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FUTURE OF BUSINESSES

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Hitting the bull's-eye

Forecasting tools help retailers prepare for anticipated demand and meet logistics challenges effectively

- Nailing pop-up stores ←
- Southern home run ←
- Healthy petting ←

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The first decade of this millennium is over. The last ten years were remarkable for us and, I am sure, for you as well. For the industry, rise of consumerism, opening of FDI, growth of modern retail and entry of numerous international brands were indicators of the exciting years that await us.

As we enter 2011, I hope the year will help retail fulfill its long-awaited wish list: granting of industry status to retail; single-window licences and clearance; opening of FDI; and implementation of much-delayed GST. A doubt, however, remains. How will the sector respond if these wishes are granted? Would it remain as robust, as it is now, even as it struggles with various issues? Would retailers turn their focus from expansion to consolidation? Can regional strategies and experiences be applied on the national level and vice-versa to evolve retail to the next level?

Would retailers wake up to the opportunities in East and North-East India? Why is it that retailers and developers shy away from this market? Should retailers and developers not be a catalyst to take the sector to the next level in this market? What is stopping it to exploit this not-so-virgin market?

East India Retail Summit 2010, the first-ever regional retail forum, aims to address such issues and find new ways to achieve excellence. But the ones who have excited the market with their presence, East India Retail Awards will honour excellence in the business of retail amid the who's who of the industry.

Here's wishing that 2011 marks a new chapter in the growth of modern retail – regional and national.

Cheers!



Amitabh Taneja

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Future PERFECT

COVER STORY

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RETAILERS SELLING PRIVATE LABEL APPAREL CAN'T WAIT FOR DEMAND TO EMERGE. THEY HAVE TO PLAN AHEAD AND DEPLOY INVENTORIES IN REQUISITE NUMBERS ACROSS OUTLETS. THIS CAN BE ACHIEVED BY ACCURATE DEMAND FORECASTING, WHICH NOT ONLY HELPS WIN MORE CUSTOMERS, BUT ALSO HELPS CREATE A RELIABLE BRAND THROUGH BETTER DELIVERY.

Treading a Healthy Path

GUARDIAN LIFECARE PVT LTD, WHICH RUNS A CHAIN OF PHARMACY, WELLNESS AND BEAUTY STORES UNDER THE BRAND NAME GUARDIAN PHARMACY, HAS AGGRESSIVE EXPANSION PLANS. THE COMPANY RUNS OVER 240 OUTLETS IN 30 CITIES AND PLANS TO CROSS THE 400-OUTLET MARK IN THE NEXT TWO YEARS. IN AN EXCLUSIVE INTERACTION WITH *IMAGES RETAIL*, ASHUTOSH GARG, CHAIRMAN & MD, GUARDIAN LIFECARE, TELLS US WHAT MAKES THE PHARMACY CHAIN DIFFERENT FROM ITS COUNTERPARTS.

IN THE LAST FEW YEARS, GUARDIAN PHARMACY HAS BEEN ON AN EXPANSION SPREE. HAS THIS RESULTED IN AN INCREASE IN YOUR MARKET SHARE?

Towards the end of 2005, Guardian Pharmacy had more than 50 stores in North India and now we have more than 240 outlets across the country. We have marked our presence in 30 cities and, on an average, we serve seven million customers a year. Guardian Pharmacy's customer premise has been built on providing "reliable medicines" in a retail environment that is uniquely branded.

WHAT INITIATIVES HAVE YOU TAKEN TO INCREASE THE BRAND RECALL?

Some of the initiatives taken by us to increase brand recall and provide a unique experience to our customers are as follows:

a) No sale without the bill: We do not purchase or sell any medicine without the bill. More importantly, we issue bills only for items sold. Initially customers balked at the concept, but later they welcomed the idea.

b) Guardian Health Chronicle: In order to position ourselves as a friendly neighbourhood pharmacy, we began with a unique proposition

called *Guardian Health Chronicle* – a four-page health and wellness supplement that was circulated with *Hindustan Times* and *Dainik Jagran* for four years in the NCR. This year, we morphed *Guardian Health Chronicle* into a magazine which we retail through our stores. This unique marketing initiative has helped us stand out from the mom-and-pop pharmacy stores as well as from modern competitors.

c) XtraValue Card: Our loyalty programme enables customers to earn redeemable reward points at our stores when they make a purchase.

d) Prescription Reminder Service: Once you get registered for this service, we will remind you to refill your prescription.

e) Senior Citizens Discount: At Guardian Pharmacy, we give senior citizens 10 + 1 per cent discount.

f) Health Camps: We also conduct free health checkup camps.

