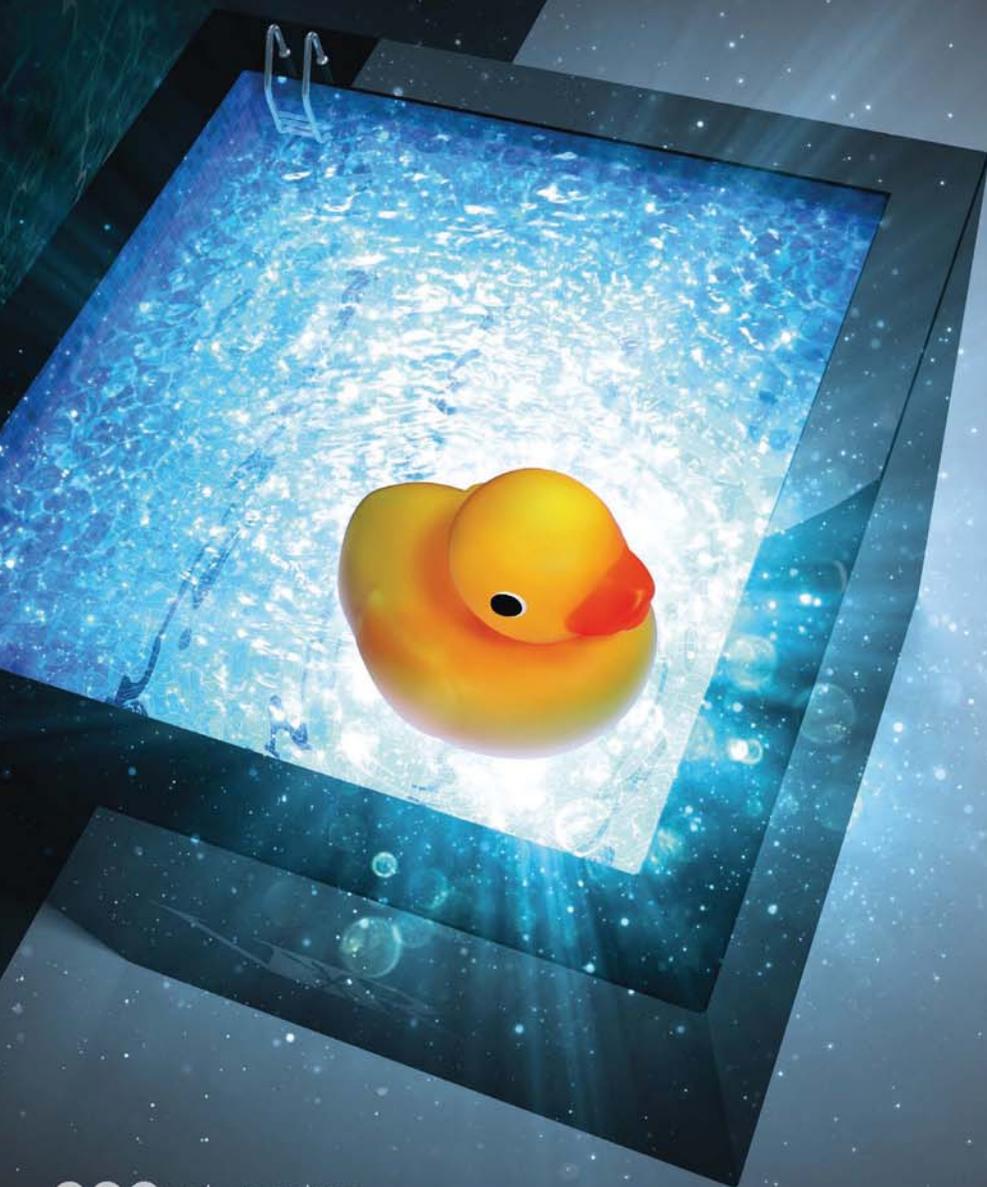


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MY THOUGHTS
BHASKAR BHAT, MD, TITAN COMPANY LTD.





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The definition of the customer experience has evolved and the bar has been raised. Successful customer-facing strategies today must go well beyond simply greeting guests at the door or creating enticing storefronts and online home pages. They require retailers to embrace a new Customer Excellence model that shows empathy for customers at every stage of the shopping relationship. In the coverstory of the July issue of IMAGES Retail, CEOs, whose company employees have won numerous accolades in TRRAIN Retail Awards, have shared their outlook on the role that Customer Service Excellence plays as a differentiator in modern retail.

Phygital, which is all about blending the physical and digital to create an ecosystem between the brand and consumer across the two worlds, is the biggest reality in the retailing world of this country today, opines Bhaskar Bhat, Managing Director of Titan Company Limited. He has exclusively penned down his vision for future in Retail in the 'My Thoughts' section.

Franchising business in India is expected to witness CAGR of 30% over the next 2 years. Keeping this in mind, in the article on 'Retail Franchising: A Gateway of Business Expansion', we have tried to give our readers a perspective view of the business model from both the franchisor and franchisee.

Increasing business and leisure travels coupled with rising disposable income and organized retailing have led to increased demand for branded luggage in India. The 'Dynamics' section of this issue will provide an in-depth understanding of the luggage industry which is one of the fastest growing industry of India today.

On a concluding note, I once again would like to remind our readers about the 2016 annual mega congregation of India Retail Forum, which is scheduled for 21st-22nd September at Renaissance Hotel, Mumbai. Stay tuned to upcoming issues of IMAGES Retail to get more insights on the business of retail.

All the best!



Amitabh Taneja

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With the advent of e-commerce and its rapid adoption by consumers, the only way retail can stand the test of time in the age of digital proliferation is Customer Service Excellence



JULY 2016

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UNFOLDING LANDSCAPE OF INDIAN RETAIL

Indian retail space is buzzing with many interesting happenings nowadays. On one hand retailers are rejoicing over policy amendment on 24x7 retail operations, on other side MTR Foods is seeking FDI amendment. Let's throw light on these prominent happenings in the Indian retail scenario

By IMAGES Retail Bureau

CENTRAL GOVERNMENT HAS PAVED THE WAY FOR 24X7 RETAIL OPERATIONS



The Union Cabinet has approved a Model Shops and Establishments (regulation of employment and conditions of services) Act which proposes to allow malls, cinema halls, restaurants and other retailing establishments to remain open on all days, 24X7. The model law is aimed at generating additional employment as the shops and establishment will have freedom to operate for longer hours requiring more manpower.

“The Model Shop & Establishments act by the Central Government is a welcome step and we hope all the states will adopt it. With flexibility available to retailers to open their establishment 24 × 7, thousands of additional skill jobs will be added, but it will also make the retail markets across the country very vibrant giving customers flexibility and convenience to shop anytime,” President & CEO, Walmart India,

Krish Iyer told Indiaretailing Bureau. “24 × 7 policy for retail stores in other developed economies has given significant boost to their growth in the past. A vibrant retail environment is critical to the economic growth and it also contributes towards important initiatives such as ‘Make in India’ because it boosts domestic consumption,” he further stated.

The Cabinet approval, however, does not mean it has become a law as the onus will be on the state governments to adopt the Central Government’s proposed Model Act for retailing. The act will also not go to the Parliament as it is just model legislation and is not binding on states. “This will definitely help in improving efficiency and a new level of retail can open up...I will call



it the end of permission raj,” Govind Shrikhande, Customer Care Associate & MD, Shoppers Stop said.

Officials said, the Model Act would also enable women to work during the night in such offices with mandatory cab services and other workplace facilities. With the exception of factories, the draft law proposes to cover all premises or shops with work related to printing, banking, insurance, stocks and shares, brokerage or theatres, cinema and any other public amusement and which are currently not covered under the Factories Act 1948. All such units which employ 10 or more workers are proposed to be subject to the Act.

Munish Baldev, Retail Head, Entertainment City, Noida, said, “I welcome this step of the Government as I believe that this will open window of opportunity to many. This will enable us to generate more



employment for people and also will help us to address the need of our customers. Who would be willing to shop past midnight? Apart from benefitting customers, the Act will also be beneficial for us to catalyze our growth as we will be able to target customers who are busy for the whole day in their respective jobs and end up shopping online at the end. Also, this

will add to our responsibility as we will have to be more diligent towards our women employees and their safety and security during their night shifts.”

At present, states have their own legislation which regulates shops and establishments like their closing and opening times, holidays and working shifts of women.

Chairman & Country Head, JLL India, Anuj Puri said, “The retail sector accounts for about 15 per cent of the country’s GDP and this is expected to increase further with round the clock operations. Already, the government had announced reforms to loosen restrictions on inbound investments in retail a few days ago. Single-brand retailers like Swedish furniture giant, IKEA, and smart phone manufacturer, Apple, stand to benefit. JLL had first announced late last year that 2016 could see single-brand retail stores opening up.”

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SPICE MAKER MTR FOODS SEEKS FDI AMENDMENT

➔ MTR Foods, a subsidiary of the \$4-billion Norwegian conglomerate Orkla, has sought government approval to start single-brand retail trading in India. In a public interaction, Sanjay Sharma, Chief Executive Officer of MTR Foods, has said, “Our application is more of clarificatory nature since the new FDI norms state that if we are manufacturing in India we are free to sell through single-brand retail. Pickle and papad are the two items we outsource locally; rest is all manufactured by us.” The foreign direct investment policy has been revised to allow a single entity to undertake both, wholesale or cash-and-carry trade, as well as single-brand retail, provided the FDI regulations for both businesses are met. Any manufacturer in India would not need government approval to sell through wholesale, retail or ecommerce, as per the revised norms. The brand wants to build its presence across India and is investing in a research & development centre along with its manufacturing facility.

MARKS & SPENCER’S FIRST LINGERIE & BEAUTY STORE AT VR BENGALURU

➔ Marks & Spencer today opened its first standalone Lingerie & Beauty store in the city, at VR Bengaluru, the integrated community lifestyle centre in Whitefield. The new 2,000 square foot store is the fourth of its kind in India and the latest collection includes all things delicate and feminine from contemporary essentials to beautiful, plush fabrics. The store also showcases dedicated beauty offerings in skincare, fragrance, bath and body products. The new store aims to offer women exceptional quality, stylish and innovative lingerie and an edited beauty offer in an inviting and inspiring shopping environment. The opening of the M&S store is in line with the launch of many unique brands and stores over the past weeks. Rajiv Raichand, Director – Virtuous Retail said, “In our commitment to bring novel experiences to the city, we are partnering with retailers



who are equally willing to introduce new formats and services for the consumers. The discerning customers are now looking for experiential retail and VR Bengaluru is responding to these changing needs by curating a host of innovative offerings.” Venu Nair, Managing Director of Marks & Spencer Reliance India, said, “Customers in India have really embraced our high quality, excellent value lingerie and beauty offer. Combining expert advice, excellent customer service and a specialist product offer, the new store at VR Bengaluru offers customers in Bangalore a unique shopping experience and we are really looking forward to welcoming customers to store.”



