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Future of Businesses
JUNE 2017

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Future of Businesses

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IN CHANGING RETAIL LANDSCAPE: TECHNOLOGY IS THE 'NAME OF THE GAME'

In the last decade, the retail landscape has undergone a sea change. The retail industry in India is witnessing an increased focus on leveraging technology across functions of merchandising, supply chain, store operations, Omnichannel operations, customer engagement and even corporate functions (finance, and HR, to name a few).

The global retail economy is growing at an exponential pace and technology continues to act as an enabler for most enterprises. From social, mobile, analytics and cloud apps to location-based coupons that pop up when we walk into a store, to virtual dressing rooms, retail is poised to never be the same again. The Innovative, new-age retailer has really started recognising the potential of information and communications technology for marketing, engaging and nurturing his customers.

The dynamic nature of retail as a sector makes us look at retail holistically. Digital Darwinism - the phenomenon when technology and society evolve faster than an organization can adapt - is the fate that is now threatening most organizations in almost every industry. Because of this phenomena, businesses are not only competing for today but also for the unforeseeable future. Organisations are beginning to reinvent themselves before someone else replaces them.

A new breed of 'Disruptive' retailers, looking to remodel the very raison d'être of retail and its products and services, is fast emerging as a result of Digital Darwinism.

To face these challenges and defy them with ease, retail organisations are turning to their technology officers. With the age of Big Data truly upon us, information management has spawned the birth of a new C-suite member - the Chief Information Officer (CIO). With information being king, it is no wonder then that the CIO is being increasing looked up to lead strategic planning and innovation in the retail industry.

In the June issue of IMAGES Retail, we speak to CIOs of leading retail houses in the country and take a quick look at their evolving role, and their plans for the digital age.



Amitabh Taneja

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TECHNOLOGY – THE GREATER GOD OF RETAIL

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The technology collective is breaking new ground and transforming every aspect of the retail environment. The alchemy of data is here to rule and empower companies to explore unmapped territories. In storytelling terms, here is when the plot takes a turn for mind-boggling revelations. Hold onto your seats as Indian Retail's finest technocrats share their views on the line of emerging technologies and its impact on the industry.

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Redrawing the prototype of real estate's most promising asset class in India.

M-Commerce

Mobile Payment Revolution in Retail:

Landscape and Opportunities

IDC Retail Insights Executive Insights

– By **Mike Ghasemi**

The global payment market remains one of the most active technology markets in terms of disruption, interest, and investment. Given a decade of unprecedented transformation brought about by new payment methods, technologies, business models, and competitors, the market has only just begun to integrate innovative technologies like blockchain, artificial intelligence (AI), voice commerce, and the Internet of Things (IoT).

The State of the Mobile Payment in Retail

Similarly, the mobile payment (mPayment) landscape in retail is highly dynamic in terms of the technology advancement as well as new mobile banking solutions. The emergence of regional mPayment players such as Alipay gives a strong signal that mPayment is becoming mainstream in retail, which is already at the very forefront of global mPayment scale and importance. While mPayment has already started to gain a foothold in the retail, but in the absence of a unified mPayment solution, the business model and adoption is highly varied. The strongest growth for mPayments will likely come from mobile commerce (mCommerce) as developing nations witnessing an Internet boom via smartphones.

As shoppers become increasingly connected in tandem with the growth of mobile devices, the retail industry is expected to lead the world in mPayment transactions. This leadership in terms of both volume and value of transactions driven by both a large number of regional mPayment players and a rapidly diversifying and evolving mobile influence. In addition to these developments, the current low levels of credit and debit card penetration in Asia will work to spur the adoption of mPayments in the retail sector. Low card penetration will invigorate the usage of bank account-linked mobile wallets as alternatives to

the traditional card-based payments, especially for digital transactions and increasingly, online to offline transactions; the “O2O” space. mPayments such as mobile wallets are well suited especially to transactions in both the online and offline space that are of lower value. In mPayment, customers value benefits such as speed, convenience, and efficiency over other factors such as security and transaction fees.

