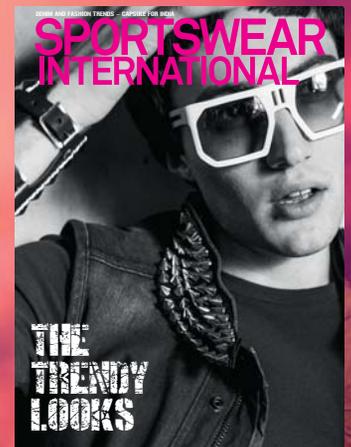


IMAGES Business of Fashion™

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Business opportunities with global brands



BEST IN MERCHANDISE AND TRENDS FROM ACROSS THE WORLD.

➤ **WORLDWEAR –**
KEY TRENDS AND DEVELOPMENT
IN INDIA

➤ **BUILDING AN EMPIRE –**
FROM THE BOOT OF A CAR!

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Today, though the Indian market is abuzz with glitzy malls and stores, India surely needs a lot more action to take Indian retail to the next level. The government's decision to operationalise FDI in multi brand retail would not only bring in positivity in the sentiment but will also create demand for retail space and boost mall development in the country which certainly will not be limited in just 59 cities that have more than 1-million population - where international multi-brand retailers will be allowed to operate, but also in hundreds of smaller cities that are likely to emerge as strong consumption pockets in next few years.

The Indian Government's decision to allow foreign direct investment (FDI) - 100 per cent in single brand retail and 51 per cent in multi brand retail - is a step forward to welcome global players in to the Indian retail market which is among the largest and fastest growing in the world. With a population of over 1.2 billion and household size of 4 to 5 on an average, it is not difficult to see the potential attractiveness that this market offers. In the January and February issues of *Images Business of Fashion*, we discussed at length how more and more international fashion brands are lining up to take a share of the Indian market and what have been their entry strategies thus far. In the present issue, we will look at the emerging scenario where global brands and retailers are partnering with Indian companies and how Indian companies are gearing up to meet the demands of such partnerships.

The sheer number of brands that are now present in India, the new ones that are entering every year and the number of companies that are looking at directly investing in joint ventures, or even going further to set up wholly-owned subsidiaries in the country are clear signs of strengthening confidence among international brands that India is now one of the most important markets that they cannot ignore for long.

India is one of the large global markets, where growth continues - perhaps little slower than before, but upwards nevertheless. Over the next 15 to 20 years, the fashion landscape in India will certainly look very different from what it does now. The market will provide a laboratory for experimentation, and is calling out to global talent as well as local entrepreneurs. There is immense opportunity to create new brands, and to grow them not just in India but internationally. Welcome to the Indian fashion bazaar!

**Amitabh Taneja**

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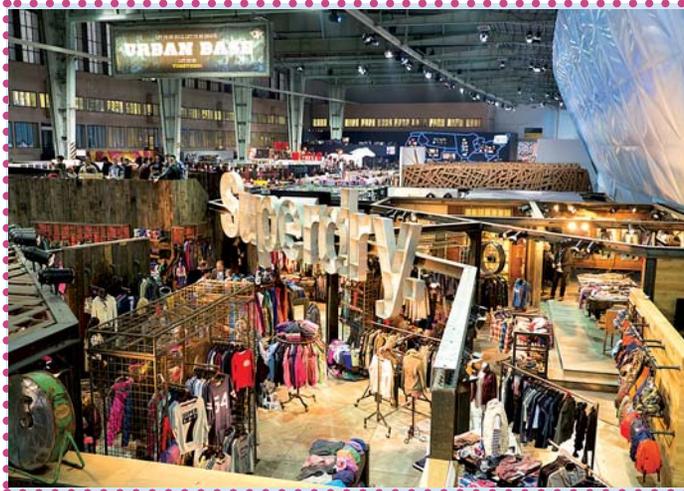
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EVOLVING RETAIL MANPOWER IN INDIA

THE PICTURE OF RETAIL REFLECTS THE COLOURS OF BOTH RETAILERS AND RETAIL ASSOCIATES. TO KEEP THIS PICTURE FIGURATIVE, IT IS THE CALL OF THE HOUR TO ASSESS HOW MUCH BOTH ARE POISED TO MEET THE SATISFACTION LEVEL OF CONSUMERS. B.S. NAGESH, FOUNDER, TRRAIN TALKS TO BOF ON THE PRE-EMINENT ISSUE.

One question that always haunts my mind is what could be the most difficult job for any retailer. During an informal conversation with a retailer friend, it was revealed that to greet a customer while entering the store is an art, and one that requires much thought to get it right! Greeting a customer is the first step towards forming a long-term association with them and, in most of the cases, only retail associates or floor attendants are involved in this act. Initially, I was apprehensive; how much are our retail staff and we (retailers) prepared to tackle the challenges in retail? And, if at all we are, then to what extent?

In modern retail, we have approximately 1 crore and 20 lakh retail outlets in the country, which employ almost 3 crore and 30 lakh retail personnel who are known by different names in different retail formats—salespersons, sales staff, and retail associates. In the light of these equations, if I call it a nation of shopkeepers or retailers, I think it would sound right. This raises a significant question: what is the status of shopkeepers or retailers in this country full of retailers?

