

# PRIMAGES<sup>TM</sup> Retail

JULY 2016 VOL.15 NO.7 ₹100



## CUSTOMER SERVICE EXCELLENCE

A SMILE IS WORTH THAT EXTRA MILE

**RETAIL FRANCHISING**  
A GATEWAY OF BUSINESS EXPANSION

**MY THOUGHTS**  
BHASKAR BHAT, MD, TITAN COMPANY LTD.



**BUSINESS HEAD**

**Anjali Sondhi**, Director  
 anjalisondhi@imagesgroup.in  
 Mob.: +91 9810204297

**Waseem Ahmad**, Vice President  
 waseemahmad@imagesgroup.in  
 Mob.: +91 9833628852

**DELHI** : **Vineet Chadha**, Vice President  
(Retail Support Group & indiaretailing)  
**Vandana Verma**, Sr. Manager

**MUMBAI** : **Bindu Pillai**, Sr. General Manager

**AHMEDABAD** : **Sunil Vadadoriya**, Dy. Manager

**KOLKATA** : **Piyali Oberoi**, Vice President & Branch Head  
**Rohan Narayan**, Dy. Manager

**BENGALURU** : **Suvir Jaggi**, Vice President & Branch Head  
**Devidutta Royptam**, Sr. Manager  
**Smriti Bhagat**, Manager

**LUDHIANA** : **Hemant Gupta**, Associate

For advertising queries, please write to [salesretail@imagesgroup.in](mailto:salesretail@imagesgroup.in)

**Anil Nagar**, Vice President  
anilnagar@imagesgroup.in, Mob.: +91 9811333099

Priti Kapil	Priyanka Sagar
Sarika Gautam	R. P. Singh

**Registered Office:** S 21, Okhla Industrial Area, Phase II, New Delhi 110020  
Ph: +91-11-40525000, Fax: +91-11-40525001, Email: [info@imagesgroup.in](mailto:info@imagesgroup.in),  
Website: [www.imagesgroup.in](http://www.imagesgroup.in)

**Mumbai:** 1st Floor, Plot No. 111 / 3,  
Marol Co-Operative Industrial Estate, Marol, Andheri (East). Mumbai - 400059.  
Ph: +91-22-28508070 / 71. Fax: +91-22-28508072

**Bengaluru:** 523, 7th Cross, 10th Main, (Jeevanbhima Nagar Main Road), HAL 3rd Stage, Bengaluru 560 075  
Ph: +91-80-41255172/41750595/96. Fax: +91-80-41255182

**Kolkata:** 30-B, Anil Roy Road, Ground Floor, Kolkata 700 029  
Ph: + 91-33-40080480. Fax: +91-33-40080440

On a concluding note, I once again would like to remind our readers about the 2016 annual mega congregation of India Retail Forum, which is scheduled for 21st-22nd September at Renaissance Hotel, Mumbai. Stay tuned to upcoming issues of IMAGES Retail to get more insights on the business of retail.



Amitabh Taneja

Printed & published by S P Taneja on behalf of Images Multimedia Pvt. Ltd. Printed at Modest Print Pack (P) Ltd. C-52, D.D.A. Shed Okhla Industrial Area Phase -1, New Delhi - 110020 and published by S P Taneja from S - 21 Okhla Industrial Area Phase - 2, New Delhi.110020 Editor: Amitabh Taneja

In relation to any advertisements appearing in this publication, readers are recommended to make appropriate enquiries before entering into any commitments. Images Multimedia Pvt. Ltd. does not vouch for any claims made by the advertisers of products and services. The Printer, Publisher and Editor-in-Chief of the publication shall not be held for any consequences in the event of such claims not being honored by the advertisers.

Copyright Images Multimedia Pvt. Ltd. All rights reserved. Reproduction in any manner is prohibited. All disputes are subject to the jurisdiction of competent courts and forums in Delhi/New Delhi only. Images Retail does not accept responsibility for returning unsolicited manuscripts and photographs.