INFINITI MALAD, 5 YEARS OF SUCCESS AND COUNTING

➔ The K. Raheja Construction Group recently celebrated the anniversary celebration of Infiniti Mall in Malad, an ultimate retail destination which is constantly evolving to match up the needs of the dynamic Indian shopper. On the occasion of its 5th anniversary, the mall organised a lavish celebration for its patrons. From Food fiestas to musical Sundays, and a weekend extravaganza in the form of The Big Binge Beer Fest, a month long celebratory affair redefined the meaning of fun, adding true value to every foot that falls during this milestone occasion. Congratulating the mall authority in this regard, Kishore Biyani, CEO, Future Group, said, “We have been a long term partner at Infiniti Malad, operating many of our flagship stores like Big Bazaar GenNxt, Cover Story, eZone etc, that redefine the shopping experience of customers through integration of technology, visual experiences and superior service at Infiniti Mall. We have chosen this mall, as they are among the best in the country in understanding and delivering on superior infrastructure, customer circulation and shopping experience”.

In this occasion, J Suresh, Managing Director and CEO at Arvind Lifestyle Brands Ltd. and Arvind Retail Ltd. said, “As we continue to diversify our extensive brand portfolio, Infiniti Malad has been an influential stakeholder in our growth story in Mumbai. We’ve observed a rather consistent trend of patrons visiting our Infiniti Malad store from extremely far off locations in the city. It is reflective of the mall’s ever growing popularity amongst the heterogeneous Mumbai population. Our best wishes to the mall management for completing five successful years.”



ADITYA BIRLA FASHION BUYS INDIA RIGHTS OF FOREVER 21



Aditya Birla Fashion and Retail (ABFRL) has become the joint venture partner of US fast fashion major, Forever 21, replacing DLF Brands. The company has acquired Forever 21's exclusive offline and online rights in the country, including its existing store network. ABFRL will operate Forever 21 retail outlets and undertake online retailing for the brand in the country. Forever 21 undertaking will form part of the Madura Fashion and Lifestyle Division of the company, ABFRL said in the filing. "The proposed acquisition will further strengthen leadership position of ABFRL in the branded fashion space," Pranab Barua, Managing Director at ABFRL, had said earlier. Jatin Malhotra, Director, Global Expansion, Forever 21 has said in a media statement issued by ABFRL, "Forever 21 has built a very strong franchise in India in the last few years and has already become a brand of choice for fashion conscious women."

ITALIAN LUXURY LABEL ISAIA FORAYING INTO INDIA



Italian luxury menswear brand Isaia is all set to enter the Indian luxury market. The brand will be distributed by Mumbai-based Regalia Luxury, which retails brands like Swiss luxury watch brand Bovet besides British shoemaker John Lobb and Italian suit brand Kiton. Isaia is known for its made to measure suits, and sportswear. The company produces its garments only in Italy in Casalnuovo di Napoli. "We believe that partnership with key independent retailers around the world is essential and this is the reason we are exploring new and different markets, like India. We feel that because of the abundance of colour and interesting fabrics that we offer: the Indian gentleman will respond well to Isaia," said Gianluca Isaia, CEO of Isaia during a public interaction. 

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◀ **Bhaskar Bhat**, Managing Director, Titan Company Limited.

PHYGITAL

IT'S TIME FOR THE NEXT RETAIL REVOLUTION

As someone whose journey in India's retail landscape started way back in the 70s, Bhaskar Bhat, MD, Titan Company Limited, can say that things have transformed significantly in retail

The mills of erstwhile Bombay is where the idea of selling products in retail chains was first born in India. While textile players mastered this concept, soon manufacturers from other industries followed suit. This was the era of slow and steady progress as India continued to be a closed economy with License Raj and limited or no foreign direct and foreign institutional investment. With liberalisation in the 90s, things changed for good. Towards the end of this decade, struggling to make an impression in an age where local kiranas and mom-and-pop stores dominated, seeds of the mall culture were sown in Delhi and Mumbai. Soon, this wave spread to other cities, including Kolkata, Chennai, Pune and Hyderabad, among others.



Even with higher FDI limits allowed in multi-brand retail stores, growth in India's retail sector will continue to be **driven largely by domestic funding. Rising incomes, urbanisation and attitudinal shifts will ensure exponential future growth**

By 2021, India will be the youngest nation with 64 per cent of its population in the working age group of 20-35 years. By default, this section of the population will also be the biggest consumer base for any business including retail. A recent report by Boston Consulting Group (BCG) indicated there will be three times increase in average household income from \$6,393 in 2010 to \$18,448 in 2020. Rising incomes, urbanisation and attitudinal shifts will ensure exponential future growth in the retail space. Even with higher FDI limits allowed in multi-brand retail stores, growth in India's retail sector will continue to be driven largely by domestic funding.

Additionally, over the last few years, e-commerce companies have left a mark by altering India's retail landscape. According to a study conducted by Google and A.T. Kearney, about 25 per cent of the total organised retail sales by 2020 will be contributed by the online channel. The report titled 'Digital Retail 2020' says that online shopping in India will reach a gross merchandising value (GMV) of \$60 billion by the end of 2020. Expansion of mobile infrastructure and integration of mobile payment gateways have pushed fence sitters to jump to the online shopping bandwagon. The

report also predicts that the total number of online shoppers will grow to 175 million and about 33 per cent customers will drive two-thirds of total shopping. Initially, businesses, which thrived on networks of physical stores criticised the new crop behind startups for backing unviable business models. The backlash ebbed as players in online retail managed to attract multiple rounds of funding from private equity companies.

The good thing is today there seems to be a correction in the overall retail landscape. Here's how: traditional businesses have understood the importance of online shopping for Indian consumers and adopted an omni-channel strategy. They are also going an extra mile to elevate the in-store experience with the help of technologies like virtual and augmented reality. Giving up the madness of offering massive discounts – a major reason why books of many e-commerce companies are in red – online players are exploring differentiated partnerships with brick-and-mortar retailers. Both, online and offline retailers have realised the importance of 'experience'. While physical stores are doing this by creating a high-tech retail experience, some online players have invested in large-format centres recently where customers, after looking at the product, have the option of placing the order online. Eventually every player

wants to connect with customers when attention spans and dwell time are at an all-time low.

Phygital, which is all about blending the physical and digital to create an ecosystem between the brand and consumer across the two worlds, is the biggest reality that must be embraced by established and new businesses. Today, customers are not loyal to any channel – online or offline - and they expect a seamless experience. Today, a customer can both shop in the store or online, and get delivery of products at home or in the store nearest to them. With more than 1300 outlets across the country, Titan Company Limited is creating unique retail experiences for its customers in different age groups. Our online destination for all Titan products, titan.co.in, further adds to our journey towards improved margins and, more importantly, help us grow our presence as a lifestyle company.

The future definitely lies in the direction of omni-channel retailing, providing companies with both the unrivalled reach of the internet as well as the opportunity to offer after-sales services such as exchange and return of goods through their brick-and-mortar stores. With evolving consumer preferences, the players that can offer a touch point anywhere, anytime will be the ones to reap the best rewards. **IR**



▲
Sanjay Behl, CEO,
Lifestyle Business,
Raymond Ltd.

▲
Kabir Lumba, Managing
Director, Lifestyle
International Pvt Ltd

▲
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CUSTOMER SERVICE EXCELLENCE

A SMILE IS WORTH THAT EXTRA MILE

By Sheetal Choksi and Varun Athreya

With the advent of e-commerce and its rapid adoption by consumers, the only way retail can stand the test of time in the age of digital proliferation is Customer Service Excellence. However, for every retailer trying to engage customers and inspire loyalty, there are several who haven't managed to make the cut.

So, what separates the superior from the average and the favourites from the forgotten? Well, truly successful retailers never forget the fact that customer loyalty is directly proportional to customer experience; always has been and always will be.

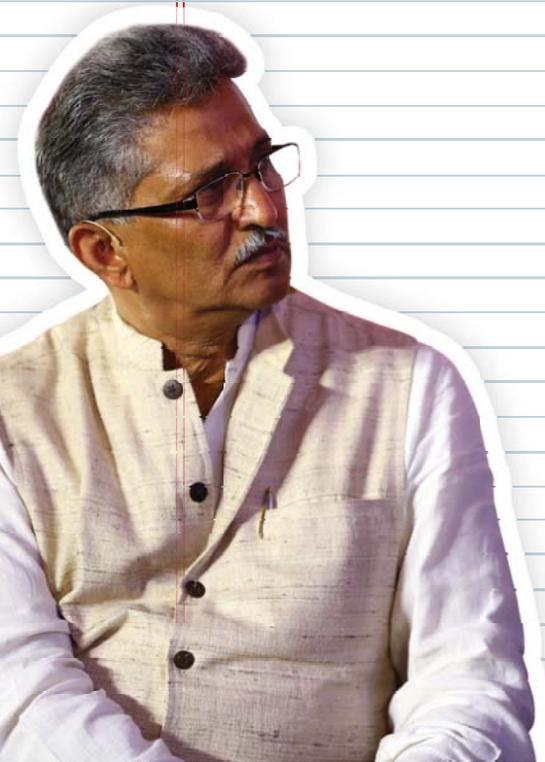
When customers have to wait needlessly or face ignorance and/or inefficiency when shopping is when they decide to migrate, either to e-tail or to another brand. Today, a customer need not give a second thought to that migration because there is more than enough competition offering the same products at more or less the same prices. Gone are the days when providing a positive retail customer experience was commendable; now, it's a vital pre-requisite. Going beyond a good retail customer experience, retailers need to design and implement coherent retail service models if they seek to set themselves apart.

That being said, there are some retailers who have succeeded in evolving with the tastes, desires and expectations of today's discerning and experiential customer. The annual TRRAIN Retail Awards have, over the years, recognised a multitude of these efforts, celebrating professionals at a national level who have gone that extra mile for customers on behalf of the companies and brands they work for. This has led to the creation of valuable case studies and brand new benchmarks for retail Customer Service Excellence in India.

In this article, we speak to a few highly successful retail CEOs whose companies' employees have won numerous accolades at the TRRAIN Retail Awards. Sanjay Behl - CEO at Lifestyle Business, Raymond Ltd., Avani Davda - Managing Director at Godrej Nature's Basket, Kabir Lumba - Managing Director at Lifestyle International Pvt. Ltd, Ramesh Menon - Hypercity Retail (India) Ltd. and Venu Nair - Managing Director and Board Member at Marks and Spencer India share their outlook on the role Customer Service Excellence plays as a differentiator in modern retail, the challenges they face in its implementation and its transcendence from mere policy to firmly rooting itself in the very DNA of their organizations.

As the Founder of TRRAIN and former Managing Director & CEO of Shoppers Stop, few individuals understand the nature of Customer Service Excellence and the pivotal role it plays in retail today more than B. S. Nagesh. Here are a few words he shared with us on the subject





▲ B. S. Nagesh, Founder TRRAIN

A few weeks ago, I purchased a new mobile and decided to visit a small shop in seven bungalows, Versova, Mumbai to buy a scratch guard for the screen. I was carrying my old mobile with me as well. The sales associate took my old mobile first and installed the scratch guard with perfect skill and also sold me a case for the same. My mobile looked brand new with just rupees 750 investment. (I was wondering why I even bought a new expensive handset!). When I showed him the new mobile, he looked at the same and said that he has the screen guard but does not have the expertise to install so I should look at an alternate shop. He also gave me the name of the shop. Great services with care and concern for the customer. Where can you see such transparency and honesty even at the cost of foregoing business?

