

PIIMAGES Retail

TM
www.imagesretail.com

FUTURE OF BUSINESSES

JUNE 2011 • VOL. 10 NO. 6

Rs50 US\$10



The State of Retail Demand Forecasting

Go-to-market strategies via
highly granular forecasting

- ➔ CHANGING CUSTOMER LOYALTY
- ➔ PRODUCT LIFECYCLE MANAGEMENT SOLUTIONS
- ➔ WHY AGGRESSIVE SELLING MAY NOT WORK

editor-in-chief
editorial advisor
managing editor

director - planning

sr. assoc. editor-cum-chief of bureau
associate editor

sr. correspondent
correspondent
copy editor

creatives
art director
dy art director
asst. art director
sr. photographer
asst. photographer
photo coordinator

publisher

business development
chief operating officer

advertising lead group

assoc. vice president, product head
assoc. vice president (technology)
assoc. vice president (fashion)
general manager (retail support)
general manager (food retail)
dy. general manager (fashion)
assoc. vice president (circulation)
assoc. vice presidents & regional heads

sr. managers

sr. manager (circulation)
manager
asst. manager
sr. executives

marketing associates

production
general manager
sr. executive

services
general manager (logistics)
general manager (customer relations)
subscription
sr. executive (logistics)

amitabh taneja
r s roy
nupur chakraborty

anjali sondhi

nivedita j pawar (mumbai)
purnima mehra

payal Kapoor
shubhra saini
ankush khanna

pawan kumar verma
deepak verma
lakshmi shankar
vipin kardam
deepak malik
kamal kumar

s p taneja

sandipan singh

vineet chadha
vijay bajaj
lokesh chopra
arti kapur
lokesh arora
rajesh kaul

anil nagar
waseem ahmad (mumbai)
piyali roy oberoi (kolkata)
deepak tamhankar (mumbai)
naresh kumar (bangalore)
r p singh (mumbai)
anil nalvade (bangalore)
sachin khanna
rohan narayan (kolkata)
pratik ghosh (kolkata)
s venkatraaman (chennai)
9444021128 (m)
hemant gupta (punjab)
9814019745 (m)

manish kadam
ramesh gupta

rajeev mehandru
hemant wadhawan
rajesh kumar
shambhu nath

Was it Albert Einstein who said: "I never think of the future – it comes soon enough"? This philosophy of life may be good for scientists trying to crack the secrets of the universe, but for retailers serious about growing their business, it is nothing less than a recipe for disaster.

Indeed, looking into the crystal ball and forecasting retail demand is one of the factors which help distinguish a successful retailer from an also-ran. Our cover story for this issue, "The State of Retail Demand Forecasting," explores this key discipline that no sensible retailer can do without.

Though the craft and intuition of the individual retailer cannot be replaced, it can certainly be augmented by a scientific approach that predicts future demand and provides key inputs to take better decisions.

Retailers today face several challenges, such as intermittent demand leading to erratic sales, introduction of new products that create instability and new trends that affect customer decisions. These can be better met if the retailers recognize where forecasting can enable better processes. The new approach to retail demand forecasting outlined in our cover story will help enhance accuracy of plans and overall profitability of operations.

Elsewhere in this issue, Rafiq Somani explains how Product Lifecycle Management (PLM) solutions enhance bottom-line efficiency. They not only integrate people, data, processes and business systems, but also provide details on the engineering aspect of a product.

Our regular columnist Harminder Sahni tells why many customers still tend to prefer the traditional bazaars to malls and branded outlets. Maybe it is time for retailers to do some out-of-the-box thinking in customer loyalty and snare these potential buyers.



Amitabh Taneja

IMAGES MULTIMEDIA PVT. LTD.

Delhi: S-21, Okhla Industrial Area, Phase II, New Delhi 110020, India
Ph: +91-11-40525000, Fax: +91-11-40525001, email: info@imagesfashion.com

Mumbai: 1st Floor, Bharat Tin Works Opp. Borosil Glass Works, Off Military Road Marol Maroshi, Andheri (E), Mumbai - 400 059
Ph: +91-22-42567000/29200043/46, Fax: +91-22-42567022
email: waseem@imagesfashion.com

Kolkata: 30-B, Anil Roy Road, Ground Floor, Kolkata - 700 029
Ph: + 91-33-40080480, Fax: +91-33-40080440, email: piyali@imagesfashion.com

Bangalore: 523, 7th Cross, 10th Main (Jeevanbhima Nagar Main Road), H.A.L. 3rd Stage, Bangalore - 560075
Ph: +91-80-41255172, 41750595/96, Fax: +91-80-41255182
email: bangalore@imagesfashion.com

All material printed in this publication is the sole property of Images Multimedia Pvt. Ltd. All printed matter contained in the magazine is based on the information from those featured in it. The views, ideas, comments and opinions expressed are solely of those featured and the Editor and Publisher do not necessarily subscribe to the same.