For subscription related queries, email to: [subscription@imagesgroup.in](mailto:subscription@imagesgroup.in)  
For feedback/editorial queries, email to: [letter2editor@imagesgroup.in](mailto:letter2editor@imagesgroup.in)



# CUSTOMER SERVICE EXCELLENCE

A SMILE IS WORTH THAT EXTRA MILE

With the advent of e-commerce and its rapid adoption by consumers, the only way retail can stand the test of time in the age of digital proliferation is Customer Service Excellence



JULY 2016

## CONTENTS

### 12 NEWSMAKERS NATIONAL

#### UNFOLDING LANDSCAPE OF INDIAN RETAIL

A cursory article on recent happenings in India

### 16 MY THOUGHTS

#### PHYGITAL: IT'S TIME FOR THE NEXT RETAIL REVOLUTION

An exclusive article by Bhaskar Bhat, MD, Titan Company Ltd

### 34 RETAIL LEADER

#### VINEET GAUTAM, THE 'BESTSELLER' MAN

A feature that highlights the corporate journey of Vineet Gautam from Bestseller

### 36 SPECIAL FOCUS

#### RETAIL FRANCHISING: A GATEWAY OF BUSINESS EXPANSION

An exclusive article on Indian franchise industry

### 52 RETAIL DEBUTANT

#### A NEW COVERSTORY IN MAKING

In an exclusive conversation, Manjula Tiwari, CEO, Future Style Lab talks about the new venture of Future Group

### 54 DYNAMICS

#### BAG THE GROWTH

The next few years look good for this sector as travel has become rampant for work and for leisure

### 64 E-COMMERCE

#### TATA CLIQ: WORLD'S FIRST PHYGITAL E-COMMERCE MARKETPLACE

It brings a smart combination of in-store experience with the convenience of online shopping

### 72 ECONOMY

#### E-RETAIL START-UPS: KEY PARAMETERS FOR THEM TO RAISE FUNDING

The article gives a sneak peak on basics of e-commerce funding

### 74 RETAIL REAL ESTATE

#### UNDERSTANDING CONSUMER PREFERENCES: KEY TO SUCCESS OF MALLS

Article by Sunil Shroff, CEO, Viviana mall

### 76 INNOVATION

#### SHOPPERS STOP CREATES WOW EXPERIENCE WITH MAGIC MIRROR

An exclusive post on Shoppers' Stop in-store innovation

### 78 TECHNOLOGY: THOUGHT LEADERSHIP

#### UNIFIED RETAIL EXPERIENCE IS THE EVENTUALITY

In conversation with P Srikar Reddy, MD and CEO, Sonata Software

### 80 RETAIL TECH

#### THE OPPORTUNITIES FOR SME RETAILERS TO GROW NON-LINEARLY

Identifying the opportunities for small and medium retailers

### 84 INDEX





◀ **Bhaskar Bhat**, Managing Director,  
Titan Company Limited.

# PHYGITAL

## IT'S TIME FOR THE NEXT RETAIL REVOLUTION

**As someone whose journey in India's retail landscape started way back in the 70s, Bhaskar Bhat, MD, Titan Company Limited, can say that things have transformed significantly in retail**

**T**he mills of erstwhile Bombay is where the idea of selling products in retail chains was first born in India. While textile players mastered this concept, soon manufacturers from other industries followed suit. This was the era of slow and steady progress as India continued to be a closed economy with License Raj and limited or no foreign direct and foreign institutional investment. With liberalisation in the 90s, things changed for good. Towards the end of this decade, struggling to make an impression in an age where local kiranas and mom-and-pop stores dominated, seeds of the mall culture were sown in Delhi and Mumbai. Soon, this wave spread to other cities, including Kolkata, Chennai, Pune and Hyderabad, among others.



▲  
**Sanjay Behl**, CEO,  
Lifestyle Business,  
Raymond Ltd.

▲  
**Kabir Lumba**, Managing  
Director, Lifestyle  
International Pvt Ltd

▲  
**Avani Davda**, Managing  
Director, Godrej  
Nature's Basket

▲  
**Venu Nair**, Managing  
Director and Board  
Member, Marks and  
Spencer India

▲  
**Ramesh Menon**,  
Hypercity Retail  
(India) Ltd.

# CUSTOMER SERVICE EXCELLENCE

A SMILE IS WORTH THAT EXTRA MILE

By Sheetal Choksi and Varun Athreya



---

**With the advent of e-commerce and its rapid adoption by consumers, the only way retail can stand the test of time in the age of digital proliferation is Customer Service Excellence. However, for every retailer trying to engage customers and inspire loyalty, there are several who haven't managed to make the cut.**

**S**o, what separates the superior from the average and the favourites from the forgotten? Well, truly successful retailers never forget the fact that customer loyalty is directly proportional to customer experience; always has been and always will be.