I realized that you could deliver the best service under two circumstances:

- >> Being a servant (All of us are servants at different levels in our hierarchy) and serving for livelihood under monetary compulsion or fear and insecurity of losing/retaining the job.
- >> Passion for what you are doing and love and care for your customer.
- >> In the first instance we see transactional service delivery and never building a relationship for life. Whereas, when you are building an organization with people full of care and love, you are building a life-long customer. We need to inculcate and build a retail organization that is customer centric.

In my experience there are two things which are a must to build a customer centric retail organization

- >> Recruiting the right kind of people at all levels. It is important to check on what they care for, what excites them and finally what will make them feel proud of their existence.
- >> Leaders have to believe in a customer centric organization, walk the talk and build a team and organization wherein values and culture are key foundations of the organization.

Our white paper published in association with AIMIA has clearly shown that their parents and school teachers at the primary school level have influenced associates who have won the awards. For our TRRAIN Award winners excelling in delivering customer service and going beyond the call of duty was very natural. In fact when I asked them about the same they said, "I Just did it,"

In the last 5 years of organizing TRRAIN Retail Awards for customer service excellence, it has become evident that we get more and more entries from organizations where creating customer experiences and delivering great service is part of the DNA of the retailer. HR departments are keen to send their participation, they are anxious to know whether their employees are among the finalists, they participate and attend the awards; they get disappointed when their employees do not win. In some cases, they call back to check why their associates did not win awards, what can they do to improve etc. This really shows how passionate the company is about customer service.

I commend the commitment of the retail leaders, spirit of the HR team and the passion of retail associates who have been recognized in the last 5 years of TRRAIN Retail awards.

Now that the undeniable need for Customer Service Excellence has been unequivocally established, let us understand how some of India's most illustrious retail CEOs perceive it within the modern retail landscape.

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WHAT IS YOUR DEFINITION OF CUSTOMER SERVICE EXCELLENCE?

★ **SANJAY BEHL, CEO, LIFESTYLE BUSINESS, RAYMOND LTD.**

Customer Service Excellence is consistently meeting or exceeding customer expectations and staying consumed with creation of delightful experiences throughout the customer lifecycle. This is possible only when we put 'customer' at the centre of our businesses and create an enabling organisational eco-system of products, services and experiential interfaces with the sole objective of delighting

our customers through a profitable business model. Its purview is not limited to just addressing the visible needs and expectations, but also meeting any latent or passive needs, and proactively anticipating any new behaviour shaping possibilities. If done well, customer service excellence can potentially be amongst the most significant, relevant, sustainable and viable strategic differentiators for any organisation.

However, it is not easy to achieve and execute a robust customer service excellence model, consistently and viably, even in relatively simple product and service categories. Any Customer Service Excellence strategy must cover all the direct and indirect customer touch points, seamlessly transcending both physical and digital spaces, with an objective to deliver a superior, consistent and unique sensorial experience across elements.

★ **AVANI DAVDA, MANAGING DIRECTOR, GODREJ NATURE'S BASKET**

Excellent and consistent customer service is the foundation of any successful business. Customer service is, in fact, a key point of competitive differentiation. True customer engagement requires seeing

the big picture as well as having a handle on the daily details that truly make a difference. At the core of everything that Nature's Basket does is the customer. Processes within the organization and across the front end

have been refined such that customer service, convenience and satisfaction are maximized across all touch points at all times and are recognized by consumers as decisively different than other retailers.

★ **KABIR LUMBA, MANAGING DIRECTOR, LIFESTYLE INTERNATIONAL PVT. LTD.**

Customer Service is integral to retail experience. Excellent customer service is about keeping the entire shopping process for a customer simple. It is not just about people but also about an organisation's philosophy, its processes and how it gets translated on the floor. For us, speaking from a customer's view point, excellence in customer service translates to an effortless shopping experience for a customer that is joyful and memorable.

★ **RAMESH MENON, HYPERCITY RETAIL (INDIA) LTD.**

We define it by our customer promises i.e. the six pillars we stand by when it comes to customer experience within our stores, namely, Hyper Range, Hyper Fresh, Hyper Exclusives, Hyper Savings, Hyper Speed and Hyper Convenience, the first three being motivational factors for visiting our

store and the last three being hygiene factors (factors in the absence of which our customer wouldn't come back). It starts with a sharp definition of who our customer is - 25 to 35 year old, home maker/working professional, cosmopolitan, aspirational, aware and exposed, possibly well-travelled and

largely digitally aware - and catering to her every need through the range, assortment and store experience. It is then about living up to our promises every day and therefore making sure that we give her adequate reason to keep coming back and to recommend us to others.

★ **YENU NAIR, MANAGING DIRECTOR & BOARD MEMBER, MARKS & SPENCER INDIA**

Customer Service Excellence is a commitment to delivering exceptional levels of service each and every time our customers shop with us. This starts with a friendly welcome when the customer enters the store and being readily available to help and give knowledgeable advice. It's also about ensuring that we listen carefully to customers' feedback and do our best to service their requirements.



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WHAT ARE YOUR TOP 3 FOCUS AREAS TO ENSURE THAT CUSTOMER SERVICE EXCELLENCE IS DELIVERED CONSISTENTLY ACROSS THE ORGANIZATION? WHAT ARE THE CHALLENGES?

★ SANJAY BEHL, CEO, LIFESTYLE BUSINESS, RAYMOND LTD.

Given that retail interface, both physical and digital, along with front-end sales teams are the primary custodians of customer interface involving Raymond product and service brands, most 'Customer Service Excellence' efforts have to converge here. So while we are investing in relevant technology platforms to enhance our retail store and digital interfaces, we also stay equally committed to anchor the customer service excellence model to our frontend retail staff.

Enabling and Empowering retail store staff: This is amongst the foremost focus areas at Raymond. We have institutionalized a store staff training, assessment and certification framework to ensure up-gradation of functional and behavioural skills required by them to excel in their jobs. Furthermore, through a comprehensive 'delegation of authority' framework, we have successfully decentralized most of the customer interface and experience impacting decision-making at the front end store level. Simple areas of

operative flexibility like promotional budgeting, discount slabs, loyalty program value-adds, complaint resolution authority or cash refunds etc. have been delegated almost entirely to the store team level. Commensurate with their enhanced role, we have re-designated our retail store heads as 'Business Managers'. In addition, we have launched an extremely progressive and fully transparent career progression plan for all our retail staff.

Uplifting and Contemporizing customer experience at stores:

We continue to make aggressive investments for renovating our retail stores, making them more appealing and relevant for today's customers. We are working on rejuvenating and standardizing all sensorial experiences for customers, not restricted to just visual and audio senses. While doing so, we have taken every effort to customize and differentiate store experience, keeping regional and local sensitivities in mind, while staying consistent with the core ethos of our brands.

Building world-class capabilities on the Digital and CRM front: We recently concluded the launch of an integrated 'Raymond Rewards' loyalty program wherein all our portfolio brands - Raymond, Park Avenue, Color Plus and Parx - have come under a unified CRM platform. Apart from enhancing the customer deliverables in areas of curated content and fashion advisory, this consolidation will enable our customers across our brands to redeem earned points on any brand of their choice within our portfolio, and across any of our 1000 retail stores spanning 400 cities in India, or through a digital interface.

The key challenge in delivering a consistent, high quality and profitable customer experience model is the ever-evolving technology and its role in shaping customer experiences and expectations - the pace of change can dilute or dampen efficacy of existing processes and tools. Another key risk is the accelerating advent of new-age business models like fast fashion specialty retailers or pure play discount based e-commerce players, who have the potential to disrupt the prevailing premise itself of customer service.

★ AVANI DAVDA, MANAGING DIRECTOR, GODREJ NATURE'S BASKET

The 3 focus areas or Cs of customer satisfaction are consistency, consistency, consistency. It sounds simple but consistency is the secret ingredient to making customers happy. However, it's difficult to get right and requires top-leadership attention. At Nature's Basket, our approach to customer service excellence is neither limited to one individual nor one team. It extends to the DNA of the entire organization and encompasses multiple processes including:

- Selection of products
- Staff selection, etiquette

enhancement & training to make them consumer champions

- Everyday instances where our staff go beyond the call of duty to offer exceptional and 'wow moments' to consumers
- Planned Consumer Engagement & Educational Activities
- In Store processes, Services & Service Levels for consumers
- Complaint resolution and customer service
- Loyalty program

Customer service excellence cannot be achieved in the short-term, nor

can you ever truly say that you have 'achieved' excellence because it's a journey not a destination; the quest for excellence will mean that you are constantly pushing the bar to get even better at what you do. And that is one of the biggest challenges. This journey clearly requires a great deal of commitment from the entire organization. That is probably the real challenge in seeking to strive for service excellence: how can you get all your employees to really care, to really want to go that extra mile, to really believe in what you are trying to achieve?

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★ **KABIR LUMBA, MANAGING DIRECTOR, LIFESTYLE INTERNATIONAL PVT. LTD.**

For us, the 3 focus areas are:

1. Simplification/Automation of Processes
2. Orienting People to deliver a consistent experience
3. Creating a Retail Experience that serves customer needs.

Simplification/Automation of Processes

Over the years, we have undertaken several initiatives to make our processes more customer friendly. For example, when customers need to alter their garments, we have an automated system that alerts the customers through an SMS once the alteration is done. This allows the customer to be in the vicinity of the store rather than wait for the garments. Another example of customer convenience is our card-less loyalty programme 'Landmark Rewards' – which is one of the

largest loyalty programme in India.

All that the customer needs to remember is their mobile number to avail of all the programme benefits. We have several such process enhancements that are aimed at delivering customer convenience.

Orienting People

Orienting People is the most important constituent of delivering excellent customer service. From greeting the customers as they enter the store to making positive eye contact and ensuring that they are available to assist customers without hindering their experience, these are the critical components of our training programmes. Product knowledge for specific categories and an awareness of fashion trends are also important aspects. Our in-house

application 'Stylus' empowers our people with information pertaining to products, promotions and availability of sizes. With the power of this information on their mobile phones, our people are able to serve our customers well.

The Retail Experience

We take immense pride in our stores. The customer is central to our store design philosophy and we take immense care to ensure that every aspect of the store design keeps customer convenience as key priority. These include location of trial rooms, billing counters, and other customer conveniences that include one-stop customer service desk. Visual Merchandising helps in aiding customers by highlighting season's key trends.

★ **RAMESH MENON, HYPERCITY RETAIL (INDIA) LTD.**

The top three focus areas as far as we are concerned are range and assortment, in store convenience and ease of navigation and most importantly, cash till experience. We try to design our stores to ensure we deliver these, recognising fully well

that our customer expects to get this at our stores vis-à-vis the experience she expects from other stores. The challenge is always to keep our range and assortment a few steps ahead of what our aware, well-travelled, cosmopolitan and aspirational customer

wants or needs, and to make sure she gets what she wants every time. The other associated challenge is always to ensure our associates are aware too and that they know what we are selling and are able to assist the customer, where needed, in finding what she wants.

