

Retail

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FUTURE OF BUSINESSES

AUGUST 2011 • VOL. 10 NO. 8

Rs 50 US\$10



- ➔ Retail Giants of Tamil Nadu
- ➔ FDI in Retail

- ➔ 2011 Outlook for Retail
- ➔ Boosting Customer Experience

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I still chuckle when I remember the famous quote of Charles H. Duell, the commissioner of the US patent office, in 1899: "Whatever that can be invented has been invented." Contrary to Mr Duell's declaration, the pace of new inventions over the last 120 years has truly been staggering, triggering frequent paradigm shifts in the way retailers do business.

One of the latest such inventions to emerge over the retail landscape is tablet computers. These are really smart devices – light, portable, sophisticated and fully connected. To me, it seems a new way of retailing is set to emerge in the next few years that would combine wireless broadband with powerful tablets and customised applications.

Our cover story this month seeks to recognise the potential of these amazing devices and use them to make supply chains more efficient and deliver unique in-store shopping experiences to customers, thus creating a powerful differentiating factor.

In the glitz and glamour of modern retail and sprawling hypermarkets, it is easy to lose sight of traditional retailers and what all they can achieve on their own. Our regular contributor Amit Bagaria in this issue takes a look at the home-grown retail giants of Tamil Nadu whose turnover would impress one and all.

The success of these regional players demonstrates that when it comes to retailing, there is really no substitute to the old-fashioned values of honesty, transparency and efficiency and the need to change with the times while still retaining the core values of a business.

I am sure that you would be keen to have more such exciting encounters at the Indian Retail Forum in September in Mumbai. With even more participants and companies of the future both from India and abroad, it promises to be even more exciting this year. Shall look forward to your being there.



Amitabh Taneja

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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

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cover story



MODERN TABLET COMPUTERS ARE POWERFUL, LIGHTWEIGHT MACHINES WITH WIRELESS CONNECTIVITY AND A WIDE HIGH-RESOLUTION SCREEN. THEY OFFER MODERN RETAILERS A SMART AND SOPHISTICATED TOOL TO REVAMP THE ENTIRE CUSTOMER EXPERIENCE AT A RETAIL STORE AND DRAMATICALLY IMPROVE SUPPLY CHAIN EFFICIENCY AND ACCURACY.

By S R Nagabhushanam



→ For the modern retailer, success is heavily reliant on fulfilling the customer's diverse and often idiosyncratic needs immediately and effectively. Potential customers who walk into a store and cannot find what they want may never return, while a satisfied customer may become a valuable advocate.

The sweeping transformation of shopping effectively frees the store from traditional constraints, such as the old notion of just making a sale. Today, a sale is merely the foundation upon which to build a relationship. And if a retail brand thinks of itself as having a reason for going beyond the transaction – for instance, as an immersive, educational or exploratory encounter – it could emerge as a fun and sensory-laden local phenomenon, the ultimate brand experience

According to reports, retail sales in India will grow from US\$ 395.96 bn in 2011 to US\$ 785.12 bn by 2015. Various factors are pushing this growth, such as the high disposable income with the end-consumer, the rapid construction of organised retail infrastructure, the expansion in middle

and upper class consumer base, the greater availability of personal credit and a growing vehicle population providing improved mobility.

The race is on among retailers to create exciting stores, develop mobile strategies, address emerging shopper behaviors, improve the customer experience across channels, attract loyal shoppers and increase brand value. Consumers today have the power to access an infinite amount of information from previously impossible to-access sources. They are taking full advantage of this to take better decisions.

Retailers are constantly under question:

- How are you doing more with less?
- How will you protect your market share?
- How will you align your business strategies with today's customer?
- How quickly can you react to the pace of change?
- How do you plan to fulfill the local demands of your stores?
- How do you treat 1,000 stores like they are your only one?

With retail competition at an all-time high, today's retailer is on a quest to find new ways to attract consumers and inspire high levels of customer loyalty. The key to success are stores that are truly customer-centric, and have an integrated supply chain with visibility of customer interactions, wherever and however they occur. Eager to replicate the same in a highly competitive marketplace, more and more retailers are adding wireless technology, mobile devices and internal applications in an attempt to create an efficient supply chain and deliver more valuable in-store shopping experiences.

THE TABLET REVOLUTION

According to IDC's 2011 predictions, the third major technology wave of computing will become mainstream when hand-held computers – smart phones and tablets -- really take over, leaving personal computers behind. According to estimates, there will be 42 mn media tablets sold



Customer Experience

The Multi-Channel Boost

By Kiran Kumar Malathkar

IN TODAY'S WORLD OF UBIQUITOUS CONNECTIVITY, RETAILERS NEED TO ENSURE CONVERGENCE AND CONSISTENCY ACROSS MULTI-CHANNELS. HARMONISING CONSUMER INTERACTIONS ACROSS ALL THE CHANNELS OF A BUSINESS LEADS TO INCREASED PROFITS AND CUSTOMER SATISFACTION LEVELS.

