDOM ANNOUNCES ITSELF.

*Consider this one of those rare moments.*

**SECURE YOUR SPACE BEFORE IT'S TOO LATE.  
ONLY 25% LEASING AREA REMAINS.**

Call +91 9819806622 or email us at [xperia@lodhagroup.com](mailto:xperia@lodhagroup.com)



It's not often that the perfect business opportunity presents itself. But with an address that gives you access to an unexplored catchment of 30 lac people in the most promising area of MMR, this is one of those times.

Strategically located at Palava, a 4500-acre integrated smart city, Xperia is at the centre of economic activity between Thane, Navi Mumbai and Kalyan, and offers a holistic mall experience, with a variety of shopping, dining and entertainment options. It's no wonder that 75% has already been leased out; with major brands like PVR, Big Bazaar, Central, Reliance Trends and Reliance Digital making this their newest foray into the MMR market.

Developed by India's no. 1 real estate developer, Lodha Group, you don't need us to tell you that this is MMR's next big opportunity. The space speaks for itself.