★ **YENU NAIR, MANAGING DIRECTOR & BOARD MEMBER, MARKS & SPENCER INDIA**

We believe the three factors that determine customer service excellence are:

1. Employee Engagement
2. Training and Development and
3. Innovations based on insight

We know customers are looking for knowledgeable, friendly, helpful advice when they visit our stores and our employees really bring to life the M&S experience for customers in India, making it imperative for us to keep them engaged and motivated. Through employee engagement, we encourage team conversations on how M&S can go the extra mile and share new ideas

that will help us deliver an even better customer experience. In addition to that, we offer them a combination of in-store learning and information sharing to equip them with the skills and understanding to meet and exceed customer expectations. For example, training and buying teams hold specific training sessions for service, soft skills, latest trends and styling through personal sessions as well as pre-recorded short videos to support the customer service associates with inspiration behind our fashionable offers such as the latest styling trends, colours in vogue and special collaborations.

Each year, we deliver over 1500 hours of training to our employees in India. As one of the core brand values, we are always looking at ways to innovate and to evolve as per our customer's changing requirements. Our Customer Insight Unit and our loyalty program gives us great insight into our customers' shopping behaviour – and this coupled with the feedback from customers at our stores, online and via social media, really helps us understand what matters most to our customers and better anticipate how their needs might change in the future – so we can ensure our products and services remain relevant.

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WHAT WOULD BE YOUR TOP THREE TIPS TO COMPANIES WHO WISH TO EXCEL IN CUSTOMER SERVICE?

★ SANJAY BEHL, CEO, LIFESTYLE BUSINESS, RAYMOND LTD.

Service excellence is not a process or a strategic initiative, but a culture or 'way of life' in any organisation. Hence, if we wish to excel in customer service, it must get seamlessly weaved into the core ethos of an organization. To truly imbibe these, the customer service paradigm must be defined and driven by a top leadership team with utmost clarity and commitment.

The right way to start a journey towards sustained excellence is by putting the customer at the centre of

business, and then re-imagining our business model around it. This starts with a basic understanding of the purpose of our brands and services in the lives of our customers, and then (re)designing all the organisational processes and capabilities to deliver to the 'defined' core purpose of our brands in the lives of our customers.

Finally, the role of technology cannot be undermined in delivering consistent and delightful customer experience in a profitable and cost-

effective way, especially in today's context of customer journey across physical and digital mediums. However, shortening technology life cycles and the rapidly growing big data bubble together pose high risk of obsolescence to significant capital investments in customer service platforms. So, it is bit of a 'Catch 22' paradox that needs to be manoeuvred smartly by the leadership team.

★ AVANI DAVDA, MANAGING DIRECTOR, GODREJ NATURE'S BASKET

Know your customers

Great interactions begin with knowing your customers' wants and needs. Customers love personalization.

Think long term - A customer is for life

Think long term when dealing with customers. By keeping customers happy, they will be loyal and through word of mouth, will do the marketing for you.

Go the extra mile

Going the extra mile will not only result in an indebted and happy customer, it can also go a long way in terms of keeping yourself on their radar for future business.

At Nature's Basket, we have identified the need to share our expertise on international cuisine with our consumers in a friendly way. This

we felt, would also elevate the brand from being a mere grocer to being part of an extended family or a friend. The role of the front end in achieving this is critical. The HR team, Product team and Marketing teams take on the role of tutors and mentors to impart both product knowledge, sampling expertise as well as consumer engagement skills to the operating staff.

★ KABIR LUMBA, MANAGING DIRECTOR, LIFESTYLE INTERNATIONAL PVT LTD

Excelling in customer service is no longer an option but essential to retain and grow one's franchise. Top 3 tips would be- (1)Keep processes simple (2)Customer Convenience in everything you do – from store design to visual merchandising and promotions (3) Orient people towards a 'Service' mind-set.

★ RAMESH MENON, HYPERCITY RETAIL (INDIA) LTD.

The single biggest advice would be to first decide, sharply define and understand who the target customer is and then make sure we serve her needs single-mindedly, not getting side-tracked by what competitors, imagined or otherwise, are doing. Track the customer and listen constantly. Measure her recommendation scores and keep acting to make sure she is happy to keep coming back and be an advocate, telling others too.

★ VENU NAIR, MANAGING DIRECTOR & BOARD MEMBER, MARKS & SPENCER INDIA

My three tips for customer service excellence are: 1. Put the customer at the heart of your business and listen to understand their needs 2. Empower your employees with training and reward and recognize their efforts often 3. Go the extra mile to make your customer's day.



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CAN YOU GIVE US TWO EXAMPLES OF CUSTOMER EXPERIENCE/SERVICE LESSONS THAT YOU HAVE LEARNT FROM OTHER BRANDS (NOT NECESSARILY FROM RETAIL)?

★ SANJAY BEHL, CEO, LIFESTYLE BUSINESS, RAYMOND LTD.

My first lesson is that consistently delivering excellence in customer experience can be amongst the most relevant, potent, sustainable and profitable competitive differentiators in any organisation. The reason most of us consider or select a specific airline or any hotel is triggered more by the perceptions or actual experience we have on the customer service of that product, rather than any other singular product attribute. However, customer experience is also amongst the most difficult capability to build and sustain viably – and if not done so properly, it

ends-up being an expensive and a non-viable proposition in the long run.

The second learning I have had is that excellence in customer experience is not a sustainable concept, unless we fuel it with a viable economic model. There are multiple examples to this effect, especially a few recent ones in the Indian e-commerce industry, wherein due to the blinding race to gain customer footfalls within the hyper-competitive intensity of this industry, we saw an advent of many innovative customer service concepts like cash-on-delivery, no-questions-

asked returns policy, no minimum slabs for free home delivery etc. most of which led to 'loss leadership' alley, and have been partially or fully withdrawn by now.



★ RAMESH MENON, HYPERCITY RETAIL (INDIA) LTD.



I think a good example of great customer service today is Indigo airlines. The associates and staff are very well trained, speak with confidence looking you in the eye and are not afraid to do things with a twist. They live the brand promise every day and that, I think, is what makes them leaders. What I always admire is the confidence with which the staff speaks and the intense training that must have gone into making that happen.

★ VENU NAIR, MANAGING DIRECTOR & BOARD MEMBER, MARKS & SPENCER INDIA

The first one I would like to quote is from Apple. I had been facing a problem with my phone and connected with their customer service in India. Since my phone had been purchased in UK, it needed to be taken to UK for repair as it was under warranty period. After Apple's Indian servicing recommended this course of action, I made appointments at an Apple Store in London; it was here that I received fantastic and speedy service. In 2 minutes the technician was convinced that there was a genuine problem, and offered a new phone as replacement immediately. It was precise, decisive and aimed at resolving the problem within the stipulated time. The second



experience was at a boutique resort in Tadoba, near Nagpur, that I visited very recently. The hospitality team had planned all possible requirements for the day of the Safari. While other hotels offered bottled water as take-away for this Safari, our resort went an extra

mile by offering water in thermo flasks to ensure we could have the advantage of cold water throughout! Considering the hot summer days, this was a real pleasure! These are little nuances that go a long way in providing a great customer service experience.

To conclude, it will only be the retailers who invest the time, effort and resources in Customer Service Excellence by building retail service models that consistently deliver delight, individual attention and personalized solutions, who will succeed in making any long-lasting impact and secure long-term customer loyalty in this ever-evolving and dynamic marketplace. 



artist impression

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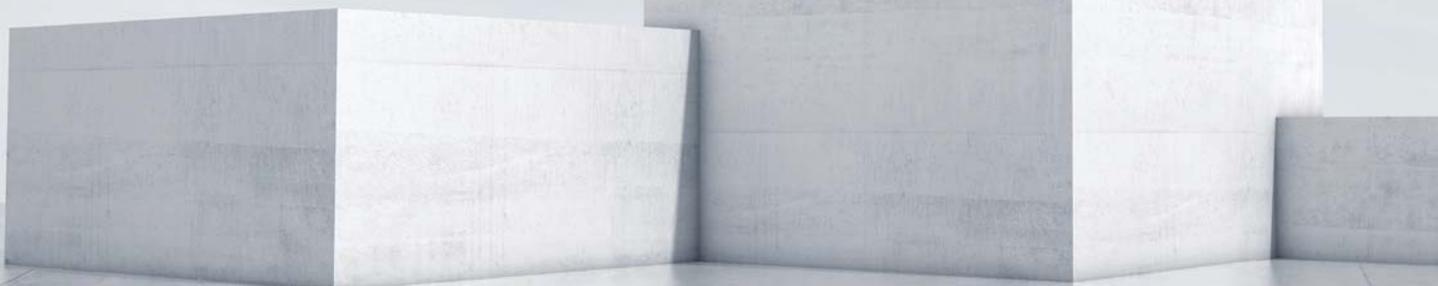
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VINEET GAUTAM

THE 'BESTSELLER' MAN!

He has cross-functional experience in the sectors of food, fashion and telecom. Vineet Gautam, the master mind behind the Bestseller bouquet in India shares his deep insights about business expansion, merging of online-offline retail and customer engagement

By Parama Sen



He started his career as a store manager with Dominos Pizza in the year 1999. And in 2013, within a span of just over a decade, Vineet Gautam was awarded the Most Talented Retail Professional of India at Asia Retail Congress! Nobody can imagine of a career graph with such a stiff upward curve. But Gautam, CEO and Country Manager Bestseller India, actually has an enviable career. Vineet, who is a graduate of Hotel Management from IHM, Delhi, started his career with Food and Beverage industry. After his stint as the store manager with Dominos, he moved on to Cafe Coffee Day as IIHM Operations Manager, for a couple of months. He still has the dream of opening his own restaurant, but at the same time he simply loves the excitement that fashion industry is built with. **“Fashion is an exciting journey. There is a lot of learning and I believe that makes it an exciting industry. I love excitement at work and hence I am in fashion business,”** Vineet says.

His journey with fashion began in 2001, when he joined Wills Lifestyle. After two years, Vineet moved on to be the Senior Manager in Idea Cellular, but he came back to his fashion fiesta again in 2007. He then joined Benetton as the Zonal Business Head of South and West. Prior to his joining, Benetton had only 25-20 stores and within two years, the number went on to 100! Indeed he was very aggressive in terms of business expansion. From Zonal Head Vineet soon became the Business Head of UCB. He looked after the entire retail operations

and business development functions for all the brands under Benetton portfolio, i.e. UCB, Sisley, Undercolors & Playlife. After setting new benchmarks for everybody in Benetton he spent four short months in Idea Cellular as the National Retail Manager and then finally moved on to be a part of Bestseller India in 2010 and with that his journey in fashion retail is still going strong.

If you ask Vineet, who is presently embracing the role of CEO and country head, Bestseller, how has been the journey with fashion so far, what are the challenges that he was faced with initially, this retail professional par excellence would give a very simple answer. **“The journey as I said is very exciting. There is a lot of learning. The customer preferences are evolving fast and to continuously deliver and fulfil customer demand is challenging.**



VISION FOR RETAIL BUSINESS IN INDIA

• What are the present challenges in retailing in India?

The availability of good retail space is one of the biggest challenges that the retailers of this country is facing now.

• What are the factors that would affect organized retail sector in the country?

In short future, the retail space will become the prime factor and brands with more retail space will have the competitive edge.

• What should be the strategies to fuel growth in this industry?

Infrastructure needs to be promoted in a big way. More number of smart cities is needed to be developed for retail to grow.