→ The emerging new trend of consumers using mobile devices, online portals, social media and other technologies for shopping is driving the integration of multi-channel businesses. Retailers not providing seamless service and multi-channel experience to shoppers are falling behind.

Research firms such as Gartner, Forrester and National Corporate Research (NCR) have indicated that consumers expect all interactions to be fully harmonised across all the



channels. This leads to customer satisfaction and boosts sales. It is clear that multi-channel consistency should be a key focus area for retailers.

In the present age of super-connected consumers, the trend curve is estimated to move up straight rather than sideways. According to Gartner, around 60 per cent of American consumers are today shopping online every month – a huge jump from 2007 when only one-third of them were doing so. The research firm also reveals that out of the estimated 177 mn adults who are online in the US, around 105 mn have two or more types of devices connected to the Internet. One third of these have at least four devices connected – these

are the “super connected” consumers. Keeping in mind the connected consumer, the modern retailer should focus on the following:

- Continuous connectivity of available channels for consumers while avoiding inconsistencies across cross-channels
- Providing an environment to boost customer shopping experience by convergence of multi-channels
- Yielding benefits from cross-channel consistency
- Factors to be considered while investing in multi-channel integration

CROSS-CHANNEL INCONSISTENCIES

Inconsistencies across cross-channels (Internet, mobile, self-service tools, stores) leads to inefficient shopping experience for consumers. This results in missed opportunities to drive sales and influence customer behaviour. The disconnection and differences between different channels lead to increased call center calls, angry customers, poor customer satisfaction scores and a change in the consumer’s perception of the retailer. All this further leads to brand damage while decreasing the incentives for customers to stay and buy more. Information scattered across channels, departments and systems does not provide an opportunity to retailers to analyse the data holistically and misses out on various customer touch points.

When consumers cannot switch between various channels convenient to them and are not provided with ubiquitous connectivity (the ability to connect from any channel, anytime, anywhere), they have lesser choice. This leads to a low-quality shopping experience and purchases with decreased ease, which in turn has an impact on the customer base. A fragile integration of internal systems such as order management, inventory management and fulfillment infrastructure for multi-channel integration triggers reduced consumer satisfaction and slows down sales and growth.

According to a Gartner study, 76 per cent of multi-channel retailers do not fully coordinate brand marketing, while 74 per cent do not fully coordinate promotions planning across channels. Managing channels autonomously impairs customer relationship and increases costs. If different channels are not harmonised, retailers cannot provide customer-centric merchandising and a seamless shopping experience across various touch points. Operating several channels to work independently and serve the same customer base leads to less than satisfactory customer interactions.

MULTI-CHANNEL CONVERGENCE

Cross-channel or multi-channel convergence involves the migration of autonomous retail channels to operate in coordination and collaboration with each other across various touch points so as to present a single face to the customers. Many retailers operate different channels as separate, autonomous entities. A lack of coordination and synchronisation between these channels results in high operating costs.

The challenge lies in collaboration and standardisation of catalogues, pricing, policies and structured data between these. A common structured and consistent data has to be shared across channels due to overlap of catalog, policies, data, and customer experience. With synchronisation, different channels can work together in tandem. The focus should be on increasing brand value by providing similar shopping experience across all the channels.

Many modern retailers are facing challenges in standardising and collaborating with different entities and moving into multi-channel convergence space from collaboration space. The integration of channels has to be decided by retailers by taking into account the company’s history, organisation structure, legacy systems, adaptability with new systems, branding, compatibility in each



FDI: What's in Store?



By Harminder Sahni

FDI IN MULTI-BRAND RETAIL MAY BE ALLOWED SOON. TO FULLY LEVERAGE ITS BENEFITS, INDIA NEEDS A PRAGMATIC RETAIL POLICY THAT REVOLVES AROUND ENSURING THE GOOD OF THE CONSUMERS AND CREATING A SOUND INDUSTRY ECOSYSTEM.

→ The market is bubbling with anticipation that FDI in multi-brand retail may soon be allowed. Even though it may come with many riders, I still reckon it will provide an excellent boost for organised retail which, at less than 8 per cent share of the overall retail market, is still in its infancy in India.

LOOKING BACK

There was a time not too far ago, in 2004-2005, when some of the leading Indian retailers were determined to stop international retailers from making direct investments into India.

The motivation was simply to keep the market closed and monopolise it for as long as possible, so as to create valuable businesses in a secure environment. Entry of international retailers at that early stage would have killed many of these young Indian businesses and Indian market could have been completely ruled by international retailers.