Printed & published by S P Taneja on behalf of Images Multimedia Pvt. Ltd. Printed at Modest Print, 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.

CONTENTS

JUNE 2011



IN THIS ISSUE



32.....QnA

'Shrink the Shrinkage'

Yogesh Dutta of Aditya talks about the significance of using effective security systems in India.

38.....Insight

Bid adieu to aggressive selling

Amit Kumar stresses on finding and providing the best product to the customers through effective salesmanship.

42.....QnA

'International Brands will expand the Indian Travel Luggage Market'

Sameer Sikka dicusses the scenario of the travel luggage market in India.

48.....Opinion

Changing Customer Loyalty

To enjoy the kind of customer loyalty that traditional markets do, malls need to identify a set of missions to fulfill! says Harminder Sahni.

70.....Perspective

Survive & Thrive

Embracing PLM solutions to enhance bottom-line efficiency, elaborates Rafiq Somani.

80.....Operation

Go Beyond the Obvious

It is time for decision-makers to revisit the methodologies used for a comparative assessment of retail outlets, keeping in focus the expected CAGR of the modern Retail sector and more. By Ajatshatru Sharma

DESIGN



88.....S.Oliver, Stuttgart

Fashion brand S. Oliver entered new territory in brand representation with the design of a new concept store in 2010 creating the setting for a great performance.



REGULARS



10.....International Updates

20.....National Updates

94.....Stores of the Month

98.....Word Count

102.....Situations Vacant

104.....Index

COVER STORY 52

Crystal Ball 2.0

The State of Retail Demand Forecasting

RETAILERS' BUSINESSES HAVE GROWN MORE COMPLEX AND MORE GRANULAR AT THE SAME TIME – MORE CHANNELS, FRAGMENTATION OF CUSTOMER SEGMENTS, MORE PRODUCTS, MORE INFORMATION THAT CAN CONTRIBUTE TO DEMAND SIGNALS. SO, WHILE RETAILERS' DEMAND FORECASTING CAPABILITIES HAVE GROWN MORE SOPHISTICATED, THEY HAVE ALSO, UP UNTIL NOW, REMAINED SILOED WITHIN PRIMARILY MERCHANDISING AND SUPPLY CHAIN



Bid adieu to aggressive selling



By Amit Kumar

CUSTOMER POWER IS ON THE RISE. A CHANGE IS APPARENT IN THE WAY THINGS ARE BOUGHT AND SOLD IN RETAIL STORES. RETAILERS ARE BEGINNING TO UNDERSTAND THAT IT IS TIME TO EARN CUSTOMERS CONFIDENCE, TRUST AND LONG-TERM LOYALTY!

→ As consumers turn to become conservative spenders, their spending capacity should be calculated by their recommendations and purchasing patterns. Large quantities of retailers have a below-average number of advocates (sales person), resulting in loads of customer relationship being non-committal. There are certain points that retailers must keep in mind before going for an advocacy:

- A sales person should deliver information with authority, and not arrogance.
- A successful sales person understands that each customer stands on equal footing.
- The sales person should determine the customer's needs through carefully designed questions and respond with required information.
- The sales person's effort at bringing

clarity to a selling environment adds to the development of trust between the salesperson and his customer.

Here, I would share my own shopping experience. I had entered a retail store to purchase some product and a sales person started assisting me. Meanwhile, another customer walked in and asked for another product. The salesperson replied that she would attend him in a few minutes after assisting the earlier customer (Me). Before he could finish with me and move to the other customer, the other customer reluctantly interrupted to seek assistance. But the sales person kept her calm and closed my queries before moving on to the next customer. The point is that one could have simply handled both the customer together