We often call for home delivery from grocers, online retailers and other store formats. But, how much do we know about the people who come home to deliver the goods? How many of us ask for their name or call them by their name? What is their identity in the whole picture? During InFashion, while moderating a session, I came to know about many facts in this context. Usually, retail is taken up as the last career option for budding youth in the family when no other domain looks viable to them. We, as retailers, have decided this out of choice. Although, the next generation in the profession, with a close association of their retail associates, has changed this phase to a greater extent. In the transformed scenario, shops are now called stores while shopkeepers are becoming retailers. *Chotus* toiling in these stores are now referred to as salespersons, retail staff, or retail associates. Many of the educational institutions have taken up retail and retail management as one of the specialised subjects in their syllabus.

Overall, the situation is self-explanatory: society reflects back just as we position our associates and ourselves in it. Perhaps, this is the only reason why Philip Clarke, who was once just stacked shelves at a local Tesco store, is today the CEO of the company.

Coming back to the core issue, that is, how much we and our staff are prepared to meet the expectations of our customers, I see retail as a never-ending allegory. No character in this saga can be poised without a sense of security - in the sense of their family and pursuit. During the session, I came to know about certain

OPENING ITS FIRST STORE IN DEHRADUN, V-MART MADE ITS WAY INTO UTTARAKHAND RECENTLY, MAKING IT THE 72TH STORE IN THE 61ST CITY WHERE THEIR STORES ARE LOCATED. LALIT AGARWAL, CHAIRMAN AND MANAGING DIRECTOR, V-MART RETAIL PVT. LTD., SPEAKS TO SANJHI AGARWAL ABOUT THE NEW STORE.



CURRENTLY, V-MART IS OPERATING WITH 72 STORES IN 61 CITIES WITH A RETAIL AREA OF CLOSE TO 6 LAKH SQ. FT.

V-MART MAKES INROADS INTO UTTARAKHAND

V-Mart was incorporated in West Bengal as Varin Commercial Pvt. Ltd., under the Companies Act in 2002. It opened its first store in Ahmedabad, Gujarat in 2003. In 2004, it was in New Delhi that the brand chose to have yet another store to expand its business operations. Soon, the store expanded to cover 1 lakh sq. ft area in 2006, when it was renamed V-Mart Retail Pvt. Ltd.

In the year of 2008, V-Mart became a public limited company and crossed a turnover of ₹1,000 million. "As time passed, we took the shape of a renowned family brand that catered to the needs of the entire family by offering high-quality retail products. Along with a growing rate of customers, we achieved a turnover of over ₹2,000 million in 2011-12. In 2012, we crossed the retail space of 5 lakh sq. ft," details Lalit Agarwal, Chairman and Managing Director, V-Mart Retail Pvt. Ltd.

Talking about the retail structure he says, "We are one of the pioneers in setting up stores across various small Indian towns and cities such as Sultanpur, Ujjain, Motihari, et cetera. We primarily operate in tier-II and -III cities. We offer apparels, general merchandise and other items, catering to the entire family. Based out of Delhi, our operations are spread across the northern, western and eastern parts of the country." Currently, V-Mart is operating with 72 stores in 61 cities with a retail area of close to 6 lakh sq. ft. The retailer does not operate through the franchise model.



BUSINESS OPPORTUNITIES WITH GLOBAL BRANDS

IN THE JANUARY AND FEBRUARY ISSUES OF IMAGES BUSINESS OF FASHION, WE DISCUSSED AT LENGTH HOW INCREASING NUMBER OF INTERNATIONAL FASHION BRANDS ARE LINING UP TO TAKE A SHARE OF THE INDIAN MARKET AND WHAT THEIR ENTRY STRATEGIES HAVE BEEN THUS FAR. IN THE PRESENT ISSUE, WE WILL LOOK AT THE EMERGING SCENARIO WHERE GLOBAL BRANDS AND RETAILERS ARE PARTNERING WITH INDIAN COMPANIES AND HOW INDIAN COMPANIES ARE GEARING UP TO MEET THE DEMANDS OF SUCH PARTNERSHIPS....

BY R S ROY
WITH INFORMATION SUPPORT FROM THIRD EYESIGHT

One development that has been strikingly evident after the announcement of relaxation in the foreign direct investment rules is that more and more international companies seem inclined to enter India with some form of ownership while those that are already in the market are looking to increase their stakes in the business. Several brands have taken the plunge by investing in the Indian operations and have started moving more aggressively into the market. At the same time, some brands are eyeing at acquiring an ownership position in India as, according to them, India is too strategic a market to be 'delegated' entirely to a partner (whether licensee or franchisee), or that an Indian partner alone might not be able to do justice to the brand in terms of management effort and financial capital.

Franchising, nevertheless, remains the most common business model for single-brand retail companies even though there are many international companies for whom an eventual ownership in the Indian business is now being considered more desirable.