WHAT KIND OF FUTURE DO YOU FORESEE FOR PHARMA RETAILING IN INDIA?

The Indian pharmacy sector is a well established channel to distribute medicines and other products to consumers across the length and breadth of the country. The sector, which has over 7.5 lakh chemist shops, handles revenues in excess of ₹90,000 crore, which includes medicine sales of approximately ₹45,000 crore. The market is growing at over 18 per cent per annum.

In the next few years, pharma retailing will follow the demographic, disease and income profile of Indians. Instead of acute diseases, Indians are getting afflicted in larger numbers by lifestyle diseases. Naturally, in these circumstances pharma retailing can no longer limit itself to the role of 'sick-care' and dispensing medicines only. With increased access to insurance facilities, the Indian consumer is expecting more from his neighbourhood pharmacy.



Ashutosh Garg, chairman & MD, Guardian Lifecare

GNC Live Well.™

100% RELIABLE GUARDIAN PHARMACY



Medicines
Vitamins
Supplements
Cosmetics
Herbals
Personal Care
Baby Care

100% RELIABLE



Medicines
Vitamins
Supplements
Cosmetics
Herbals
Personal Care
Baby Care

100% RELIABLE



Vitamins
Supplements
Cosmetics
Herbals
Personal Care
Baby Care

Bypassing Stores

By Payal Kapoor

THE MODERN RETAIL SECTOR IS WITNESSING THE EMERGENCE OF NUMEROUS ALTERNATIVE CHANNELS TO REACH OUT TO THE CONSUMER. SHOPPING ON TV, THOUGH STILL IN ITS INFANCY IN INDIA, IS ONE SUCH ALTERNATIVE WHICH IS BEGINNING TO TAKE OFF.

→ The way consumers shop has undergone a massive change in the last decade or so. While the brick and mortar store continues to be a clear favourite among customers, electronic shopping, which includes the internet as well as the television, is growing in popularity.

An important reason for this change in the consumer behaviour is the increasing need for 'convenience'. Today's time-pressed consumer is not averse to trying new ways of shopping, given the other aspects – quality, price, payment options, delivery to name a few – are taken care of. And as the direct response television (DRTV) takes care of these needs, besides offering quality product demonstrations, this mode of shopping is poised for massive growth.

Shopping from home is a relatively new concept in India, where it has undergone a massive transformation over the years – from dubbed infomercials selling unbranded products, including sauna belts and

English-speaking courses, to 24-hour dedicated shopping networks selling branded products such as Nokia cellphones and Ferrero Rocher chocolates to name a few.

EVOLUTION OF HOME SHOPPING IN INDIA

Long before serious players – HomeShop18 and Star CJ Alive – entered this space with 24-hour channels dedicated to shopping, a number of smart and unscrupulous businessmen had spotted the opportunity to encash the massive reach and influence of television by directly selling to the audience. They chose categories and products that did not have an established retail channel and perceived to be too niche or marginal to be included into a conventional retail portfolio. "At that time, the image of home shopping was that of a foreigner selling sauna belts or precious stones. It was more about products that had some element of magic," says Sundeep Malhotra, CEO, HomeShop18.

The sale of cheap, poor quality products on television resulted in a lack of trust towards teleshopping, making the trust- and rapport-building tasks difficult for serious players.

"Being pioneers of the industry, we had to work hard to gain consumer

says it has been witnessing a 100 per cent year-on-year growth with the customer base and viewership rising steadily.

In the present-day scenario, owing to the phenomenal reach and penetration that television as

HURDLES ON THE WAY

Bringing about a change in perception and building credibility continue to be primary challenges in the home shopping space. Other hurdles being faced are operational in nature and can be dealt with as

The two main players in the home shopping space in India are HomeShop18 and Star CJ Alive. Both run 24-hour channels dedicated to shopping.

LAUNCHED IN 2008, HOMESHOP18 REPORTED A TURNOVER OF ₹330 CRORE IN FY10. IT IS HOPEFUL OF DOUBLING THE FIGURE IN THE CURRENT YEAR.

As the home shopping segment in India is still in its initial years, the existing players have the task of building credibility and extending the product range to lure customers.

the processes get further streamlined and customer acceptance increases. "With a logistics footprint in over 3,000 cities, we do face challenges in terms of deliveries by cash on delivery (COD) mode of payment and reverse logistics," says Malhotra.