I believe that getting involved with every aspect of the business including product, marketing and customer behaviour is vital to overcome these challenges.” Bestseller India has seen growth during his tenure in the company enormous. He has always been very aggressive when it comes to expansion. If anybody tallies the number of stores that the brand has today with the number prior to him, the vigorous expansion mode that the company is going through, will be clearly visible. What does the man behind this say about the strategy? **“We have never looked at market to benchmark our business. We continuously strive to grow our business in new markets which is vital for constant growth of our brands.”**

Everybody in retail knows that today online and offline retail has to hold hands in order to make a brand really successful and all encompassing. Bestseller has already adopted this in an effective way, which can be a lesson to every other brand, trying to club these two forms. What would be Vineet’s tips for them? **“Online and Offline, both are equally important channels for growth and profitability. Online has certain leverage as the cost of operating is low. But this doesn’t imply that brick and mortar stores are less relevant. Home delivery of food didn’t wipe out the restaurant business. I think in future, the brand stores will be more about the customer shopping experience and will be relevant to consumers who appreciate fashion. Online will continue to drive sales of branded apparel as a commodity.”** Nowadays,

brands are adopting different interesting marketing/promotional initiatives to interact with their consumers. Vineet, who is directly involved in marketing and brand management of all the brands under Bestseller India, believes that, any brand should understand the mentality and wishes of its audience and then engage them in similar kind of activities. **“At Bestseller, we always look forward to engage with our audience on platforms they are interested in. From sponsoring music concerts to celebrity endorsements, we purposefully connect with our audience on organic grounds. ONLY was the first brand to host a secret party with an International DJ to connect with the young audience.”**

Bestseller has launched only 3 brands from its international bouquet to India, i.e. Vero Moda, Jack & Jones and Only. When will the other brands from this bouquet enter India? Though Vineet has tactfully dodged the questions, but the ardent Bestseller fans can be hopeful that may be very soon they will also be able to stand in a queue for the ‘Super Saturday’ flash sale of other Bestseller brands too.

It has not limited itself to only Tier-I cities, but also has presence in non metros like Raipur, Surat, Vadodara, Amritsar, Dehradun etc. Vineet has a vision of making Bestseller the largest clothing apparel company of India. **“Bestseller India has always been looking at the right opportunities in market and I believe by 2020 we will become one of the largest fashion companies in India.”** 



RETAIL FRANCHISING

A GATEWAY OF BUSINESS EXPANSION

Franchising is gaining popularity among the retailers in India, more particularly in the areas of fashion & lifestyle, food products and beverages, restaurant chains, consumer goods and computer training centres. Franchising is one way in which a company can take advantage of India's vast market with a degree of control that other traditional forms of distribution can't match

By Parama Sen



In the emerging economies, millions of new consumers are being created as jobs in manufacturing and service businesses are increasing average incomes. This growing middle class is creating a boom in retail activity and retail franchising opportunities are being established to service these emerging markets. Retail, food and service businesses are feeling the benefit of this economic momentum and franchising is surfing this wave as the need for motivated owner-operators grow. The 21st century will see the evolution of the franchised owner-operator as the most efficient last-mile-to-market business model yet developed, combining the service ethics of an individual who understands that the centrepiece of his or her goodwill is the lifetime value of each customer, with the strategic planning capability, buying power and marketing muscle of bigger networks and brands.

Franchising business in India is expected to witness CAGR of 30% over the next 2 years. This is also expected that franchising industry will create job opportunities (including both direct and indirect) for an additional 11 million people by 2017. So, franchising is indeed a game changer policy which assures growth not only for franchisors but franchisees as well.



► PRESTO [OPERATING INDUSTRY: RETAIL]

This first-of-its kind concept-store opened in Kolkata City Centre I, in 2005 and was an instant success and here begins the successful journey from one to 165+ across country. In a short few years, it has become a recognized brand. The franchising strategy of the brand is very simple. It provides 360 degree support, which begins from day 1 of joining hands. The brand makes it a point that the price of all the products is the same across the country. Presto has an e-catalogue that makes sure there's no product differentiation between franchisees.

Criteria to select a franchisee: The two most important things that the brand look at while selecting a franchisee is the location where the store would be, and of course self entrepreneur.

Preferred location and average store size: The preferred locations should be places with high footfalls. This would include places such as Shopping malls. The average size of a franchisee is 250 sq ft. The company operates in three business modules - SIS, KIOSK and EBOs. So wherever there's high cost it prefers Kiosk/SIS, to make the project viable.

Cities with multiple franchising initiatives: The major cities where Presto has multiple stores are Kolkata, Pune, Bengaluru, Chennai and Mumbai. The largest region that it has covered is East with 90 stores, then comes South with 50, West with 15 and North with 10.

Ratio of company owned store and franchise stores: 25% of Presto stores are COCO and 75% are FOFO.

Expansion Plan: Presto is trying to go global. The target is to be present in South East Asia Pacific region in the beginning and then spread wings across the world. Presto will open three international stores at Nepal and Fiji in this financial year.

► HAS JUICES & MORE [OPERATING INDUSTRY: F&B]



HAS Juices & More is in retail format since nine years. However the juice bar is a new segment. They have received good response from the market in last 3 years.

USP of the franchising strategy: The brand believes in maintaining good relationship with the franchisees, which yields good results in a specific period of time. Its belief in commitment, insistence on fair practices, and proper set of guidelines for the franchisees makes them a better choice for the potential franchisees. The brand also

believes in initiating more outlets with the same franchises at the same time.

Win-win for both franchisor and franchisee: Both should make money following the correct business ethics that is the bottom line strategy of the brand. In case a franchise is facing any inconvenience, problem, issue of any sort, the brand does stand by them.

Criteria to select a franchisee: The background and location of the candidate applying for franchisee play a major role in selection. High Networth Individuals are preferred rather than people with short capital or business loans. An investment of approximately 20 lakhs is needed in the beginning.

Preferred location and average store size of the franchise: Malls, High end streets, already having prominent brands of ice creams; Petrol pumps, Hospitals, Multiplexes, Airports, premium large corporate parks are preferred locations. Average store size will vary from 150 sq. ft. to 500 sq. ft. ROI period is expected to be 12-18 months, while the expected break-even comes from within 2-3 months from commencement of business.

Present network of stores: It has 3 franchise stores and 5 Joint Venture Stores in Mumbai, 1 franchise in Raipur and 1 in Bengaluru.

Ratio of COCO & FOFO: The brand has 25 COCO stores, while 4 FOFO stores and 6 JVs. 3 more FOFO stores are coming up shortly.

Future expansion plan: They have a target of opening 50 more stores in Mumbai, 7-8 stores in Pune, at least 1 store in Nasik, 10 stores in Gujarat, 3-4 stores in Goa and around 10-12 stores in the southern part of the country.

► **CHANDRANI PEARLS** [OPERATING INDUSTRY: **RETAIL**]

Chandrani Pearls, a well known name in Bengal, is the retailer of fresh water pearl jewellery and is targeting the middle income household with a perfect fashion accessory that is classy to wear and at the same time is a good option for gifting.

Franchising strategy: One of the key differentiators is that we are so confident of the brand, that we offer our franchisees the option of returning stock back to us, thus giving them the confidence of no dead stock. We work on a very efficient store model allowing them to be operational in a short time frame. We have an extensive training program that gives the owner knowledge of their store, even if they are not physically present. We promote our brand heavily thus ensuring that the customers confidence stays with us.

Win-win situation for both-franchisor and franchisee: We offer a full return of stock, thus reducing the actual risk of the dealer. We have a stock rotation policy that allows us to keep liquidating stock including the ones that are returned back from the franchisee. This confidence allows us to make new dealers, and at the same time the dealer is satisfied that their risk is low.

Criteria to select a franchisee: They generally look for stores in high footfall areas like market places and high streets and the typical store size is 200 sq ft. Chandrani Pearls looks after all promotional expenses of the franchisees, and in certain high potential areas, they even agree to bear a portion of the cost of the rental, until franchisees reach break even. An investment about 10 lakhs is necessary to be a CP franchisee. Expected break-even period will be 2-3 years.

Region-wise break-up of franchise stores: East is the core strength area of the brand, which has 57 stores, North has 5 and South has 1 as of now. The brand has 15 franchisees in Kolkata city, 15 in Kolkata suburbs and 2 in other big cities of West Bengal. They also have 2 Franchisees in Delhi and 2 in Guwahati. If the COCO & FOFO ratio is concerned, out of 63 outlets, 10 are COCO and the rest franchised.

Future plan: East will remain the main focus area, this includes, West Bengal, Assam, Orissa, Jharkhand, and Bihar.

► **EXPRESS CAR WASH** [OPERATING INDUSTRY: **CONSUMER SERVICES**]

Express Car Wash is the brain child of Manmachine Group, the most successful organization in professional mechanized cleaning solutions and services.

Franchising strategy: Franchising for them is like a marriage and both the partners have to invest equally for it to work. People trust the brand because the brand has complete faith on the franchisees.

Innovations: ECW updated their software and machines according to the changing technology. Latest, they have introduced steam technology to save 80% water and 50% electricity. They are also launching the first car wash App.

Win-win for both franchisor and franchisee: The margins that ECW offers are very high. The franchisee can earn up to 70% net profit from this venture.

Criteria to select a franchisee: That will be three fold, area (800- 100 sq. ft.), investment capacity and passion toward cleanliness and cars. Location-wise mall, market, industrial area or a petrol pump, any place where the car flow is good will do. The franchisee needs an area of 80,000 sq. ft, the ROI is 100% and break-even can be reached in the very first month.

Dealing with high rentals/real estate costs: ECW is trying to tie up with petrol pumps on a sharing revenue pattern to combat that problem.

Region-wise break up of franchise stores: In North 20, West & South both has 10, In East there are 5 so far. Vadodara, Surat, Rajkot, Delhi/NCR, Guwahati and Mumbai are the cities, where ECW has multiple franchisees. The ratio of COCO & FOFO is presently 1:3. The brand has set a goal of having 100+ running outlets by 2018.



Key Parameters to be considered

There are some key parameters which the franchisees should consider before selecting a particular franchise model.

Check for Proven Systems: Always opt for a proven business model. There should be systems for everything from payroll and marketing to client services.

Examine Earnings Potential: It can be tricky to evaluate the profitability of a franchise, because profitability from other franchise locations can't be relied on. Get a comprehensive list of the financials from other franchisees, investigate how the successful ones became profitable, and find out whether other franchises have recently failed.

Acquire Territory Exclusivity: If that's not possible for whatever reason, it makes it much tougher to build and defend a profitable niche.

► **DEAL JEANS** [OPERATING INDUSTRY: **CLOTHING & APPAREL**]

The product portfolio of Deal Jeans consists of 14 categories like fashion tops, dresses, tees, tunics, jumpsuits, skirts, jeans, pants, leggings, shorts, jackets, coats, sweaters & knits. The Brand targets women customers in the age group between 18-35 years, who appreciate quality, are fashion conscious, well travelled and who have had exposure to global fashion.

Development of the franchising network: They have established the brand equity with MBO Trade partners over the last 15 years which has been a key tool for developing this channel.