Crystal Ball 2.0

The State of Retail Demand Forecasting

RETAILERS' BUSINESSES HAVE GROWN MORE COMPLEX AND MORE GRANULAR AT THE SAME TIME – MORE CHANNELS, FRAGMENTATION OF CUSTOMER SEGMENTS, MORE PRODUCTS, MORE INFORMATION THAT CAN CONTRIBUTE TO DEMAND SIGNALS. SO, WHILE RETAILERS' DEMAND FORECASTING CAPABILITIES HAVE GROWN MORE SOPHISTICATED, THEY HAVE ALSO, UP UNTIL NOW, REMAINED SILOED WITHIN PRIMARILY MERCHANDISING AND SUPPLY CHAIN

By Nikki Baird and Brian Kilcourse

→ The economic disruption of the last decade and a sharp increase in consumer cross-channel behaviour have forced retailers to re-evaluate their demand forecasting capabilities. The good news is that they have managed to take these shocks mostly in stride. The bad news is that while they understand that forecasting as a discipline has to change in order to continue to be successful, they have no idea what changes to make or how to make them – one version of the truth? Multiple forecasts to support multiple needs? Respondents to an online survey conducted from January to April 2011 by RSR tell us they aren't sure of the answer.

The spread of optimisation has brought new opportunities for forecasting to contribute to business success. But the most valuable uses of demand forecasting are also some of the most difficult to achieve. Retailers recognise that they will need better inputs – more accurate inventory, single views of customer purchase history, better visibility into supply – and they will need better integration between multiple departments that are trying to use the same information, whether through forecast integration, or through a single forecast available for multiple uses.

RSR recommends four steps to ensure that your demand forecasting processes are aligned and ready for the changes that consumer cross-channel behaviour and your company's own customer-centric strategies are demanding. First, retailers need to consider demand forecasting as a central discipline and process that spans multiple organisations. Within that context, the process should have an owner and retailers should make an informed decision about whether a specific demand forecasting process should remain standalone or should become part of the central discipline. If retailers undertake these steps, they have the best chance of avoiding organisational resistance in the form of "yet another tool being crammed

down my throat". Given the current capriciousness of consumers, the sooner that retailers can get their arms around their demand forecasting capabilities, the better off they will be.

WHY THIS STUDY WAS CONDUCTED

The concept of "managing demand" is fairly new to retail: the idea that demand is something more than what a retailer must respond to – that it is something a retailer shapes and influences. Some might argue retailers do shape demand through promotions and other offers to consumers, but more often than not such offers are a reaction to over-supply: retailers tend to be good at managing supply, but usually only as a reaction to demand. However, two events have brought demand management – particularly demand forecasting – to the fore. With these events, retailers recognise that demand forecasting is much more important to the enterprise than it used to be (Figure 1).

The first event is one that has drastically impacted the entire world over the last three years. The economic singularity of the latter half of last decade proved definitively that past results are no predictor of future performance.

As consumer demand dropped off drastically during the economic crisis, retailers who did the best were those who could identify the shift, forecast its impact and quickly respond at a level of granularity that enabled them to, for example, manage down the luxury or high-priced items in an assortment or category and

ramp up quickly on the suddenly-popular lower-priced items.

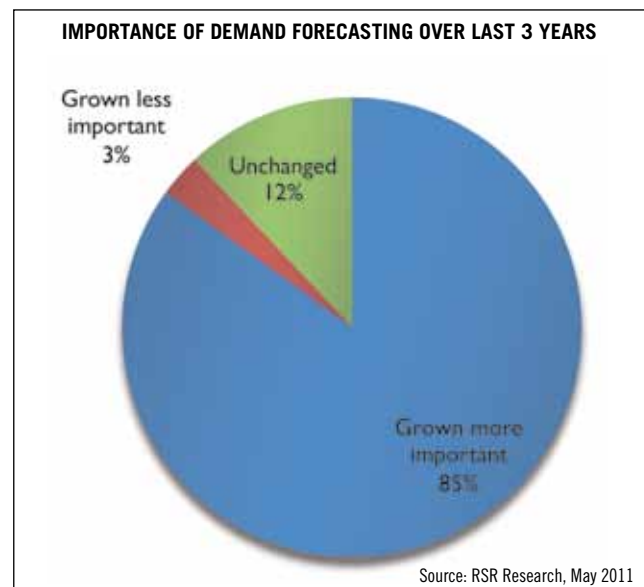
The second event focuses on the customer. Through retailers' desire to be more customer-centric, customer information has become much more central to the retail enterprise. Where consumers go internally to a retailer, demand soon follows. While demand forecasting was once only the purview of supply chain and finance, now everything from price optimisation to workforce planning requires some kind of demand forecast (Figure 2).

