

RI IMAGESTM

Retail

FEBRUARY 2016 VOL.15 NO.2 ₹100

WEST INDIA

Mapping the retail scenario of the most potential region

- ▶ The 9th annual Coca Cola Golden Spoon Awards
- ▶ Consumer Engagement 2.0
- ▶ Report launch: India Food Report 2016
- ▶ Defining digital differences amid financial disruption

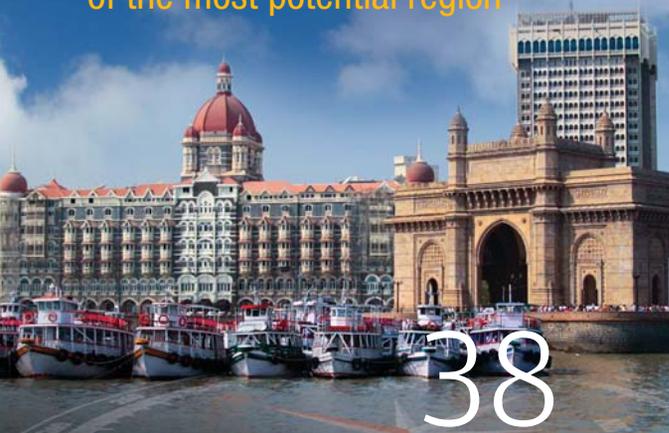


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WEST INDIA

Mapping the retail scenario of the most potential region



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COVER STORY

With expansion of modern retail in all parts of the country backed by emerging players on the retail horizon across states and cities, the focus is now shifting from national to regional retail markets. Images Retail has been keen and knowledgeable industry observer of such evolution and is taking lead to map regional retail markets. In the same regard, we have analysed the retail potential of West India's retail market this month.



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INDIA FOOD REPORT RELEASED AT INDIA FOOD FORUM 2016

India Food Report 2016 was released on January 19th by General (retd.) V.K. Singh, Union Minister State for Statistics and Programme Implementation (independent charge), Minister of State for External Affairs & Minister of State for Overseas Indian Affairs at the Ninth Annual Mega Congregation of India Food Forum in Mumbai.

India Food Report 2016 offers extensive mapping, sizing of the food manufacturing, marketing and retailing sectors in India, insights, analyses and research on the Indian food & grocery retail and foodservice businesses and features insightful analyses by industry experts from some of the world's most respected consulting and/or market study organisations, retail business heads, brand analysts and consumer research companies, among others.

Organisations/ industry experts who have contributed to the making of the Report include Nielsen, A T Kearney, Accenture, PWC, Technopak, IMRB, GS1, Institute for Competitiveness, IFC, Troika, PRICE, Wazir, Maple Capital Advisors, D'Essence Hospitality Advisory, IBEF, NRAI, IMT, IIM, Rama Bijapurkar, Dr. Rajesh Shukla and Harish Bijoor to name a few.

This Report highlights the potential of India's Food sector - both Food & Grocery and Food Service - and addresses some of the key



Images Awards for excellence in food retailing

COCA COLA GOLDEN SPOON AWARDS 2016

The second day i.e., January, 20 2016 of the 9th annual mega congregation of the India Food Forum held in Bandra Kurla Complex, Mumbai culminated in the 9th Annual Coca Cola Golden Spoon Awards, which felicitated outstanding achievements of food service operators and food & grocery retailers for the calendar year 2015.



After a long day of high powered conferences, knowledge workshops, business networking and exhibitions... the awards evening was a time to sit back and get some wholesome entertainment as the industry celebrated excellence in the business of food. The glorious awards evening was hosted by Neha Sareen, a well-known television sports presenter and a film critic. Leading comedian Sapan Verma left the audience in splits with his intelligent comedy.

At a glittering ceremony attended by the who's who of foodservice and food retail sectors in India, Future Group bagged the award for Retail Expansion – Increase in store count and retail space in the Food & Grocery Retail segment as well as for Effective Technology Application in the same segment. The Group's supermarket chain Easyday, which it acquired in 2015, was adjudged the IMAGES Most Admired Food & Grocery Retailer of the Year: National Supermarket.