When customers have to wait needlessly or face ignorance and/or inefficiency when shopping is when they decide to migrate, either to e-tail or to another brand. Today, a customer need not give a second thought to that migration because there is more than enough competition offering the same products at more or less the same prices. Gone are the days when providing a positive retail customer experience was commendable; now, it's a vital pre-requisite. Going beyond a good retail customer experience, retailers need to design and implement coherent retail service models if they seek to set themselves apart.

That being said, there are some retailers who have succeeded in evolving with the tastes, desires and expectations of today's discerning and experiential customer. The annual TRRAIN Retail Awards have, over the years, recognised a multitude of these efforts, celebrating professionals at a national level who have gone that extra mile for customers on behalf of the companies and brands they work for. This has led to the creation of valuable case studies and brand new benchmarks for retail Customer Service Excellence in India.

In this article, we speak to a few highly successful retail CEOs whose companies' employees have won numerous accolades at the TRRAIN Retail Awards. Sanjay Behl - CEO at Lifestyle Business, Raymond Ltd., Avani Davda - Managing Director at Godrej Nature's Basket, Kabir Lumba - Managing Director at Lifestyle International Pvt. Ltd, Ramesh Menon - Hypercity Retail (India) Ltd. and Venu Nair - Managing Director and Board Member at Marks and Spencer India share their outlook on the role Customer Service Excellence plays as a differentiator in modern retail, the challenges they face in its implementation and its transcendence from mere policy to firmly rooting itself in the very DNA of their organizations.

As the Founder of TRRAIN and former Managing Director & CEO of Shoppers Stop, few individuals understand the nature of Customer Service Excellence and the pivotal role it plays in retail today more than B. S. Nagesh. Here are a few words he shared with us on the subject





# RETAIL FRANCHISING

## A GATEWAY OF BUSINESS EXPANSION

Franchising is gaining popularity among the retailers in India, more particularly in the areas of fashion & lifestyle, food products and beverages, restaurant chains, consumer goods and computer training centres. Franchising is one way in which a company can take advantage of India's vast market with a degree of control that other traditional forms of distribution can't match

By Parama Sen





In the emerging economies, millions of new consumers are being created as jobs in manufacturing and service businesses are increasing average incomes. This growing middle class is creating a boom in retail activity and retail franchising opportunities are being established to service these emerging markets. Retail, food and service businesses are feeling the benefit of this economic momentum and franchising is surfing this wave as the need for motivated owner-operators grow. The 21st century will see the evolution of the franchised owner-operator as the most efficient last-mile-to-market business model yet developed, combining the service ethics of an individual who understands that the centrepiece of his or her goodwill is the lifetime value of each customer, with the strategic planning capability, buying power and marketing muscle of bigger networks and brands.

Franchising business in India is expected to witness CAGR of 30% over the next 2 years. This is also expected that franchising industry will create job opportunities (including both direct and indirect) for an additional 11 million people by 2017. So, franchising is indeed a game changer policy which assures growth not only for franchisors but franchisees as well.



## ► PRESTO [OPERATING INDUSTRY: RETAIL]

This first-of-its kind concept-store opened in Kolkata City Centre I, in 2005 and was an instant success and here begins the successful journey from one to 165+ across country. In a short few years, it has become a recognized brand. The franchising strategy of the brand is very simple. It provides 360 degree support, which begins from day 1 of joining hands. The brand makes it a point that the price of all the products is the same across the country. Presto has an e-catalogue that makes sure there's no product differentiation between franchisees.

**Criteria to select a franchisee:** The two most important things that the brand look at while selecting a franchisee is the location where the store would be, and of course self entrepreneur.

**Preferred location and average store size:** The preferred locations should be places with high footfalls. This would include places such as Shopping malls. The average size of a franchisee is 250 sq ft. The company operates in three business modules - SIS, KIOSK and EBOs. So wherever there's high cost it prefers Kiosk/SIS, to make the project viable.

**Cities with multiple franchising initiatives:** The major cities where Presto has multiple stores are Kolkata, Pune, Bengaluru, Chennai and Mumbai. The largest region that it has covered is East with 90 stores, then comes South with 50, West with 15 and North with 10.

**Ratio of company owned store and franchise stores:** 25% of Presto stores are COCO and 75% are FOFO.

**Expansion Plan:** Presto is trying to go global. The target is to be present in South East Asia Pacific region in the beginning and then spread wings across the world. Presto will open three international stores at Nepal and Fiji in this financial year.

## ► HAS JUICES & MORE [OPERATING INDUSTRY: F&B]



HAS Juices & More is in retail format since nine years. However the juice bar is a new segment. They have received good response from the market in last 3 years.