A brand's confidence in the Indian market is witnessing an upswing, with existing global brands expecting the

ETHNIC ZONE UNFOLDS

WITH 27-STORE OPERATIONS FETCHING A HANDSOME REVENUE OF ₹140 CRORE, SOCH IS NOW AMONG THE TOP THREE PERFORMERS IN MOST MALL LOCATIONS TAKEN ON A PER SQUARE FOOT BASIS. THE STORE HAS SPUN A SUCCESS STORY, EVEN AS IT GEARS UP TO BECOME A ₹200-CRORE COMPANY IN THIS FINANCIAL YEAR.

BY KAVITHA SRINIVASA



 A Bengaluru-based fashion retail chain with expertise in ethnic womenswear, Soch has embarked on an ambitious two-year plan of scaling up its turnover from ₹140 crore in 2012-13 to ₹200 crore in 2013-2014.



Manohar Chatlani, who started Soch as a single store at the Forum Mall in Bengaluru in 2006, is the brain behind this rather impressive growth plan. Having a strong retail background, it didn't take him long to figure out that the market of branded women's ethnicwear was relatively untapped. The intuition proved right. "The success of the brand and its immense potential was established in a few months as Soch enjoyed the highest sales per square foot in one of India's leading malls," says Manohar Chatlani, CEO & Owner, MD Retail LLP, which owns Soch. After having convinced customers in Bengaluru, Soch expanded its footprint to various places including Chennai, Pune and Mumbai.

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STORE STALWART

CHECKLAND KINDLEYSIDES HAS WORKED WITH LEVI'S FOR 27 YEARS AND ALSO COUNTS WRANGLER TO ITS ROSTER OF RETAIL DESIGN CLIENTS. HERE, CO-FOUNDER JEFF KINDLEYSIDES OFFERS A GLIMPSE INTO THE AGENCY'S EXTENSIVE LEVI'S PORTFOLIO, WHILE ANALYZING THE DENIM STORE SPHERE AND ITS CHALLENGES.

INTERVIEW BY EMMA HOLMQVIST

➤ What characterized the very first store you designed for Levi's in 1987?

It centered on the brand's desire to convey its story in a consistent way within a controlled environment. At this point, a standalone store had not yet been established; instead, the brand had sold its wares through multibrand outlets. With the introduction of their own stores, Levi's got the chance to present the brand and communicate its essence in a complete way.

Your work is considered pioneering. Please describe one of your most forward-thinking store concepts.

We've championed several new store formats, one being the opening of the first Levi's flagship store on London's Regent Street in 1994. This concept was one of the first truly immersive brand-experience stores to be launched in the world. It pioneered the way the brand, product and consumer interacted with one another, while it also allowed Levi's to play out its story in a way that appeared alive. It was also one of the first retail spaces to feature a gallery and the first denim store to have a dedicated fit lounge in which every fit and finish could be viewed. The unique heritage of the brand was celebrated through history pods showing the key decades with the help of vintage product, as well as examples where Levi's had featured in contemporary culture through art, music and literature.

You are also known to have pushed the unbranded retail formula.

How and when did you introduce Levi's to this format?

At the end of the 1990s, we were involved in creating a retail architecture blueprint for Levi's. One of our ideas was to create an unbranded store that would appeal to opinion leaders; at this point, unbranded stores were unheard of. We designed a space in which there would only be a subtle nod to the brand, detectable exclusively to those in the know. To achieve this subtle brand reference, we drew on the red thread from the selvedge edge of the 501 jean. We applied it to the store merchandising system by creating a giant version



RETAIL DESIGN EXPERT JEFF KINDLEYSIDES (ABOVE) AND SOME OF HIS PROJECTS FOR LEVI'S: THE "INSPECTION ROOM" IN LONDON'S FLAGSHIP FROM 2010 (MIDDLE), DENIM BAR IN THE BRUSSEL STORE FROM 2005 (TOP RIGHT), LEVI'S EUROPEAN SHOP DESIGN BACK IN 1996 IN THE SHEFFIELD-BASED STORE (RIGHT)



of the thread in metal pipework. It bent as if it was unraveling around the walls of the store and product was suspended from it. Due to the unbranded nature of the store, we decided to focus exclusively on the product and went on to call the shop Cinch—the name of the small waist adjuster straps on the back of early Levi's jeans. The concept was different for many reasons, particularly as we encouraged the two guys who ran the shop to sell other non-Levi's products such as vintage trainers, books and vinyl.

What is the biggest change to have taken place in the denim retail area in the past decade or so?

The efforts to make the product ever more sophisticated is noticeable—

a tendency that drives the design itself—along with the set of challenges this brings to retail, both in terms of visual merchandising and presentation overall. It's become crucial to offer clarity and expertise. Retailers have realized the importance of presenting denim in a way that highlights the choice of fits, finishes and styles. At the higher end of the market, it's even more important to present jeans in ways that show off the quality and detail, as well as the story behind the product. In addition, as retailers and designer brands have developed denim ranges, an interesting diversity of presentation has emerged. But the industrial and rugged aesthetic that has always been associated with denim stores still prevails in one form or another.

How should denim be displayed to its best advantage?

It depends on the brand but one of the main challenges is to differentiate one product from the next. If jeans are folded in



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