Future Group's technology deployments in 2015 included the launch of the Clubcard Mobile app, which gives customers a complete view of their shopping history and point balance. An advanced ERP system upgraded and made the POS easier for staff, while a Video-on-Shelf feature delivered better shopping experiences. The group's MIS tool MANTHAN analysed bill penetration data to design consumer-led offerings and optimise its assortments across all its retail formats. The Future Group SAP version was implemented across all Easyday stores and DC operations in just 30 days/time, while its successful SAP, WINCOR TP.net, and JDA-Intactics implementation was declared an achievement on its own in the Indian retail sector.

Jubilant Foodworks' QSR chain Domino's won the prestigious category of IMAGES Most Admired Food Service Chain of the Year for Foreign Origin. Domino's has 948 outlets located in 217 cities in India. The chain logged 19 per cent growth in sales turnover over the previous year, 21 per cent growth in

retail space and same store sales grew by 5 per cent over the previous year

The company's other QSR format Dunkin' Donuts won the award for IMAGES Most Admired Food Service Retailer of the Year: Effective Technology Adoption. Domino's also bagged the award for Retail Expansion – Increase in store count and retail space in the foodservice segment.

Aditya Birla Retail won twin awards with More Megastore winning the IMAGES Most Admired Large Format Food & Grocery Retailer of the Year, and Aditya Birla Retail being declared the IMAGES Most Admired Food & Grocery Retailer of the Year for Private Label Development. At Aditya Birla Retail, retail space for private labels increased 12 per cent in 2015 over the previous year. Owing to the various initiatives taken in 2015, the FMCG private label delivered margin higher than manufacturers' FMCG, for the first time ever. Due to More's clear positioning of Quality 1st and consistent delivery of its quality standards at all touch points, consumers showed immense trust in the More branded staples, making More brand the leading private label business in the portfolio.

In a showcase of its continuous excellence, Godrej Nature's Basket was once again declared the IMAGES Food & Grocery Speciality Retailer yet again for the 6th consecutive year.

Also notably, young turk Chaayos' experiments with chai bore fruit with the brand -- which was born in November 2012 -- bagging two awards: for IMAGES Most Admired Food Service Chain Of The Year: Cafes & Bars, and for IMAGES Most Admired Food Service Chain Of The Year: Human Resource Policies & Initiatives.

Haldiram's bagged the prestigious award for of IMAGES Most Admired Food Service Chain of the Year: Indian Origin. Haldiram's currently has 44 outlets located in 11 cities; the chain registered 11 per cent growth in sales turnover in 2015 over the previous year, sales per square foot grew by 15 per cent over the previous year, and same store sales grew by 13 per cent.



Other home-grown concepts in food service that were honored were Natural Ice Cream, Goli Vada Pav, Kebab Xpress, Heritage Fresh, and Berco's. Convenience store chain Twenty Four Seven bagged the trophy for highest same store sales growth and Trent Hypermarket for supply chain management in the food & grocery retail segment.

Along the food tech companies, Bigbasket.com was adjudged the IMAGES Most Admired Online Grocery Retailer of the Year, while start-up Askmegrocery.com was declared the IMAGES Most Admired Online Grocery Hyperlocal Start-up of the Year.

Launched just over six months ago, on 15th Jun 2015, Askmegrocery.com has over 1.5 lac SKUs with a visit to buy conversion ratio of 23 per cent. The e-tailer follows an asset light model with zero inventory and no warehousing, and also provides cutting edge technology tools to sellers to boost their businesses with intelligent business analytics, demand forecast, marketing tools and easy inventory management.

Selection Process & Jury Members:

The Coca Cola Golden Spoon Awards 2016 selection process involved inviting entries from the nation's leading food service and food & grocery retailers across multiple categories. The Jury analyzed key performance metrics such as growth in top line sales and retail presence, sales per square foot, same store sale growth. The Jury also studied the impact of IT application, innovation,

