

PIIMAGESTM Retail

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THE INDIAN RETAIL *journey*

25 years

OF GUTS AND GLORY

An eye for
eyewear

Cloud computing, a
new era in retailing

The high performance
workplace culture

Success story of
Hidesign



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It's been 25 glorious years since the advent of organised retail in India. 25 joyous, tumultuous, passion driven years. We have lamented local corner stores merging into gigantic department stores and malls. Foreign brands that were once a distant dream beckon us with flashy offers. Old traditional retailers, with legacies that date back to pre-independence days, still hold strong and in some cases, pioneer modern change. To get a first hand perspective on the history of Indian retail, we asked the industry stalwarts to share their experiences - what they would have done differently in hindsight, what led them to foray into the domains that they did, and some 'what if questions' the answers to which may have changed the course of some brands in the country. In the cover story of this issue 'The Indian Retail Journey: 25 Years of Guts and Glory', we are presenting their points of view on the 25-year retail journey with their perspective of Indian Retail in the year 2020.

Earlier this year, India overtook China as the fastest growing major economy, expanding by 7.3 percent and cementing its position as one of the sole bright spots in a troubled global economy. IMF is projecting GDP growth of 7.5 per cent over the next two years for us. Therefore, as the Chief Convenor of India Retail Forum 2016, it gives me immense pleasure to share with you the theme for this year's India Retail Forum (IRF), which aptly asserts the latent power of the Indian consumption and retail story: 'NAVIGATING THE FASTEST GROWING MAJOR MARKET OF THE WORLD.'

As you all know, IRF has been the signature event of the retail sector in India, ever since its inception in 2003. Now in its 13th edition, this annual event will bring together delegates from all nooks and corners of India and the world, 175+ distinguished speakers from around the world, 100+ exhibitors of next-generation innovations for the retail sector, and innumerable opportunities to tap into this high potential market.

Hope to meet you all at the India Retail Forum.

Amitabh Taneja

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THE
**INDIAN
RETAIL**
journey

**25 YEARS OF GUTS
AND GLORY**



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Remember the time when shopping was simple? Customers went to the market, made quick decisions as the choices were limited, and returned home content. Retailers understood their customer requirements, built personal relationships and fulfilled the demands of the local neighbourhood. Then the 90s happened...



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Designed with Passion
Boconcept



Initially used as a vision corrective device, eyewear products and their perception from the customer's point of view have evolved over the years. Over 530 million people in India need spectacles, of which only 170 million people wear them. That means the eyewear industry is still underserved and there is a huge opportunity of growth for the retailers by providing greater access to quality eyewear

By Parama Sen

Industry Overview

The eyewear retail category in India is slowly but steadily coming up on its own and making its presence felt in the fashion vertical. Increasingly, educated Indian consumers are more concerned about eye health, making them more willing to spend on a good pair of spectacles. Demand for high quality and fashionable branded spectacle frames, stylish cases, multi-purpose spectacles are some of the factors driving the modernisation of this category, with a rising numbers of consumers expected to switch to branded eyewear as a public reflection of their social status.

The eyewear market in India comprises numerous manufacturers that specialise in designing and producing eyewear products in different segments. Along with the presence of leading eyewear companies in the organised sector, market in India is primarily driven by the revenues of a huge number of manufacturers in the unorganised/ unbranded segment.

However, the growth of modern retail is helping to create some structure around the category, as Devansh Binani, Director, Himalaya Optical observes. "The eyewear industry in India has recently attracted a lot of attention due to the entry of new organised retailers and the introduction of e-tailing," he says.

“These developments have helped this industry to grow by bringing to light obscure facts. For instance, a majority of Indians that reside in the rural regions do not even realise their need for corrective eyewear. Furthermore, the optical industry comprehensively still has a greater number of unorganised players.”

“However, as this industry is developing and the country is embracing urbanisation, the organised market is growing at a faster pace than ever before. Pure-play optical retailers are able to enter new markets as consumers have begun acknowledging and appreciating correctly dispensed, high quality products,” he adds.

Market Size and Segmentation

According to India Retail Report 2015, the retail market is worth Rs. 43,243 crore growing at 14-15 percent and is expected to cross Rs. 63,000 crore by 2017. Modern retail is estimated at 8 percent of this total market and is expected to grow at 21-22 percent. The contact lens market -- the fastest growing sub-category in the eyewear vertical -- is estimated at about Rs. 700 crore and is growing at a CAGR of 25 percent. The high-end branded eyewear market is largely dependent on imports and accounts for about 30% of the Rs. 2200 crore sunglasses market.