**USP of the franchising strategy:** The brand believes in maintaining good relationship with the franchisees, which yields good results in a specific period of time. Its belief in commitment, insistence on fair practices, and proper set of guidelines for the franchisees makes them a better choice for the potential franchisees. The brand also

believes in initiating more outlets with the same franchises at the same time.

**Win-win for both franchisor and franchisee:** Both should make money following the correct business ethics that is the bottom line strategy of the brand. In case a franchise is facing any inconvenience, problem, issue of any sort, the brand does stand by them.

**Criteria to select a franchisee:** The background and location of the candidate applying for franchisee play a major role in selection. High Networth Individuals are preferred rather than people with short capital or business loans. An investment of approximately 20 lakhs is needed in the beginning.

**Preferred location and average store size of the franchise:** Malls, High end streets, already having prominent brands of ice creams; Petrol pumps, Hospitals, Multiplexes, Airports, premium large corporate parks are preferred locations. Average store size will vary from 150 sq. ft. to 500 sq. ft. ROI period is expected to be 12-18 months, while the expected break-even comes from within 2-3 months from commencement of business.

**Present network of stores:** It has 3 franchise stores and 5 Joint Venture Stores in Mumbai, 1 franchise in Raipur and 1 in Bengaluru.

**Ratio of COCO & FOFO:** The brand has 25 COCO stores, while 4 FOFO stores and 6 JVs. 3 more FOFO stores are coming up shortly.

**Future expansion plan:** They have a target of opening 50 more stores in Mumbai, 7-8 stores in Pune, at least 1 store in Nasik, 10 stores in Gujarat, 3-4 stores in Goa and around 10-12 stores in the southern part of the country.





# BAG THE GROWTH

**The Indian luggage market is growing around 18% CAGR. Expanding retail chains, booming e-commerce and nationwide sales networks are making it increasingly more streamlined. The next few years look good for this sector as economy is on the move and travel has become rampant for work and for leisure.**

By Parama Sen

**I**n India, luggage and handbags have, over the recent years, managed to shed their traditional utilitarian tag and have now evolved as lifestyle products. Increasing business and leisure travels coupled with rising disposable income and organized retailing have led to increased demand for branded luggage. The luggage that people demand varies according to their needs and purpose they are travelling for. The bags and luggage are not only a necessity now, but have actually become a status symbol. The overall luggage market in the country stands at Rs 3,000-Rs 4,000 crore, according to market estimates. Approximately a little less than 50% of it is dominated by the organised players. The unorganised sector is predominantly dominated by regional players, who are making enough profit and holding a considerable amount of share at the economy category. Many International players like Tommy Hilfiger, Delsey, Tumi, Briggs and Riley, Hartmann, Timberland, Victorinox are tapping



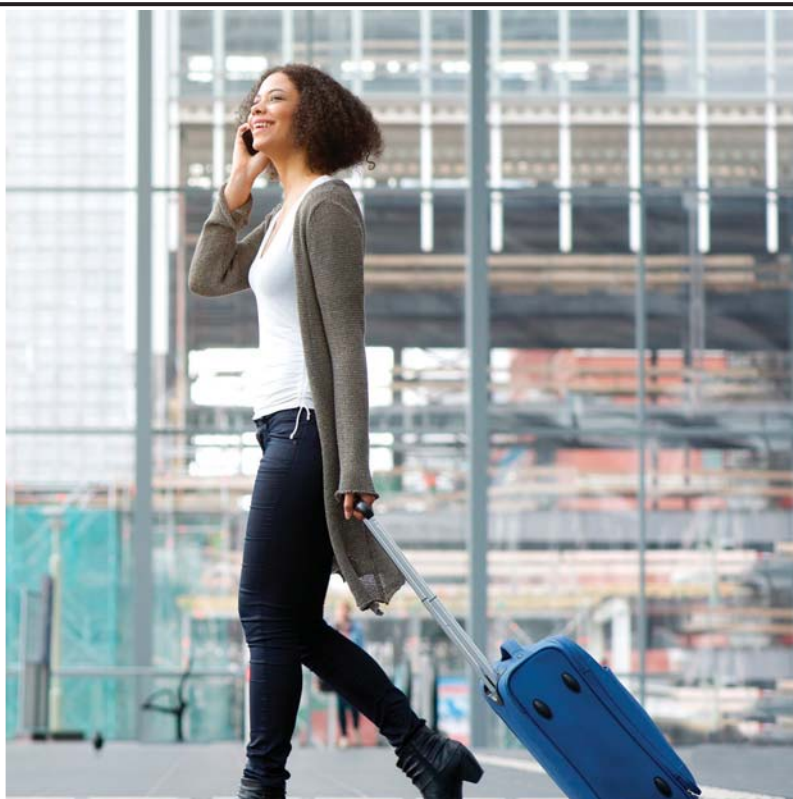
the evolving Indian consumers at a much higher pace. The competition is expected to intensify further as these players are estimated to make a significant contribution in the organized segment of luggage industry.