HomeShop18 has, however, countered the challenges by introducing consumer-friendly strategies such as "no questions asked" 15-day money-back guarantee and payment on delivery of the product (there are multiple payment options to choose from). There is also a 24-hour customer service centre, which handles up to 40,000 calls a day, to cater to post-sale queries. The other major player in the Indian home shopping space, Star CJ Alive, also faces a number of challenges. "The audience needs to be convinced of the benefits of home shopping and the credibility of the

RETAILERS SELLING PRIVATE LABEL APPAREL CAN'T WAIT FOR DEMAND TO EMERGE. THEY HAVE TO PLAN AHEAD AND DEPLOY INVENTORIES IN REQUISITE NUMBERS ACROSS OUTLETS. THIS CAN BE ACHIEVED BY ACCURATE DEMAND FORECASTING, WHICH NOT ONLY HELPS WIN MORE CUSTOMERS, BUT ALSO HELPS CREATE A RELIABLE BRAND THROUGH BETTER DELIVERY.

Future PERFECT

By Shubhra Saini

→ Private labels, or in-house brands of retailers, are growing in popularity. Estimated to constitute around 10-12 per cent of the current product mix in the modern Indian retail market, they are predicted to grab almost 20 per cent share in the next few years. For apparel retailers, private labels (PLs) are, in fact, becoming very significant as they not only drive customer loyalty, but also generate more growth than other brands.

Though private labels do fill the demand-supply gaps, it is important for apparel retailers to have accurate demand forecasting.

But how difficult is it for retailers, especially those selling apparel, to get accurate demand forecasts? Well, some experts feel, it is easier in case of apparel private label as retailers can observe international trends and take clues from demand forecasting for other brands. "International trends can help retailers a great deal in getting demand forecasting right for their private label apparel," insists Harish Bijoor, brand expert and CEO, Harish Bijoor Consults Inc.

Calling international fashion forecasting an important activity in ensuring that planning – both short-term and

long-term – is based on sound and rational decision-making and not hype, Sunil Jindal, MD, SRS Limited, says, "It plays a significant role in getting demand forecast for private labels, as all fashion trends are reflected in what the brands come up with every season."

He further says, "As Western fashion trends reach metros virtually overnight, international fashion forecasting is an important activity for retailers to get the demand forecast right."

Sanjay Sahni, MD, Biglife Ritu Wears, however, feels, international forecasting gives only broad benchmarks in terms of demand-supply gaps. "Primarily, retailing is a local phenomenon and the retailer's in-house merchandiser is the best person to take a call on private label forecasts," he asserts.

The ability to accurately forecast demand offers the firm opportunities to control costs through levelling its production quantities, rationalising its transportation, and planning for efficient logistics operations.

In general practice, accurate demand forecasts lead to efficient operations and high levels of customer service, while inaccurate forecasts inevitably lead to inefficient, high cost operations and/or poor levels of customer service. In many supply chains, the most important action that can be taken to improve the efficiency and effectiveness of the logistics process is to improve the quality of the demand forecasts.

EASIER SAID THAN DONE

Generally, in the apparel segment, planning takes place almost 1-2 years before the start of a season, and changes continuously. Designs, quantities, colour schemes and patterns, among other things, are brought to the table and finalised well before the actual season begins. It is extremely important for an apparel retailer to have this time window since the basic operations process – from raw materials to finished goods in customers' hands – takes a lot of time. Retailers in any capacity cannot wait for the demand to emerge; instead, they have to plan ahead and deploy inventories in requisite numbers across outlets. This way, they are able to win more customers and create a reliable brand name in the market through faster order cycles and better delivery.

This, though, is easier said than done in apparel retailing. The vagaries of consumer demand and market supply are well known within the industry circuit. Retailers have to factor the demand differences across stores, geographies and product lines

Accurate forecasts help control costs through levelling production quantities and planning for efficient logistics operations.

ACCURATE DEMAND FORECASTING LEADS TO EFFICIENT OPERATIONS AND HIGH LEVELS OF CUSTOMER SERVICE, WHILE INACCURATE FORECASTS RESULT IN HIGH OPERATING COSTS.

Though fashion and demand forecasting are quite different, it is important for an apparel retailer to concentrate on both.