marketing, supplier relations and employee practices. The Coca Cola Golden Spoon Awards (CCGSA) Jury - comprises distinguished personalities that spanned business media, research and consulting with vast experience and thorough insights into the business of foodservice/ food & grocery – goes through the presentation and gives scores based on parameters observed across the nominees. The jury for Coca Cola Golden Spoon Awards 2016 included Seema Chandra (Food Editor, NDTV Lifestyle and Convergence), Bijou Kurien (Board Member, L Capital Asia), Harish Bijoor (CEO, Harish Bijoor Consults Inc.), Rama Bijapurkar (Author & Marketing Expert), Sunil Alagh (Founder & Chairman, SKA Advisors) Amit Lohani (Convenor, Forum of Indian Food Importers), Debashish Mukherjee (Partner & Co Head, Consumer & Retail Industries, India & SEA, A. T. Kearney), Jyoti Bhasin (Regional Director, NFS International), Deepak Pillai (Director, Retail & Merchandising, Nielsen), Abheek Singhi (Senior Partner & Director, Boston Consulting Group), Anuj Puri (Chairman & Country Head, JLL India) and Amitabh Taneja (Chief Convenor, India Food Forum).

The ceremony honored retailers across 3 broad categories – Performance Awards, Jury Awards, and Excellence Awards. Performance Awards were based on 360 degree assessment, Jury Awards were basis qualitative parameters only, and Excellence Awards were based on quantitative achievements.

Aptly setting the context for the story, Rafique Malik – Chairman – Metro Shoes Ltd. shares, “The Western region retail backdrop is dominated by the markets of Mumbai, Ahmedabad and Pune. New regional retailers are interested in high street locations which hold a good captive audience and have adequate facilities for shoppers. This is the high priority area for them. Mumbai has been a preferred city, in the western region, for both domestic and foreign brands keen to open their first outlets, or expand their presence across India. The city’s favorable demographics, along with the availability of investment-grade retail space have led to strong demand from retailers for shopping space. Retailers/brands are also attracted by the increasing incomes and rising brand awareness among consumers here.”

Elaborating on this with a special focus on the dynamics of retail real estate, Ketan Sanghvi, COO, Amanora Town Centre Mall shares, “The first presence of malls were seen in Mumbai which were more like shopping arcades, 4 lakh sq.ft., sold models and with poor mall management standards. Then came the bigger 5 lakhs plus of conventional type of shopping centers with were better planned and zoned, were lease models. These malls had a better chance at survival. Emerging Cities like Pune, Aurangabad, Nagpur and Nasik with predominant well developed high street business also had developed malls to cater to the emerging lifestyles and pent up demand. Kolhapur and also are showing signs of good potential.”



On one side Mumbai witnessed 4 new malls being opened in last 5 years, **it has also witnessed closure of 4 malls as well.**

Sharing the journey of evolution and the gradual downfall of retail real estate development in West India, Nirzar Jain, VP, Oberoi Mall shares, “The last few years have seen the evolution of retail real state in varied dimensions. While on one side in a city like Mumbai, 4 new malls opened in last 5 years, it has also witnessed closure of 4 malls as well. New malls have come up in Gujarat, Maharashtra, Goa and Madhya Pradesh. The expansion /creation of new retail estate has been in existing markets and new locations in distant suburbs of large cities, as well as in tier II and III tier cities in the region. Each city has good potential and the right mix of retail for that market defines its success.”

Mukesh Kumar, VP, Infiniti Mall is of the opinion that malls in West India are mostly restricted to the urban localities and even more so to the bigger metros and mini metros. He shares, “There tier-II cities do get a lot of activity but rarely attract huge foreign investors. Development of such huge projects takes a long time in India due to the patchy investment environment.”

Highlights of Retail and Retail Real Estate in West India

Retail in West India has been at the forefront for retail dynamics in India. Where Crossroads was a pioneer in setting the ball rolling for mall culture in India, we have also seen an influx of international brands embarking on their India journey from cities like Mumbai and Pune. Tier two cities and towns like Nasik and Nagpur are showing a healthy acceptance to modern retail formats as well though the challenges before them aggravate as compared to that of metros. Talking specifically about Nasik, Shrirang Sarda from Sarda Group shares, “Tier II cities have a dilemma. The operating costs are in line (or even slightly higher then) metros while the catchments catered to as well as rental realization is far behind them. Brands expect similar standards but expect far lower occupancy costs.”

Elaborating further on the retail real estate development in West India, Phoenix MarketCity in Pune has been a player that tap the opportunity early on. Their journey in the region has set a stepping stone for other malls



GOING OMNICHANNEL WAY!