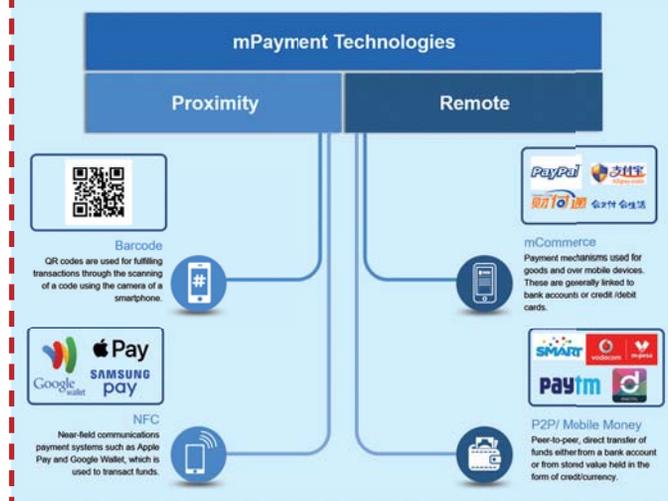
IDC projects that mobile payments will account for more than US\$1 trillion in value in 2017. The big chunk of mobile payments today come from remote payments, typically related to mCommerce transactions. However, proximity payments are growing rapidly. This is primarily due to the growth of NFC-based contactless payments, enabled by rising smartphone adoption and the increasing availability of POS terminals. However, IDC believes that the majority of emerging Asian markets are unlikely to adopt NFC-based mPayment services shortly because of the overall lower penetration of NFC-enabled smartphones and respective POS devices at the merchant side. QR code payment solutions will gain traction as smartphone penetration is already high and continues to grow. One of the main advantages of QR code payment is that merchants do not need specific POS devices for the QR codes, merely a printed code to display. Beyond QR code-based services, Remote mPayments is driven by telecommunications and local technology vendors including fintech players will also play an important and active role in offering mPayment facilities to both consumers and retailers.

mPayment Key Technologies and their Benefits

Mobile payments encompass many different solutions, ranging from near field communication (NFC) contactless solutions and QR code to e-wallets, digital currency and P2P networks online. The mPayment technology divided into two main groups: remote payment and proximity payment. Figure 1 shows the various types of mobile payment services that are available, differentiated by technology, location, transaction value and cash handling function (mobile wallet or phone bill).

Remote payments can be performed independently of the mobile phone’s location. The payment software resides online or within a mobile app which enables the user to make online purchases. One of the popular providers of this type of payment is PayPal. In remote payment, sensitive information will not be exchanged with the seller, increasing the safety of the transaction.

Proximity payments involve the use of a mobile phone either as the equivalent of a credit or debit card (mobile wallet) or as a point-of-sale (PoS) terminal. The customer requires making contact between the mobile phone and a payment terminal in the immediate vicinity. Near Field Communication (NFC) technology is often used for this type of payments. Apple Pay is one of the most popular proximity payment solutions that has been adopted by many retailers.



What’s in it for Retailers?

The mPayment technology landscape continues to evolve, and new technologies are emerging worldwide. Understanding the benefits and cost of adopting each technology enables retailers to make a better decision that can ultimately meet customer expectations and increase their revenue. Besides, retailers need to understand the maturity level of each technology and deployment

cost. As payment technology becomes more affordable and available, the key factor for mPayment adoption is the business model and associated charges.

The integration of mPayment enables retailers to understand the customer’s transaction behaviour and spending pattern. By utilising the transaction data, retailers can link the customer’s spending behaviour to their loyalty card. With this information, customer’s engagement can further be personalised via the mobile app, offering the right products at the right

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TECHNOLOGY – THE GREATER GOD OF RETAIL

– By **Sheetal Choksi & Sharmila Cirvante**, Co-Founders, Word Hatter

The technology collective is breaking new ground and transforming every aspect of the retail environment. The alchemy of data is here to rule and empower companies to explore unmapped territories. In storytelling terms, here is when the plot takes a turn for mind-boggling revelations. Hold onto your seats as Indian Retail's finest technocrats share their views on the line of emerging technologies and its impact on the industry.

From warehouses to e-wallets, the next big wave sweeping the world of retail rides on the exponential infusion of breakthrough technology in all facets of human life. CIOs and CTOs are the visionaries responsible for the technological direction any organization takes. They share their thoughts and optimism as well as the challenges they face, giving you a peek into the present and near future of IT enabled services in retail.



THE RETAIL JOURNEY OF DA MILANO

– By Shubhra Saini

Da Milano's journey from a few SKU's of leather accessories to a one-stop destination for all affordable luxury leather retail products, is nothing short of entrepreneurial excellence and astute retail sense. **Sahil Malik**, Managing Director, Da Milano has spent a quarter of a century bringing out innovative products and designs that meet customer aspirations, have utility and meet all leather accessory needs of today's discerning client. From clutch to sling bags for ladies, from wallets to differentiated computer bags, from leather accessories to leather luggage, from a simple belt to a designer leather jacket, and perfectly crafted hand bags, each product is designed by blending innovative craftsmanship with automation. Innovative service delivery is at the heart of Da Milano retail. In an exclusive interaction with IMAGES Retail, Malik reveals the future plans of his business.