Franchising strategy: Their policy is very competitive and is designed in a win - win manner for franchisee and brand. It helps the franchisee to keep the store fresh and stock the latest merchandise because of the end of season sale support and stock correction



Know the True Costs of Being

a Franchisee: Carefully review franchise agreements. There are often hidden fees in addition to the royalty payments, such as required marketing fees or training. Be sure to know the true cost of being a franchisee to make sure the franchise opportunity is the best one.

Analyse Market Opportunity: Check whether that particular model has potential to be a successful one. The geographical factor has to be considered as well.

Get Comfortable With Company

Operations: Quite often, franchises have strict rules on how to operate the business — often not allowing innovative franchisees to explore new marketing strategies or product positioning.

mechanism. Our EBO policy ensures a level playing field for all sales channels.

Innovations: They have used IT to ensure the franchisee is connected to all company operations. They are implementing SOP's for every store they are opening. Apart from that, a team from HO supports the franchisee in his operations and with data analysis. Also, initiatives are taken to offer best visual merchandising as per brand standards.

Criteria to select a franchisee: While location of the property still remains a very important criterion, Deal Jeans appoints retailers who have expertise in retail and are well versed in their city as our franchisee, so that they implement the process to achieve the desired ROI. However the preferred location could be a mall or a high street and average store size is 400 to 600 sq. ft. The investment amount will be 15-20 lakhs and expected break-even is within 12-18 months.

Supports provided to the franchisees: The business supports which are provided to the franchisees are as follows: Exclusive marketing support for store launch, store set up assistance, staff training and development, substantial VM support, stock correction, dedicated support in monitoring and managing business.

Future expansion plan: 15-20 stores in this fiscal year.

Franchising: market potential

The franchising industry is expected to quadruple between 2012 and 2017. There is scope for franchising industry to contribute almost 4% of India GDP in 2017 growing from a current estimated contribution of 1.4 percent of GDP. While increasing consumption, willingness to spend, growing preference for branded products, global exposure and use of international brands are driving the demand side of franchising, increasing set of opportunity-driven competent entrepreneurs, growing awareness of franchising as a business opportunity

and its relative low risk profile are driving the supply of new franchisee units. Services sector, which includes Consumer services such as Financial Services, Courier Services, Health & Wellness and Food Service sub segments, is expected to contribute to majority of the growth in franchising in the next half decade. Franchising in Health & Wellness sub-segment is expected to grow to almost 6 times the current penetration. Retail (which includes sectors such as Apparel, Jewellery and Food & Grocery) and Education are expected to be the other major areas where there is huge

► FERNS N PETALS [OPERATING INDUSTRY: RETAIL]

Ferns N Petals has become the biggest Flower Retail Chain in the world with the only brand which has 216 running boutiques and 15 more new outlets in pipelines. Started with a single store in 1994 in Delhi, the brand today in 85 cities nationwide and delivers across 155 countries worldwide. With the boom in Indian online retail industry, FNP is consciously foraying into small towns and every nook and corner of the country to mark its presence.



Franchising strategy: FNP's vision has always been very clear, what they commit, they deliver. They believe that the moment this healthy approach in building of the brand is applied from both the end the brand will always be successful.

Win-win situation for both-franchisor and franchisee: The low cost business attracts and encourages more and more people to take up the opportunity. They have equipped the partners with exclusive merchandise & presentation skills, regular inputs on innovative gift options and presentations to create a difference from the local competition which is indicative in the form of 75% repeat customer base. Business is also generated from FNP's website and the same is delivered through franchise network in the form of regular monthly business.

Criteria to select a franchisee: In a prospective Franchisee, FNP looks for the following attributes, shared vision, entrepreneurial spirit, community orientation, ability to devote time to the store, quality and brand consciousness, ability to meet financial requirements and capability to motivate the staff.

Preferred location and average store size: The ideal premises required shall be of 150-300 sq. ft. of usable area, located on the ground floor of a good quality building in a prime retail location in the city/town/colony. The location should have good visibility with a minimum frontage of 10-12 feet and should be easily accessible with adequate parking facilities. An investment of 7-9 lakhs will be adequate to own a FNP franchise. The ROI period is 12-18 months and expected period to reach break-even is 3-4 months.

Region-wise break up of franchise stores: FNP has pan India presence with 98 stores in North, 41 in South, 28 in West and 37 in East. They have multiple stores in Delhi, Faridabad, Ghaziabad, Ludhiana, Chandigarh, Meerut, Lucknow, Varanasi, Agra, Kanpur, Gwalior, Jabalpur, Indore, Raipur, Ahmedabad, Surat, Baroda, Nagpur, Mumbai, Pune, Goa, Bhubaneswar, Hyderabad, Mangalore, Bangalore, Chennai, Cochin.

Future expansion plan: The brand is exploring the markets in Tier II & Tier III cities. At the same time they are ready to spread the same impact and magic in neighboring countries as well. They are very keen on international expansion too.

► **APPLEEYE** [OPERATING INDUSTRY: CLOTHING & APPAREL]

As the kids of today are becoming more & more fashion conscious, Appleeeye, which is into Kids fashion, are gaining strong foothold in this sector. The product portfolio includes especially designed includes Kid's garments for a wide age group ranging from New Born to 16 years with full range of boys and girls. The range includes Casual wear, Party Wear, Club wear and Ethnic wear.

Franchising strategy: The network has been developed with their own Multi Brand Outlet network. These MBO's have taken their own store franchises & directly from malls. They have a low investment mode. Secondly we provide stock on SOR basis so that the franchisee does not have the liability of stock on them.

Criteria to select a franchisee: Focused people, who should be Owner Driven Franchisee i.e. who themselves should sit in the store for further operations, are chosen. Preferred locations are Market places and Malls where we get abundant amount of footfall. An investment of Rs. 12-15 lakhs and carpet area of 500-700 sq.ft. are needed



to be a Appleeeye franchisee, while the expected break even is 1.5 years.

Present franchising network: With 50% CoCo and 50% FoFo, the brand is present with multiple outlets in Jamshedpur, Bhubaneswar and Patna.

Future Plan: The primary focus area is still east but from this season they will be moving towards Andhra Pradesh, Karnataka, Tamil Nadu and Kerala i.e. South India and the extreme West India like Punjab, Rajasthan and Gujarat.

► **MANISH CREATIONS** [OPERATING INDUSTRY: CLOTHING & APPAREL]

Manish Creations, with its exquisite collections of sherwani, Indo-Westerns, Suit and Kurta has revolutionized the ethnic wear category. The last two years has seen the brand almost doubling their number of stores across 16 cities in India with plans of even further extending their reach.

Franchising strategy: The network of the existing franchisees was developed by selecting the store locations with extreme caution and pre-selected criteria. The brand always ensures that their franchisees are directly engaged in the process of sales to the end customer and personally select merchandise for the store. MC wants to provide the best customer service and thus the franchisees work on a model which presents the customers with personalized efforts to further enhance the buying process.

Win-win situation for both-franchisor and franchisee: Appropriate merchandise from the brand's end & footfall conversion from franchisee's end balances the situation.

Criteria to select a franchisee: The brand looks forward to prime locations in the market for their presence with carpet area between 800 sq. ft. to 1,200 sq. ft. with a minimum investment of 25-40 lakhs. At the same time, they want the franchisee



to be engaged with the customer, to make the customer's buying process an unforgettable experience which ensures customer satisfaction and retention.

Region-wise break up of franchise stores: Since Kolkata is MCs base, all stores in the city are managed from company's end. Other stores outside the city are managed by the franchisee. Right now it has 32 franchised Stores. In the Eastern Zone, the remaining stores in Bhubaneswar and Patna are managed by the franchisee. The entire Northern and Southern zone is managed by the franchisee. The cities, where the brand has multiple franchise initiative are Kolkata, Hyderabad & Bhubaneswar.

Future expansion plan: MC is looking forward to penetrate nascent markets in Tier II and Tier III cities in UP, Bihar and Orissa. They look forward to multiply the chain of stores to 60 by the end of the next year.



scope for franchising to succeed. Though Indian Govt. has modified FDI regulations in single and multi brand retail, but that will not affect the booming franchising market in India, as most of the international brands are still preferring to operate through franchise mode, rather than opening their own company outlets.

Growth Drivers of Franchising in India

Burgeoning consumer class with an increasing appetite is considered as the biggest growth driver, both by the franchisors and the franchisees. Franchising based business models are preferred by people with strong entrepreneurial drive and risk taking abilities, especially from the no-specific business backgrounds. This model is readily accepted because it helps increase the scale of operations while reducing the time to market. This also aids in brand building process through value creation. It is often the uniqueness of the concept and value of the brand of the franchisor business that attracts franchisees to invest in them. Besides these, availability of investments and increased investment capability has also been a key factor driving the growth of the industry, especially when investment support from franchisors is minimal.

Regulatory Scenario

While franchising sector in India, per se is not regulated, there are multiple laws which have an impact on franchise operations. Any future regulations in this area should allow conducive growth of franchise systems along with protection of franchisee

HOFFMEN

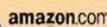
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► MOBEL FURNITURE

[OPERATING INDUSTRY: **RETAIL**]

Mobel furniture mainly deal in home furniture, office furniture, modular kitchen, interiors etc. Their TG is middle class, upper middle Class and upper class people.

Development of the franchising network: They started with this model of expansion in smaller towns and districts in Eastern India. The brand is now popular in the East and the economy of running stores is good in small towns.

Win-win situation for both-franchisor and franchisee: They are offering an assured margin on Sales, a low initial investment towards fixed cost, a very simple and easy exit plan to make the Franchisee feel comfortable and full support on advertising and marketing. In return, they want 100% exclusivity, min 3 Years lock in and sincere effort to make the store a success.



Criteria to select a franchisee: The investment required is 20-100 Lakhs and the showroom space should be 2,500 to 10,000 sq. ft. on Ground, 1st or 2nd Floor with good visibility. Preferred locations are Tier II and Tier III cities and towns in Eastern India and Karnataka. They currently have two models, Entire Product range - 2,500-10,000 sq. ft. and Only Modular Kitchen and Wardrobes - 500-1,000 sq. ft.

Region-wise break up of franchise stores: Right now, they have 9 franchise stores, all in East. However, the brand has a pan India presence with 14 stores.

Future expansion plan: 40 stores in East within next 2 years and 100 stores across India is the plan right now. The brand is ready to explore opportunities in the South Indian Market too.

► THE JUTE SHOP

[OPERATING INDUSTRY: **RETAIL**]

The brand has Jute, cotton and Juco bags

Franchising strategy: Any small, willing entrepreneur.

Criteria to select a franchisee: Retail background is the primary focus area; preferred Location is tier ii towns. Small kiosk size 4x4 sq. ft. in a mall or cooperative society will be okay. A primary investment of Rs. 1 lakh is necessary.