Broadly speaking, the eyewear market in India has two segments: fashion and prescription. Earlier, the difference between these two was



▲ Devansh Binani, Director, Himalaya Optical

quite clear, but is now blurring as the prescription consumer is also embracing the fashion element in usage. As per industry estimates, 35 percent of Indians need vision correction and only 25 percent of this 35 percent actually gets it corrected! “The eyewear industry is mostly unorganised and there are only a few organised players in the industry. India is a constantly growing market and eyewear is a vast industry, comprising sunglasses, frames and lenses. The category consists of national and regional players as well as mom & pop stores,” says Vandana Bhalla, Marketing & Design Head, Eyewear Division, Titan Co. Ltd.

India prefers spectacles over contact lenses. More than 90 percent of the population, which have corrected their vision, rely on spectacles; that leaves only 10 percent space for contact lenses brands. There is, however, a small percentage of consumers who use both, depending on the occasion.

Growth Drivers

A number of factors have contributed to the growth of the Indian eyewear sector. Higher levels of disposable income and greater awareness of remedial solutions have seen a greater uptake of corrective spectacles by those suffering from some form of vision impairment. At the same time, sales of sunglasses have benefited from greater awareness of the health benefits of such eyewear, as well as a heightened fashion sense, driven by greater media awareness. While, in the past, Indian consumers viewed eyewear as a merely functional product, this mindset has now changed considerably, especially in the urban areas. According to Peyush Bansal, Founder and CEO, Lenskart.com, “Fuelling the ‘robust growth’ would be the ever-changing consumer preferences, rising per capita income and growing awareness among consumers.” As a result, multiple ownership of different brands/style of eyewear is now far more commonplace. Five years ago, multiple ownership in this category was just around 2 percent. Now it estimated at around 6-7 and predicted to grow considerably over the coming years.

Trends in the eyewear industry

One Frame Per Year: Nowadays, Indian consumers typically look to change their eyewear every two years. As Vandana would like to put it, “When Titan Eyeplus entered the industry, the prescription eyewear



▲ Titan Eyeplus



CLOUD COMPUTING

A NEW ERA IN RETAILING



To influence purchasing decisions and give time-pressed, on-the-go, digitally connected customers what they value and expect, retailers today need to build detailed consumer profiles from multiple sources, enriched by insights from advanced analytics. The advent of cloud computing now makes it possible for retailers to meet 21st-century consumer expectations during all phases of their shopping experience

By Arun Gupta

In the good old days of technology deployment, IT departments worked with the business teams in selecting solutions for specific requirements: Point of Sale, Merchandising, Planning, Buying, Supply Chain, Customer Management, and more options were available from multiple vendors. The vendor teams worked with business and IT to evaluate the solutions over a period of time which then ran through approval cycle post which project timelines were cast. Implementation was done by System Integrators or the Principals.

IT would then go off and engage hardware vendors on sizing the CPU, Memory, Disk space and various other parameters on Servers that host the application; number of users and data volume added to the complexity of hardware procurement which typically had lead times of 8-12 weeks. The interim time was fruitfully spent in creating the Business/Functional Requirement Specification or Document. These were used to build the solutions or configure Commercial-Off-the-Shelf (COTS) solutions over the ensuing months and at times years.

The equilibrium was broken with the advent of the Internet, which threatened to disrupt business models and technology. It was as if certain death awaited those who shunned embracing Internet based technologies or business models. Unrealistic euphoric expectations came crashing to the ground leaving many futurists licking their wounds and business leaders went back to basics to run their business. In its wake the Internet did leave behind a new set of opportunities with applications on hire and data centres with empty spaces.

Cloud Computing as a term became popular almost a decade after we started using it. In the initial days it was Application Service Provider,



SaaS market is double of IaaS, while PaaS remains a niche market

Internet based Applications followed by Mobile Apps and then variations that confused everyone on what the Cloud really is. Presumably as easy as swiping a card, no one talked about data integration with legacy applications or bandwidth required to upload voluminous data. Not to be outdone by the new age companies, conventional providers created a new category: virtual servers in data centre equals Private Cloud.