Here **today**, gone **tomorrow**

By Nishi Roy

FOR MODERN-DAY RETAILERS, POP-UP STORES HAVE BECOME AN EFFECTIVE TOOL TO TICKLE THE CUSTOMER'S FANCY. WITH THESE 'TEMPORARY' STORES, THE RETAILER NOT ONLY CREATES A BUZZ AROUND ITS PRODUCT, BUT ALSO TELLS THE CUSTOMER TO 'ACT NOW' AS THE PRODUCT OR SERVICE BEING OFFERED WILL BE AVAILABLE 'ONLY TILL THE SHOP LASTS!'

→ A few weeks ago, shoppers in Kolkata, Bangalore and Chennai got a sneak peek into the in-flight experience of Singapore Airlines. The airline had popped open 400 sq.ft facilities in select malls, complete with mock-up seats, in-flight amenities and cutlery, to announce the launch of its enhanced economy and business class seats.

Singapore Airlines, though, is not alone in making use of pop-up retail space to woo customers. These days, a number of brands are using this retail format to seek the ever-elusive attention of shoppers, especially the youngsters.

"A pop-up store opens up at an empty retail location for a few days in a major city, or a mall, with great fanfare. It lasts for 96 hours, a week, 10 days or a month before it's gone. These (stores) have been very popular in the US and the UK," says N V Sivakumar, executive director and leader, Consumer and Industrial Products, PricewaterhouseCoopers (PwC) India.

In India, too, pop-up retail is growing in popularity. Apart from creating a unique environment to engage customers, pop-up stores also create a buzz and lure shoppers to try out new products and services.

Sharing his experience, Foo Chai Woo, general manger (India), Singapore Airlines, says, "We thought the best way to communicate the experience was to let consumers see, touch and feel it. It was the perfect platform to engage them. And the response we got was excellent."

On the advantages pop-up stores offer to retailers, Sivakumar at PwC says, "Realising that it's difficult to catch the attention of youngsters, companies are now trying to get their attention by creating a sense of excitement and urgency, and pop-up stores are one way to do this."

He adds, "For retailers, the store itself is the 'new limited edition'; so limited that it may last a mere 96 hours. 'Act now' is what they are trying to tell consumers, because if you wait the shop may not exist."

Harish Bijoor, brand expert and CEO, Harish Bijoor Consults Inc, is of the opinion that pop-up stores help build quick awareness about a new product. "These stores have the ability to pop up and close down at will. These in many ways are 'caravan stores' that cover a large area in a short time. These stores come up from nowhere and vanish fast."



"POP-UP STORES CREATE THE NECESSARY EXCITEMENT AND WORD OF MOUTH PUBLICITY FOR NEW PRODUCT LAUNCHES. THE IDEA IS TO GET MORE PEOPLE TO TEXT, TWEET AND TALK ABOUT THESE. SO, THEIR SUCCESS IS DETERMINED BY THE BUZZ AND EXCITEMENT THEY CREATE."

Retailers also use pop-up stores to generate excitement around a new product launch. "Sometimes, this is also a great way for stores to check the pulse of consumers who try out new products. They can also obtain their feedback. The overheads for pop-up stores are typically lower," says Sivakumar. Stressing that pop-up stores work especially well for brands that don't have a retail outlet, he adds, "These stores create the necessary excitement and word of mouth publicity for new product launches. The idea is to get more people to text, tweet and talk about these. So, their success is determined by the buzz and excitement they create. Retailers have clearly discovered that pop-up stores bring brands to life and let people sample products in a great format, without much cost."

But which categories do well in this format? According to Bhatija, the concept is best suited for various categories such as products targeted at children, special snacks and decorative pieces for the festive season, innovative and creative memorabilia, and even good luck jewellery, among many others.

In addition to retailers, many non-retailers, too, are trying the format to reach out to their target audience. Giving an example, Sivakumar says, "The US Potato Board, which represents potato growers in America, opened a pop-up store in New York, during the Thanksgiving week, for less than \$200,000. The group, with the help of cartoon character Mr Potato Head, promoted the message that potatoes contain more potassium than bananas as well as nutrients like folic acid and vitamin C."

And the Board received a very positive response from people. "We were featured in *The New York Times*, morning shows, and in many other places," says Amy Kull, senior vice-president at communications firm Fleishman-Hillard. "We could never have bought that much media within that budget."

WHAT'S IN IT FOR MALLS?

Looking at pop-up stores from the





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 Malleswaram, 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, Affinity, 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.

Anchor Tenants :



Vanilla Stores :



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