### Factors driving growth

Over the last 13 years, luggage industry in India is growing at an average rate of almost 13%. The last financial year has recorded a growth rate of 18% and it is expected to reach 20% in the present FY. The growth of this industry has been impacted directly by the growth of travel infrastructure such as national highways, airports, railway stations which contributed significantly to the development of the travel industry in India. Over the years, both domestic and international air travel has shown consistent double digit growth. It is also expected that India will account for 50 million outbound tourists by 2020, thereby presenting favourable prospects for the luggage industry. Modern retailing and new fashion trends are also expected to drive the casual bags and travel luggage bags category over the forecast period FY'14 to FY'18 according to Ken Research. Luggage has also become an important part of the wedding trousseau, even in the tier II-III cities, people are buying branded luggage during the wedding season. Young people constitute a considerable portion of Indian population today and this generation loves to travel hands free, which in turn has initiated growth for the backpack-duffle bag category. Major players have been seeking to cater to the rural segment of the population and have been laying greater emphasis on product innovations such as the launching of various handbags for women's segments and eco-friendly bags to avoid carbon-footprints will further boost up the revenue of the luggage market in the country.

### Leading players in organised sector

Samsonite, V.I.P and Safari, constitute approximately 95% of the total organised sector of this industry. Brands like Delsey, Tommy Hilfiger etc constitute the rest of the percentage. V.I.P is the leader with an almost 47% market share, followed closely by Samsonite (45%). Safari accounts for the rest.



## TRENDS OF INDIAN LUGGAGE & HANDBAG INDUSTRY

- >> Percentage of market share: hard and soft luggage is 47%, handbags 25%, backpacks and business bags 9% each, others 10%. Hard luggage constitutes 25% of the total sales volume, whereas soft dominates the rest 75%
- >> Sales of luggage is season specific, mainly depends upon travelling and weddings
- >> From soft luggage, there is a shift of consumer preference to lightweight polycarbonate uprights
- >> Inclination towards international brands has increased, as the domestic brands don't have the technology or resource to produce at par the international standard
- >> Consumers are willing to spend more for a good quality product
- >> Hypermarkets and e-commerce have become highest growth generating channels
- >> Backpacks and ladies handbags are the two most promising categories





# OFF TO A FLYING START

Redefining the neighbourhood shopping experience

RETAIL PROPERTY OF THE YEAR - SOUTH\*



Brigade Group successfully launched its second mall – Orion East Mall in March 2016.

Orion East Mall is located in a vibrant catchment area on Banaswadi Main Road. Orion East Mall has a smart portfolio of International and Indian brands across fashion, lifestyle, food and entertainment.

Within a month of its launch, Orion East Mall has already clinched the Retail Property of the Year award from Franchise India.

Orion East Mall is all set to redefine the neighbourhood shopping mall experience in India.

## Main Anchors:

Cinépolis, Shoppers Stop and Westside.

## Other Brands:

Apple, Adidas, Puma, Celio, Jack & Jones, Vero Moda, Skechers, Arrow, U.S. Polo Assn., Mothercare, Soch, AND, Global Desi, Sunglass Hut, The Body Shop, McDonald's and many more.

## Catchment Areas:

The only mall in a 7 km radius serving the upmarket localities of Fraser Town, Benson Town, HRBR Layout, Kammanahalli & other prime residential areas.

Email: [feedback@orionmalls.com](mailto:feedback@orionmalls.com)  
Contact: Mr. Varun Khanna at +91 9980642712



Building Positive Experiences



# HOME WORK FORUM

5,00,00,000  
people agree  
it's the perfect  
third place.

Forum is fast becoming South India's leading mall destination, with 6 malls across 4 cities, and 5 crore people annually visiting our 750 stores. Clearly there's something special about each store, each visitor – and something special about Forum.

**FORUM**

BANGALORE. CHENNAI. HYDERABAD. MANGALORE

Forum Central Office. Prestige Poseidon, No. 139, Third Floor, Residency Road, Bangalore 560025.