At that stage, I too was not so sure whether FDI will be good or bad for the overall retail industry. On one side, I was keen that Indian retail should grow faster and all players should be given a level playing field. Why should we worry about small retailers being trampled by large international retailers if we did not have a problem with Indian large retailers taking market away from small retailers? On the other hand, I had a belief that Indian retail business

being promoted by large Indian companies will invest enough at all points of the retail chain and more so at the back end, and that this will be really the right way to create organised retail ecosystem in a truly Indian way.

However, as we all know, most Indian players chose to be extremely front-end centric and left it for someone else to invest at the back. The need for back-end investments is understood quite well by everyone involved. In fact, most industry bodies and policy makers argue that the scale of FDI in retail should be linked to the investments being made at the back end by international retailers. Why could these conditions not be imposed on Indian organised retailers too? This may sound like a bad idea but my belief is that it would not only have benefitted the Indian retailers but

2011 Outlook for Retail and Consumer Products – Part 1

Slow and Steady

SOME EXCERPTS FROM A PWC REPORT THAT CHARTS THE 2011 OUTLOOK FOR RETAIL AND CONSUMER PRODUCTS IN ASIA. THE OUTLOOK FOR ASIA OVERALL REMAINS POSITIVE, WITH AVERAGE GROWTH OF ABOUT 6 PER CENT. AS CARRIE YU, PWC'S RETAIL AND CONSUMER LEADER (CHINA & ASIA PACIFIC), NOTES, THE CHALLENGES OF OPERATING IN ASIA ARE GREAT, BUT SO ARE THE OPPORTUNITIES. DEMAND IS GROWING ACROSS THE BOARD AND THIS DEMAND WILL BE ENCOURAGED NOT JUST BY RISING INCOMES, BUT ALSO BY RISING ACCESS TO TECHNOLOGY.

A PwC Report

→ Since Asia's successful passage through the global financial crisis, multinational retail and consumer products firms have broadened and deepened their interest in the region, and with good reason. Asian markets proved remarkably resilient through the economic downturn and continued healthy growth over the next five years looks almost certain.

Recent entrants to Asian markets are now working to establish and solidify their presence, while market veterans are expanding their operations beyond the most prosperous urban centres and into smaller cities and the countryside. They are keenly focused on China and India, the countries that will drive overall growth in Asia over the next five years. Across most of Asia, the forecast is for steady growth in the mid-single digits. The exception is Japan, where a weak economy and low consumer confidence will severely constrain growth in all but a couple of areas.

This report discusses the outlook for six retail and consumer products sub-sectors in Asia: food and general retail, fashion and apparel, online retailing, fast-moving consumer goods (FMCG), luxury brands, and durable consumer goods and electronics. It

In India – Asia's third-largest retail market – the annual growth will increase at an average rate of over 4 per cent in 2010-2014 as incomes rise, urbanisation increases and a variety of new stores, including international brands, open their doors.

CHINA WILL BE THE MOST IMPORTANT MARKET IN ASIA FOR LUXURY GOODS AND ONE OF THE MOST IMPORTANT GLOBALLY. BY CONTRAST, INDIA POSTED A MERE FRACTION OF THE LUXURY SALES THAT CHINA DID IN 2009.

Groceries account for two-thirds of India's total retail sales (a function of the predominantly poor population) and were a principal driver of growth in 2009.

Asian markets proved resilient through the economic downturn, and continued healthy growth over the next five years looks almost certain.



looks at how the industry has fared in 2010, how it is expected to grow through 2014, and opportunities and challenges moving forward.

THE MAIN FINDINGS OF THE REPORT ARE AS FOLLOWS:

Consolidation of operations could be on the cards for some hypermarkets.

Multinational retailers such as Wal-Mart, Tesco and Metro will continue to expand their operations in Asia as modern retail outlets continue to rise in popularity. However, there is

some evidence that firms may choose to consolidate their operations in the most dynamic markets. Expansion in the attractive Indian market will remain constrained by restrictions on foreign investment.

Demand for fashion and apparel will continue to grow steadily in Asia, bolstered by consumers' increasing appreciation for fashion. Clothing retailers will need to be agile to adapt to buyers' rapidly changing tastes, which are in no doubt being influenced by popular "fast fashion"

retailers like UNIQLO and Zara. Fast fashion represents one area of potential growth in an otherwise dismal Japanese market.

Online retailing may be on the brink of staggering growth in China.

In the first half of 2010, internet sales in China grew 60 per cent year-on-year over 2009. In Asia generally, the sector remains underdeveloped, but a few successful Asian platforms such as China's Taobao and Japan's Rakuten, seem to have secured winning formulas. Most other





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 Maileswaram, 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, LPV. ,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.



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