Multi-channel shopping interfaces: physical stores, malls, e-commerce platforms, social-enabled shopping experiences, and smartphone app based services; the consumer is exposed to all. This article delves into facts on how retailers are trying hands on creating an omni channel experience.

By Manisha Bapna

She grew up from times, when shopping meant a trip to the local market and buying fresh vegetables or bring home a monthly refill of grocery. When visits to a fashion retailer in town was once a year affair with limited options and choices. Times have changed and she now has a range of shopping options, from neighbourhood mom and pop stores to large department stores and from modern trade outlets to online e-commerce stores. “Now she is as

comfortable haggling with the local vegetable seller as much as she is tapping open apps on her smartphone to scour e-commerce stores for the best deals. As consumers embrace new technologies, the shopping experience has become increasingly sophisticated, enabling new ways for leading retailers to reach their audience” says Ajay Kelkar, Co-founder and COO, HansaCequity unveiling India’s first Omni-Channel Shopper study.

The e-commerce battle in India seems to be very similar to what has already been seen in the Western

countries almost a decade ago. In the US, a \$5 trillion retail market, retailers like Macy's, Walmart and Best Buy have built vertically integrated cross-channel models to compete with online competitors like Amazon. Even though two-thirds of American consumers make online transactions, \$10 out of every \$11 spent today is offline. Also, after mastering in the home country USA for over 20 years, and being eminent in many other countries in the West, Amazon has its stakes placed on the immense, unexplored potential that India presents. "Amazon and Alibaba are in the frazzle to cater to the large 375 million+ online population in India and many more abroad, along with several smaller players, and a new biggie namely Paytm" says Nakul Bajaj, CEO Darveys.com.

"The Entry of the biggies like Amazon has changed the whole perspective on E-commerce in India" believes P. Rajan MATHEWS, V.P - Marketing & Sales, Desai Brothers Ltd - Food Division. It has strengthened consumer's trust and faith in the Ecommerce model, created positive awareness, developed the infrastructure for timely deliveries and packaging, created alternate payment system of COD apart from the online payments, stimulated new Ecommerce models such as Just Buy Live for E-Distribution, OLX and others in the West region, increased the digital marketing and social media marketing for the increasing online consumers. But the most important is they have been able to shift online buying psyche from just travel purchases to consumer goods and groceries.

Why being Omni-channel is important?

Customers are already inherently "omnichannel" – as in their shopping habits crisscross multiple channels. They conduct online research before buying products from physical stores, or visit a physical store to touch and feel products before buying online or compare prices online while buying from physical stores means Over

Amazon and Alibaba are in the frazzle to cater to the large 375 million+ online population in India and many more abroad, along with several smaller players, and a new biggie namely Paytm

two thirds of Indian shoppers each exhibit such "web-rooming" and "show-rooming" behaviors. Entering into digital space was indeed the natural progression for Mother's Recipe but the preferred mode of selling the Mother's Recipe range of products is through the Modern Retail and the traditional general trade consisting of the regular Kirana and Grocery stores. "Our presence is marked across all modern trade outlets nationally and regionally.

"We wanted to provide our consumer with easy access to our entire product range and simultaneously reach out to a wider segment base" says Mathews. He

further adds that "apart from a strong presence through offline retailers and food stores in the west, in the online space we are currently selling our products through 18 E-Grocers and specialized online stores such as Meatroot.com, and soon trying to make our presence felt through marketplaces". For them Pune City has been the birth place for the Ready to Cook Spice gravy mixes and many brands such as Parampara, Rasoi Magic, Suhaana and Mothers' Recipe have been developed in these markets and is one of the largest markets for RTC spice mixes. For the Ready to Cook Spice gravy mixes the market in West has been growing at 42 per cent in comparison to the National average of 28. Nearly 30 per cent of the total online sales comes from West India.

"We're focusing on being physically accessible to masses and make Being Human Clothing a brand available in the deepest pockets of the country. Hence, we're aggressively working on our offline retail expansion strategy." says Kunal Mehta- VP Marketing and Business Development Being Human Clothing. He further adds that the brand has both national



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