Present franchising network: They have multiple outlets in Kolkata. South Indian cities like Chennai, Coimbatore and Bengaluru also have the jute shop outlets..



rights. The regulatory parameters should include,

Specific franchising laws: rules and regulations focusing on this industry are expected to send a positive message to both national and global franchising community about the seriousness of government promoting this concept as a mainstream sector

Pre-contractual disclosure norms: This will ensure that only serious players consider franchising as a business model

Control on royalty payments and franchise fees: Free market pricing should be encouraged while ensuring royalty and fee payments as per industry standard

Conflicts resolution and intellectual property protection: Intellectual property rights of all the franchisors should be protected to discourage counterfeiting brands

India, attractive market for global franchisors

Many international brands have already entered India and are adopting the Franchise route towards growth. Global F&B brands such as Domino's, KFC, Pizza Hut etc and apparel brands like Louis Philippe, Adidas, Reebok, Nike, UCB, Allen Solly etc have adopted variations of the franchise models to grow in India. However, India's growing but fragmented market can seem chaotic and difficult to deal with. Due to no specific rules or laws promulgated in India to address

MAJOR INTERNATIONAL BRANDS IN INDIA IN F&B SECTOR

International Brands	Time of Launch	Country of Origin	Indian Company/JV Partner/Franchisee/Licensee/Distributor/Retailer	Company Operating Structure
Pizza Hut	1996	USA	Yum Brands India/ Sapphire Foods/Devyani International Pvt. Ltd.	Wholly owned subsidiary/ Licensed
McDonalds	1996	USA	CPRL/Hardcastle Restaurant Pvt. Ltd.	Licensed
Subway	2001	USA	Subway System India Pvt. Ltd	Wholly owned subsidiary
KFC	2009	USA	Yum Brands India/ Sapphire foods/Devyani	Wholly owned subsidiary/ Licensed
Dominos	2011	USA	Jubilant FoodWorks Ltd.	Licensed
Starbucks	2012	USA	Tata Global Beverages	Joint Venture (JV)
Dunkin Donuts	2012	USA	Jubilant FoodWorks Ltd.	Licensed
Burger King	2014	USA	Everstone Group	Licensed

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the functioning of franchisors and franchisees, international players perceive a higher risk to business continuity. It also becomes a challenge for an international franchisor to understand all diversified tastes and preferences, to establish and expand business in India.

Key Highlights of the industry

While every other study by different market research analysts has shown favourable pictures about the franchising model of business expansion in the country, there are some findings which need to be discussed in this regard, which will help both the franchisors and franchisees to understand the pros and cons of this expansion model in a better way. Franchisors believe that they are providing adequate support to their franchisees; however the latter are expecting more support particularly in

MAJOR INTERNATIONAL PLAYERS IN INDIA IN APPAREL SECTOR

International Brands	Time of Launch	Country of Origin	Indian Company/JV Partner/ Franchisee/Licensee/Distributor/ Retailer	Company Operating Structure
Louis Philippe	1989	UK	Madura Fashion & Lifestyle, a division of Aditya Birla Fashion & Retail Ltd.	Brand acquired-licensed to Madura Garments
United Colors of Benetton	1989	Italy	Benetton India Pvt. Ltd.	Wholly owned subsidiary
Van Heusen	1990	USA	Madura Fashion & Lifestyle, a division of Aditya Birla Fashion & Retail Ltd.	Brand acquired-licensed to Madura Garments
Arrow	1992	USA	Arvind Lifestyle	Licensed
Allen Solly	1993	UK	Madura Fashion & Lifestyle, a division of Aditya Birla Fashion & Retail Ltd.	Brand acquired-licensed to Madura Garments
Lacoste	1993	France	Sports and Leisure Apparel Ltd. (Turner Morrison Group)	Licensed
Levis	1995	USA	Levi Strauss India Ltd.	Wholly owned subsidiary
Reebok	1995	USA	Reebok India Pvt. Ltd	Wholly owned subsidiary
Nike	1995	USA	Nike India Pvt. Ltd.	Wholly owned subsidiary
Adidas	1996	Germany	Adidas India Marketing Pvt. Ltd.	Wholly owned subsidiary in 2002

▶ HOFFMEN [OPERATING INDUSTRY: CLOTHING AND APPAREL]

The first Hoffmen store, comprising an area of 200 sq. ft was opened in Kolkata in the year 2004. Currently they are a 70 EBO brand now. The product portfolio comprises of entire western wardrobe for men and women. Hoffmen has been basically a denim brand, but over the years the brand vintage has grown and other products have been appreciated alike. The target audience is any upwardly mobile individual who appreciates value for money.

Franchising strategy: The overall objective has always been to formulate a strategy which gives a win-win situation both to the brand and to the franchisee, which is again a reason why Hoffmen has 68-70 stores, majority of which being franchised. But they only have a handful of franchisees. The reason being every franchisee is typically running 3 to 4 stores.

Challenges faced: Finding a good property at a good price has its own challenges. The share of capital expenditure (Capex) has also grown or rather multiplied in the past few years.

Ensuring uniformity: To ensure uniformity amongst all the franchisees, the brand has a business model to which it sticks. All the

franchisees are treated equally. They are given same privileges. The brand does not have different privileges for a company owned EBO in comparison to a franchised EBO.

Win-win situation for both-franchisor and franchisee: The brand tries to make the franchisee feel comfortable commercially by undertaking a lot of monetary risks.

Criteria to select a franchisee: The first and foremost criteria are that the franchisee has to be a locally known individual. He should be adept to the normal organized retail terms. He should be having a team of 3-4 educated individuals with some kind of work experience in the same industry. He should definitely meet the minimum requisition monetarily as required by the company and etc. Obviously he must be having a good real estate space for the franchise to be established. And finally and most importantly, he should be highly passionate towards retailing. An Investment of approximately 20-25 lacs is needed in the beginning and the expected break-even may be reached within 2 years.

Preferred location and average store size: They generally look at tier 2 tier 3 cities with a minimum population of 8 to 10 lakhs. Average store size of brand franchise has



to be 500 to 600 sq. ft. with a minimum frontage of 12-15 feet. It has to be a ground floor property. The brand generally prefers stores to be on the high streets rather than being in the malls.

Region-wise break up of franchise stores: Hoffmen has 24 franchisees running more than 50 stores, mostly in the Eastern part of the country. The brand currently is operating via 70 stores. 50% of them are company owned stores and 50% of them are franchisee stores.

Future expansion plan: We are looking 8-10 stores a year. Bihar, U.P, Chhattisgarh and Andhra Pradesh would be our targeted states.

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BRAND USPS

- An award-winning menswear brand with huge range of formals, casuals, partywear and accessories in contemporary cuts and designs.
- Over 90+ exclusive showrooms operating profitably across India.
- Attractive margin for partners.
- Extensive break-even period of 36 months.

FRANCHISE SUPPORT

- Site selection and interior design.
- Experienced personnel recruitment & thorough training.
- Full branding support by experts.

MARKET AT A GLANCE

- According to recent reports, Indian male consumers are more concerned about their appearance and are willing to spend lavishly on apparel and accessories.
- In 2015, menswear category managed to register a retail value growth of 15% with the sales going upto ₹1.3 trillion.
- With a controlled inflation rate, Indian consumers will have enough money to spend. This will positively impact the growth of business in menswear in India.

FRANCHISE CRITERIA

Area: 800-1200 sqft (carpet) commercial space (high street or malls) at prime locations.
Investment: INR 20-30 lakhs



For Franchise enquiry, Call 8420057979
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► PABRAI'S FRESH & NATURELLE [OPERATING INDUSTRY: F&B]

The brand has started its retailing journey in 2008 in Kolkata and has slowly expanded to 10 cities across India. As a company, they have focused only on ice creams. Within ice creams, we have a diverse portfolio of flavours like Indian range of flavours, Fruit range of flavours, Chocolate ice cream flavours, Exotic flavours, Sugar free range with pro-biotic sweeteners etc. The brand has specialised in Cuisine specific ice creams wherein they make special flavors for Thai, Vietnamese, Chinese, South African, Mexican, Italian, Japanese, South Indian cuisine and Bengali cuisines. Apart from retailing, Pabrai's also target the institutional business through supplies to about 85 hotels, 250 restaurants and over 75 caterers across India.

Development of franchise network: It has started with the first franchisee and is built from there. It has been close to 5 years since they have started franchising and

This is usually followed up by a revision training a month or so later. This helps ensure that franchisees have completely understood and are following the basic tenets of the franchise system.

Win-win situation for both-franchisor and franchisee: Transparency is one of the biggest win-win measures adopted by the brand. The brand takes its franchisee fees and thereafter focuses on helping the franchisee reduce costs as much as possible while ensuring that everything that is to be done is done.

Criteria to select a franchisee: There are several factors that go into selecting a franchisee like, Passion for the product & confidence in the franchisor & the Pabrai brand, ability to follow systems and processes, understanding their role and mindset, investment requirement etc. An investment of 15-17 lakhs is needed to start



have realised that there is no such thing as a perfect franchise model. Currently Pabrai's have 23 Parlours in 10 cities. They hope to have a steady growth of at least 2-3 outlets every month.

Challenges faced: The biggest challenge that they are facing is having franchisees follow the systems and processes of the business. A lot of time and energy gets spent on reinforcing the basics and pushing franchisees to keep relentless focus on the KPIs. According to them, in 90% of the cases when franchisees close, not focusing on the systems and processes are one of the major reasons for lack of continued success. There are other reasons for failure as well, but following the advice of the franchisor is a key aspect in it all.

Ensuring uniformity: One of the key innovations is the personal training given by the owners to each new franchisee at the time of starting each new counter.

a Pabrai franchisee; while the ROI will be at least 60% and break even can be reached between 7 months to 1 year.

Preferred location and average store size: The preferred location is high street. Visibility is important. The rent revenue ratio must also make sense. The average store size ranges from 250 sq. ft. to 700 sq. ft.

Region-wise break up of franchise stores: It would be as follows, North (1) Delhi :West (1) Ahmedabad: South (11) - Bangalore (3), Chennai (4), Hyderabad (1), Mysore (1), Coimbatore (2):East (10) Kolkata (7), Siliguri (2), Bhubaneswar. South and East India have a higher concentration of Pabrai parlors.

Future expansion plan: The brand is looking to have at least 1 Parlor in most Tier-1 and Tier 2 cities in India. They are also prepping the back end operations with a new factory unit which will be our first step towards international operations.

SUCCESS STORIES

PABRAI'S FRANCHISEES

Ronald Shalo of Coimbatore is running two franchise units of Pabrai Fresh and Naturelle in the city. As a regular customer he fell in love with the brand and wanted to start one of his own in his hometown. He follows the brand authority's advice thoroughly and believes that is the reason of his success. On the other hand, P. Krishnakumari has 3 franchise stores of the brand in Chennai. According to him, management help for 24x7, excellent logistics support and above all good quality product are the reasons, for which he has chosen this brand over and over. On the other hand, Harshitha Nalam from Hyderabad has said that, commitment and support they have received directly from the company owners are really exceptional and helped her a lot in expanding the business.

MANYAVAR'S FRANCHISEES

K Shakeel Ahmed of Bengaluru started business as a Manyavar Franchisee with one store at Jayanagar in the year of 2010. Now he has 9 Manyavar franchisees with 3 flagship stores. According to him, the brand has a transparent way of working and a robust operational style. Ashwani Naveen & Preeti Naveen have a Manyavar franchisee in Lajpatnagar, New Delhi. After 6 years of association with the brand, they are happy with good business and the respect they receive from the customers as a Manyavar franchisee. They said that the authority is so very well organised, technically supported and latest equipped, that business is bound to be good with them. The owner of the Santa Cruz, Mumbai franchisee of Manyavar Vikram Saraf is associated with the brand for past 5 years. According to him, what sets this retail brand apart from others is, it has the most organised setup, strong back end team, dedicated staff, defined verticals, strong network, periodical reviews, realistic targets, rewarding the performers and support for the under performers too. Kishan Jain, the brand's franchisee in Chennai is of the opinion that, Manyavar's immense strength lies in Inventory Management. It is at par or even better than any world class Business House. The way technology is used to track stocks and refill at the right times at all the stores - is according to me the backbone of Manyavar. And this of course makes the Franchisee to concentrate mainly on Sales and Customer Service.