But while retailers can – and should – interpret the above chart to support the idea that demand forecasting is making its way ever-deeper into the retail enterprise, this chart is also representative of how much farther retailers have yet to go to really incorporate a demand forecasting discipline into their companies.

This is the overriding theme of RSR's inaugural research on demand forecasting: while there are areas where retailers have grown fairly sophisticated in their demand forecasting abilities, up until now those abilities have existed as isolated pockets within siloed organisations.

Retail Winners have caught glimpses

FIGURE 1: DEMAND FORECASTING GOES CRITICAL





Survive & Thrive

By Rafiq Somani

WITH THE CHANGE IN KEY INDUSTRY TRENDS, LEADING RETAILERS AND BRANDS ARE EMBRACING PRODUCT LIFECYCLE MANAGEMENT (PLM) SOLUTIONS TO ENHANCE BOTTOM-LINE EFFICIENCY. READ ON...

WHAT IS CYCLE TIME REDUCTION?

Cycle Time Reduction focuses on minimising the amount of time spent on the entire product development cycle – from product conceptualisation to retail store delivery. Until recently, Cycle Time Reduction was a term limited to the fashion world, and most commonly associated with leading fast-fashion apparel companies.

Some trailblazers like Zara and H&M became so adept at cutting cycle time that they were able to go from concept to retail store in as little as two weeks.

Increasingly, though, Cycle Time Reduction is being applied to all types of products. Today, there is a 'fashion' aspect to almost every type of product that consumers can purchase. Think

about the fashion aspect of consumer electronics – iPods, Blackberrys, laptops and at-panel high definition TVs – where fast-changing fashion trends are driving changes in elements such as colour and shape. Home items, too, are increasingly being presented as 'coordinated ensembles'.

To capture the latest trend, it is important that design decisions be made very late in the product development process, so that the most up-to-date thinking can be incorporated into the product concept. Making timely, informed decisions gives a company a higher chance of designing products that customers want to purchase. This strategy also leads to a higher percentage



of products being sold at full retail selling price, thus, avoiding future markdowns and excessive inventory levels.

Another factor forcing manufacturers to deliver the right products to the store at the right time is that today's consumers have less discretionary income to spend. To avoid excess inventory, management must make design decisions later in the process, which gives a company the opportunity to analyse the recent sales data, so quantities of products can be accurately forecast. To move at the speed of fashion, leading companies are embracing enterprise PLM.

To make a significant impact on your overall cycle time, managers must take a close look at every process in the product development system. Companies that have significantly reduced their cycle time realise that all departments – from up-front planning to back-end delivery – must work together in a choreographed way.

To make a significant impact on your overall cycle time, managers must take a close look at every process in the product development system.

PLM IS CAPABLE OF HOUSING VITAL SUPPLIER INFORMATION, SUCH AS THE SUPPLIER'S CURRENT CAPACITY AND PAST PERFORMANCE, IN A VENDOR SCORECARD, SO THAT DECISIONS CAN BE MADE QUICKLY.

PLM provides a comprehensive digital platform for negotiation of product commitments, as well as unit volume, delivery dates and transportation methods. Automated archiving and capturing of discussion threads provides seamless visibility between the retailer and the brand, and the supply chain.



AREAS IMPACTED BY CYCLE TIME REDUCTION

a) Merchandising and Design

Processes: Merchandising kicks off the product development process by providing clear direction of the plan for the seasons to come, including the financial goals, with information such as:

- Target retail, target cost and margins;
- Assortment goals for the type of product mix; and
- Creative goals based on the current season trends.

These merchandise plans are translated into line plans with placeholders that include directional product information for the design team. In a PLM system, designers can design multiple product candidates for each placeholder and easily share the product concepts with the merchandising team. The tight collaboration between Merchandising and Design, early in the product development process, allows the design team to focus their efforts on the type of products that merchandising will be adopting into the line, thus, ensuring valuable time and effort are not wasted either on products that will never make it to line adoption, or on late adds.

b) Creative Design: As the design process continues, PLM provides multiple ease-of use features to accelerate the translation of a designer's idea into a product concept that can be shared with the rest of the team. Advanced PLM solutions, such as FlexPLM, offer direct integration with Adobe Illustrator (AI), thus, allowing a designer to quickly create a product specification from within AI. From within the familiar Adobe user interface, the designer can access colour and material libraries from FlexPLM and assign these to a product, along with descriptive product attributes, to generate a product 'design card'.