Variations followed with virtualisation of every layer of computing and networking; most popular being Application-as-a-service followed by Infrastructure-as-a-service and Platform-as-a-service. The promise of variable billing, pay-as-you-go, pay-for-what-you-use, and other models of elasticity offered good value propositions to customers. The biggest promise to business: independence from unresponsive and slow IT teams who lacked agility and had struggled to keep pace with the new business reality.

Data centre to niche players and Software application providers, everyone eventually joined the bandwagon. New disruptions keep bombarding IT and business alike with Software Defined Storage, Software Defined Network, and Software Defined Everything that you can imagine! Mobile created new opportunities especially with the smartphone becoming the primary device of information consumption and collaboration; today every enterprise struggles to balance the Cloud with legacy systems creating a hybrid world.

For small and medium retailers the Cloud came as a boon with low

complexity of management and reduced upfront costs. While initial offerings were basic, they have quickly evolved to provide complete functionality from Planning, Merchandising, Supply Chain, Store Management, to Loyalty and Point of Sale. For the large retailers Cloud Computing offers efficiency in data centre assets and lower provisioning latency; for aspiring Omni-channel retailers, the necessary platforms to make the transition to new world opportunities.

In the new world mediums of communication are decided by the customer; she has choices that did not exist before. Researching from mobile, evaluating on the web, checking out merchandise in store and then

58 percent select Cloud due to cost, flexibility and security benefits.



finally completing the transaction at any of the channels based on price, availability, peer feedback and convenience. Instant gratification wins over loyalty; everyone likes promotions and offers. Customer segments are breaking into smaller groups with many additional attributes and markers redefining micro-segmentation.

The rise of marketing tools and analytics was aided by availability of plethora of tools from niche players and large solution providers alike. Retailers today want to try at low risk before taking the plunge and investing in technology; Cloud based models are satiating this need effectively while also providing new features and functionality on the go. Competitive landscape for technology solutions now allows retailers to experiment and explore without being tied down to any specific solution or technology and keep pace with evolution.

Fast fashion and just in time inventory have redefined merchandising practices, allocation and logistics; multi-channel commerce adds another dimension extending the supply chain beyond the physical stores. Just in time and inventory turns demand different models in comparison to fill rates and availability. Customers expect 100 percent OTIF (On Time In Full) for orders placed across

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AND GLORY

Remember the time when shopping was simple? Customers went to the market, made quick decisions as the choices were limited, and returned home content. Retailers understood their customer requirements, built personal relationships and fulfilled the demands of the local neighbourhood. Then the 90s happened...

By Sheetal Choksi and Sharmila Cirvante
With inputs from Parama Sen and Charu Lamba

It's been 25 glorious years since the advent of organised retail in India. 25 joyous, tumultuous, passion driven years. Years of trials and tribulations that have tested the mettle of the industry's unshakeable. Years which have witnessed innovations and survived changes and developments that have threatened the fundamentals of business. We have lamented local corner stores merging into gigantic department stores and malls. Foreign brands that were once a distant dream beckon us with flashy offers. Old traditional retailers, with legacies that date back to pre-independence days, still hold strong and in some cases, pioneer modern change. Even our language is peppered with new definitions and terminologies.

Along the way, there has been much to learn from. The last 5 years ushered in arguments on FDI in retail and its impact on traditional retailers, e-commerce and its impact on brick and mortar. Everything seemed life threatening and yet, everything beautifully co-exists.

To get a firsthand perspective on the history of Indian retail, we asked the industry stalwarts to share their experiences - what they would have done differently in hindsight, what led them to foray into the domains that they did, and some 'what if questions' the answers to which may have changed the course of some brands in the country.

We received 12 responses; here are their points of view on the 25-year retail journey as well as some insights on their journey, their learning, their decisions and their conflicts. Some retailers date back even earlier, to the pre-Independence era. We have followed this with a lens on the future and asked for their perspective of Indian Retail in the year 2020.

The Pre-Independence Era: Decades of traditional retail and the transition to modern

TTK Prestige Limited is one of the oldest businesses of India, established in the year 1928. Over the years, it has evolved into one of the most trusted brands. Chandru Kalro, Managing Director, TTK Prestige Limited, shares some insights into the company's journey dating back to pre-independence till date. What, according



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to him, was the strategy employed by TTK Prestige Smart Kitchens to buffer their success from the onslaught of organised retail (what he refers to as modern format). Here is his interesting story:

"TTK started as an indenting agency in 1928 and we were the gateway to most of the great brands that we see today in India. In that sense, we were one of the first organised distributors in India. The journey of retail as I know it, is outlined in the table given below."