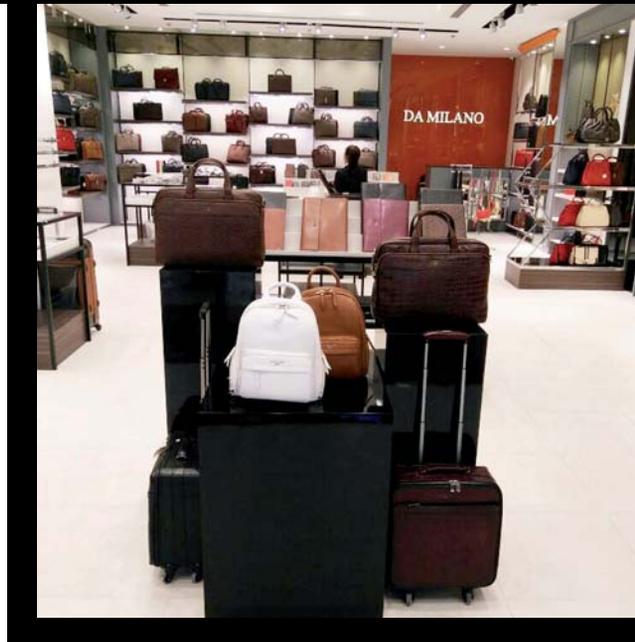


The Market

Leather accessories have just scratched the surface in India. Our current strategy is about producing a one-stop leather portfolio for all the aspirational needs of leather products of the customer who is an executive, to the lady who has to attend an evening social gathering and can exude confidence with a Da Milano bag at her side; from an octogenarian who prides himself with a seven-insert leather wallet to the young engineering student setting a swag standard with his sleek computer bag. Scalability is about synchronizing technology with Indian craftsmanship, using a semi-skilled force and using rural talent to the most. The result is a burgeoning revenue that grows at a CAGR of + 25 percent over next five years. Economies of scale result in cost competitiveness resulting in leaving behind the competition.

The Footprint

58 stores and growing in 17 cities in India. The plan is to grow to 100 outlets across 34 cities in the next five years. Destination Dubai has just opened its horizons with 2 stores in Ibn Battuta and Burjuman Mall each. With 4 more stores planned in the Middle East, 2 in Europe and 2 in Singapore, Da Milano is



all set to mark its presence at the best locations in 3 continents over the next 3 years with leadership and a dedicated customer base in 2 other continents. Da Milano expects to be a global brand in the next 3-4 years. The array of products shall meet every aspirational requirement of a discerning leather product user across the globe.

The Customers

Da Milano has a versatile range. It is for men and women. It is for fashion-focused people, for young women, smart executives, at leisure travelers, and senior citizens. In short from apparel, to bags to

accessories, the range takes care of all leather fashion needs of all between the age groups of 14 to 75 years. A change in profile of the customer, in different seasons or otherwise is therefore no challenge for Da Milano. Rather it is an opportunity to duck seasonal vagaries and bolster sale. Da Milano is quick on turn out time for a range. The marketing plan shall evolve around PAX profiling and around specific events that bring a specified class of passengers. The range, array of colors and prices shall be sensitized around that to back the marketing effort to communicate through

“The location for every store should be chosen with care, a place that has high traffic count - malls, high streets and even airports. However, malls provide a more family experience We have 58 stores and growing in 17 cities in India. The plan is to grow to 100 outlets across 34 cities in the next five years.”

- Sahil Malik,
Managing Director, Da Milano

mailers (stand alone and with event organizers) to communicate and build comfort and camaraderie with the passengers.

The Products

The brand proposition for both men and women is to provide a range that caters to all their leather needs - from bags, to travel bags and travel luggage to belts and leather apparel, portfolios and computer bags, footwear and accessories.

Location Strategy

The location for every store should be chosen with care, a place that has high traffic count - malls, high streets and even airports. However, malls afford a more family experience and makes it very easy for customers to shop across brands in the same category and compare to make a wise choice.

IMAGES SHOPPING CENTRE AWARDS 2017

The 10th annual IMAGES Shopping Centre Awards, which are widely considered the most coveted and respected awards of the retail real estate fraternity gave out 29 trophies to the most deserving and sought after shopping centres across the country at a glittering event held at Renaissance Hotel, Mumbai on 10th May. The awards were a part of the India Shopping Centre Forum 2017, a market intelligence and business development destination for businesses and professionals engaged in any and every stage of the retail real estate ideation, design, construction, leading, marketing and management value chain.



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