c) Calendar Management: One of the most important – and most challenging – disciplines for achieving Cycle Time Reduction is adhering to a calendar. PLM solves this issue

design ➔

S.OLIVER, STUTTGART

LAST YEAR, FASHION BRAND S. OLIVER ENTERED NEW TERRITORY IN BRAND REPRESENTATION WITH THE DESIGN OF A NEW CONCEPT STORE; THE PRODUCT PLAYS THE MAJOR ROLE, BUT THE WAY IT IS PRESENTED CREATES THE SETTING FOR A GREAT PERFORMANCE

Location: Königsstrasse, Stuttgart, Germany

Area: 10,765 square feet

Opened: September 2010

Design: Konhäuser of Estenfeld / Würzburg

Store Construction And Interior Design: Konhäuser, Estenfeld

Lighting: Lichtkonzept, Waldürn





→ S.Oliver's new retail store appeals to the senses with a vintage old-world look that invites customers for a relaxed discovery of its merchandise on display. Lighting, decoration, visual merchandising and products designed exclusively for the store, reveal a new side of the brand, and promise an emotional shopping experience. The design seeks to set new accents in store construction, in merchandising, in products and in the retail world. It revolves around the brand's motto "The old is the new new" and has customers embarking on a nostalgic trip where they experience complete fashion lifestyle worlds.

The brand caters to a broad target group for its three lifestyle products: Casual, QS and Selection. It has introduced clothing with a strong fashion focus and special qualities. The vintage setting is elegant, warm and friendly. Strategic focal points between the individual segments act as aids to its orientation. There are mannequins dressed in casual styles on cast iron staircases, traditional busts from the 20s are used to display the fashions of the premium collection, while Chesterfield sofas in the accessories area, are the brand's biggest to date.

↑ Lighting, decoration, visual merchandising and products designed exclusively for the store, reveal a new side of the brand, and promise an emotional shopping experience.



A multitude of shoppers await your arrival

Orion Mall isn't just a striking, well planned construction of 8 Lacs sq.ft. across four levels. Given its central and perfect location, it will be a paradise for 20,000 shoppers within Brigade gateway- a 40 acre lifestyle enclave, and others in the surrounding areas of Malleswaram, Rajajinagar and Yeshwantpur.

As part of Brigade Gateway, this lifestyle mall is being built amidst 1250 premium luxury apartments, the world Trade Centre- catering to 10,000 professionals- and the prestigious Sheraton Hotel. The mall will also feature India's largest PVR multiplex having 11 -screens, Brands like , **Anchor Tenants** : PVR cinemas, Star Bazaar, West Side, Land Mark, Debenhams, Zara, blu-o

Vanilla Stores : Wills Lifestyle, Reebok, Rock port, Blackberry's, Magnet, Helios, Louis Philippe, Van Huesen, Allen Solly, Crocs, LP.V. ,Soles, The Mobile Store, Chemistry, Mint, Triumph, Affinty, Body Shop, Accessorize, Guess, Nautica., Addons- Men, Bag Zone, Samsonite Black Label, Samsung, Carters, Next, Oshkosh, Nike, Jack & Jones, Sunshine India, Reid & Taylor, S. Oliver, Pepe Jeans, Levi's, Rattrap, health & glow, VIP, Esprit, Puma, Timezone, Mochi and IMYME.

The Orion Mall also features all the modern amenities that a state- of-the -art mall has to offer, Easily accessible from all parts of the city and right next to the upcoming metro rail station station project, the Orion Mall is an irresistible business choice.



Brigade Enterprises Limited, Hulkul Brigade Centre,
82, Lavelle Road, Bangalore - 560 001, Ph: 080-40467600

Orion Mall at Brigade Gateway, 26/1, 80 Ft. Road,
Dr. Rajkumar Road, Malleswaram West, Bangalore - 560 055.
Ph: 080-41808800 | Chandan: 09740013003 | Ayesha: 09686602363
retail@brigadegroup.com | www.brigadegroup.com



U P G R A D E T O B R I G A D E

a new reason to smile, each time you visit the mammoth
Ambience Malls



Shopping | **E**ntertainment | **F**ood | **J**ust Malling

Space for a million smiles



Ambience: L-4, Green Park Extn., New Delhi - 110 016, Tel.: 011-26195042, 4021, 8101, Fax: 011-26164757, E-mail: mail@ambiencemalls.com

Follow us on [facebook](https://www.facebook.com/ambiencemalls) | www.ambiencemalls.com