A bigger change in the midst of big change

TTK Prestige had committed itself to a high growth trajectory basis a very simple philosophy that was the core of their business, i.e., 'innovate and communicate to the new customer who wants something better.' The brand had succeeded in redefining customer expectation and understanding of the meaning of 'value' by offering a better product at the right price, instead of just offering a low price.

PRE -INDEPENDENCE	POST- INDEPENDENCE TO THE EARLY 90s	90s AND BEYOND
<ul style="list-style-type: none"> Underpenetrated categories Less affluence, fewer customers Less competition Narrow distribution 	<ul style="list-style-type: none"> Imports dried up Beginning of 'License Raj' Functionality was key, both in products and retail Scarcity all around Retail was the logical last mile; not necessarily friendly 	<ul style="list-style-type: none"> End of the 'Licence Raj,' reforms kicked in Growth in income Exposure to the West; media proliferation Upgradation was the new indulgence Fierce competition - both from domestic and foreign players Modern format entered; power shifted to the hands of the consumer



Why Ajay Kaul, Director & CEO, Jubilant FoodWorks Limited, thinks pizza is a natural fit for the Indian ecosystem

Pizza as a dish resonates well with the Indian eating habits. Pizzas are round in shape, resembling a chapati, come loaded with vegetables and cheese - both essential nutrients of Indian meals, pizzas are shared and eaten without cutlery - like Indian breads are consumed. Hence, at the outset, pizzas are a natural fit for the Indian ecosystem.



Jamshed Daboo, Managing Director, Trent Hypermarkets Limited, believes that supermarkets will be more pre-dominant than hyper markets

I think world over and certainly in India, hypermarkets have their limitations and customers are looking at more convenient ways to shop. So the hyper format is actually coming down in terms of size and it is the supermarket format which is now getting presence as far as food retail is concerned. The other issue as far as hypermarkets are concerned is that the supply of space is not easy to get as more malls are not coming up. So it is a format which I think will grow but not at the same rates that we have seen earlier.



MALL ENVIRONMENTS

THE ESSENTIAL SIX COMPETITIVE ADVANTAGES

Retail habits change all the time, as customers get more demanding, technology advances and as social paradigms shift. Within these ever evolving scenarios so do organised retail formats need to constantly develop and adapt over time. Let us delve deeper on some of the pertinent factors to ensure the success of brick-and-mortar retailers in dynamic retail scenario because on their success depends the survival of today's mall.

Knowing Your Catchment

From scale and size, type of format and to who's your tenant, it is quite simple but it's not going to work if you don't understand what it is you need to provide where. Understanding the market, the demographic and responding to the competition is fundamental in ensuring your centre's success. So getting the right retail consultants to offer you early help in developing your brief is vital to ensuring early success.

The Right Tenant Mix

It's all in the mix!!!! Whilst there are norms and rules to the mix and size of tenants that many retail designers and consultants can advise upon, India needs more variety and international players to get on board. Today, more than ever, a fresh new tenant can light up the dimmest of centres, be it a new anchor tenant like IKEA with aggressive expansion plans to set up in India or a fine dining restaurant with lounge seating, walls of books and a performance space/stage.

Being Original

What's your pull? What is different about your mall? Its high tech interactive facade? The new open public plaza holding a range of events during the day and become a performance plaza at night? Or a place where people can gather and watch a film via bluetooth on the big screen? Is the retail supplementary to an even bigger type of offering...?



As the competition in brick-and-mortar retail format is becoming tougher and tougher with each passing day, mall ambience and design have become two of the key driving factors to attract the shopper. Consumers are more likely to engage if they enjoy the mall ambience and can easily find what they are looking for. When the design becomes the differentiator for a mall, it can create an edge for them in today's competitive retail scenario.

By Zubin Cooper

THE WORLD'S FOURTH LARGEST MULTIPLEX IS NOW AT ORION EAST MALL.

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Orion East Mall is located on Banaswadi Main Road, the very heart of the east side that is a confluence point for several classy localities. To meet the demands of the fashion conscious community here Orion East Mall has a smart portfolio of international and Indian brands across fashion, lifestyle, food and entertainment. Cinépolis, the world's 4th largest multiplex is now a part of Orion East Mall.

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.

Email: feedback@orionmalls.com
Contact: Mr. Varun Khanna at +91 9980642712

Main Anchors:

Cinépolis, Shoppers Stop and Westside.

Other Brands:

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