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the post launch phase of operations. Survey reports show that the existing franchisees are not willing to take additional franchisees because they are somehow dissatisfied with the franchisors. Many entrepreneurs are opting for the franchising route as it primarily offers a safe and relatively easy way of establishing business and is expected to offer higher than market levels of profitability. However sectors such as jewellery where payback periods could range between a minimum of four to five years are particularly vulnerable to such mismatch in outlook. Franchisors have to educate the

franchisees beforehand on potential profitability and investment returns from the business.

Conclusion

Franchising is clearly a rapidly growing model for business expansion in the retail sector and is going to be an increasingly important part of the growing services sector of the Indian economy in the years to come. Changing dynamics in franchising industry would warrant a mindset change as well. To summarise, a collaborative approach involving Franchisees, Franchisors, Financial institutions and industry associations is the need of the hour. **IR**

► **MANYAVAR**

[OPERATING INDUSTRY: **CLOTHING & APPAREL**]

Manyavar is the pioneer in reinventing Men's Ethnic wear since 1999. In vogue Kurtas, Sherwani statements are echoes of its impact. Today, Manyavar is an abbreviation for Men's Ethnic Wear. The brand dresses the world's elite with finest Indian elegance. The collections include exquisite Sherwani, fine Indo-Western, and royal Bandhgala, Jacket, Kurta and matching accessories for life's celebrations. Kid's Ethnic and Fusion wear are also on offer. This year is monumental for all at Manyavar as they present Mohey, celebration wear for women. The label is backed by years of collective experience, values and passion. Handpicked lehengas, sarees, suits and gowns are now available in this collection.

Franchising strategy: It started with the MBO network and Company owned stores after studying the market. Gradually the chain grew with location wise associates. Today they have over 250 franchise partners. They focus on the location and the franchisee both equally and intensely. A good combination of both gives birth to a store. Innovations introduced: The brand covers various avenues ranging from Software & system like ERP, process driven technology based communications tools to employee training in soft skills imparting our values i.e. M Culture in consensus with our company motto 'Earn Your Respect'.

Criteria to select a franchisee: People having experience in the field of Retail, having minimum carpet area of 1,000 sq.ft. and willingness to invest Rs.40-50 lacs as initial investment. The ROI period varies from 2 to 2.5 years, whereas the expenses vs sales ratio will be 1:3.

Preferred location and average store size: Minimum carpet area of 1000 sq.ft. with 20 feet frontage area and all geographies & Local or Global from metropolitan cities to Tier III towns.

Region-wise break up of franchise stores: They have a pan India presence with 56 stores in North, 75 in East, 67 in West and 85 stores in South India. The ratio of CoCo & FoFo is 1:2.

Future expansion plan: Cities and Towns located in Western India with focus on Maharashtra and Gujarat.

► **THE CHOCOLATE ROOM**

[OPERATING INDUSTRY: **F&B**]



The Chocolate Room was launched in 2007 October in Ahmedabad and it hit a chord with the customers. They are the first company who created a new chocolate culture in India. The brand has 16 flavors of hot chocolates, world's most famous chocolate shakes and choctails, chocolate shots and chocolate pizzas. Their crockery and merchandise is also unique and was launched in India for the first time.

Criteria to select a franchisee: Young entrepreneurs, experienced hospitality group and sometimes guys who are passionate enough to run the show, the bran always opt for a one on one chat with the potential franchisees and try to select the best ones out of all the enquiries. Prior experience is not a 100% necessity.

Preferred location and average store size: Preferred location would be high street or Malls. Average size of take away kiosk for malls and multiplexes is 100-300 sq. ft, and for the compact model store the average size is 400-600 sq. ft. However stand-alone store model will require a space of 1000 sq. ft onwards.

Cities where the brand has multiple franchising initiatives: They have a pan India presence with 72 stores in West, 65 stores in South, 54 in North and 10 in East. Ahmedabad, Vadodara, Hyderabad, Delhi, Gurgaon, Noida, Mumbai, Bengaluru, Surat, Bhopal, Goa, Pune and Amritsar have multiple stores of the brand.

Ratio of company owned store and franchise stores: 6 company owned stores and 196 franchisee owned stores. The brand is now planning to open around 20 more company stores by 2017.

Areas selected for expansion: Delhi, Maharashtra, West Bengal, Orissa & Karnataka are the areas, where the brand is planning to strengthen its position. The target cities for expansion will be Mumbai, Pune, Delhi, Kolkata and Bangalore. At the same time, they plan to expand in tier 3 cities and have kiosk and compact models with low investment in those cities to match up the affordability and investment range of franchisees.



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THE CHANGING SCENARIO OF FRANCHISING IN INDIA: WHAT EXPERTS SAY

ESTABLISHED PLAYERS WANT TO RELATE THEMSELVES ONLY WITH MASTER FRANCHISEES

Sumit Ahuja, CEO, Saffron Lifestyle Traders Pvt. Ltd.

Franchising has a huge prospect in the country. One, so many international brands are coming into the India, two, lot of home grown brands are into JVs, and so the concept is really growing. If we look at Arvind, they have recently opened a company called Arvind Footwear Lifestyle Brands, Rajeev Mehta, who was with Puma earlier, has been roped in to manage this business. They have tied up with a couple of international brands. So the prospect remains fabulous. However the franchising models have gone through a certain change. Earlier the mindset of the companies was to have single franchises, meaning, if the brand had 200 stores that means it had 200 franchisees. That means single store for single franchisee. Now the established players want to relate themselves only with master franchisees. This creates equitable interest for the franchisors and the franchisees as well as the brand. Through this concept they kind of commit to the longer duration of relationship and this works out for the franchisees as they are managing a better and bigger portfolio of stores. For the franchisee, it also helps in terms of operational parameters too. Earlier the brands also have taken a lot of time and initiative in managing operations. How they want the franchisees to come up and create their own operational model. Earlier the brands always wanted investors but now they want partners. The FDI regulations have noticed a lot of changes in the recent past and many are of the opinion that it may bring certain changes in the retailing format too. But actually it depends on the business model the particular brand is adopting. All the brands will not try to open their own stores only, because the capital needed for that will be huge. There are lot of brands who have burnt their fingers in doing that. Vanilla retailing concept, where 1000-2000 sq. ft. stores are involved, these brands are going to deal with franchisees only. A lot depends on how much capital the brand is going to bring in the country and in the long run franchising is not going to die away.



INTERNATIONAL BRANDS STILL PREFER RETAIL EXPANSION VIA FRANCHISE MODEL

Rishab Soni, MD, SSIPL Group

Franchising as a business model, has tremendous scope in India. We have seen phenomenal growth over the years and we are growing on an average (Y-o-Y) of 15%. SSIPL has franchise relationship with Nike (over 18 years), Levi's (over 15 years), Clarks (last two years). Over the years, acceptance of the brand has gone over the top 9 cities. Along with that we have also seen tremendous growth from tier II cities. Everybody has noticed that the FDI rules over the year have changed and it has paved the way for international brands to make a smoother entry into this country. But I don't think it is going to effect franchising business overall, as there are many countries where FDI is allowed already, still brands prefer to retail expansion via franchise model. There are many advantages associated with this model which are void in case of subsidiary, like leanings of market, understanding of consumers, know how running a retail operation (specific to country of course). But all brands have their different strategies. Brands which are strong on subsidiaries will definitely not look for franchising.



AS A LEADER, A FRANCHISEE IS EXPECTED TO LEAD FROM FRONT

Vandana Luthra, Founder & Vice Chairperson, VLCC Group

The success of a service business lies in leadership and demonstrating excellent people skills. So as a leader, a franchisee is expected to lead from front. While a growth-oriented attitude is important, those people who look at this as merely an investment should not be encouraged, only those who are passionate about the industry and about making a difference in people's lives will take this route. Also, we have witnessed that efficiency and results are better where owners are running the franchisee units themselves. We are entering tier II and III towns in India where the real estate cost is low and youth aspiration is high, in order to give best returns to our franchisee. We are also targeting countries like Sri Lanka and Bangladesh as well as GCC and Africa, where obesity is posing to be a health crisis. We are actively seeking franchise partners in Turkey, Jordan, Lebanon, Egypt, Tunisia, Morocco, Uganda and Ghana for our wellness centres and vocational education institutes. We would like to associate with entrepreneurs from business backgrounds and SMEs.



WANTED FRANCHISEE

India's Largest Pearl Jewellery retail chain with **over 60 outlets across India** is looking for franchisee for its brand across the country. Chandrani Pearls has an optimistic plan of sales growth, and is looking for prospects with a desire for growth. Lets join hands and grow together as partners.

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COVER STORY



A NEW **'COVER STORY'** IN MAKING

By IMAGES Retail Bureau

There is a huge opportunity out there today in the women's western wear segment. Women in India are incorporating global trends and sensibilities in their dressing but there isn't any Indian fast fashion brand which can truly keep pace with their expectations. That is how the idea of Cover Story came along. Cover Story is a subsidiary company for the Future Group, and has opened its first standalone store in Infiniti Mall in Malad followed by a store in DLF Mall of India Noida. Following is an exclusive conversation with Manjula Tiwari..

What is the USP of the brand?

While we are backed by an Indian retail conglomerate, our designs and styles originate in London which are translated into products by a team in India. What we are doing, in nutshell, is making global fashion wearable for the Indian women.

As it is said, the brand will bring fresh fashion straight from the runway...is it really possible? How is the brand planning to do that?

We are bringing in the latest trends and designs with the help of our prolific London team which is always on the look-out for the newest fashion. With a robust

Cover Story, a fast fashion brand by Kishore Biyani's Future Style Lab, a wholly-owned subsidiary of the Future Group, has already opened two stores one each in Mumbai and Noida. In an exclusive conversation Manjula Tiwari, CEO, Future Style Lab highlights the brand insights



network of global vendors and factories we are able to deliver product to the floor at very fast rates.

Do you think that international runway trends will be acceptable to Indian consumers? Or the brand is planning to tweak the trends to suit the Indian palette?

We curate our collection for Indian sensibilities, to ensure that our brand promise remains firmly rooted in being feminine, fashionable and luxurious to the Indian woman. With the Indian team, we filter out and tailor the trends for the Indian context, by keeping the consumer always at the center of our product.

The brand is available online too. What will be the main focus for sell, online or offline?

We want to focus on both.

What are the innovations that any Cover Story store is going to have?

We've incorporated the brand's identity into the detailing for every little aspect in the store. Our

stores are designed to recreate the intimate boutique, and provide a comfortable shopping experience. The cash counters mimic a woman's vanity bag while the display panels provide the feel of a magazine editorial. Most importantly though, we are giving consumers the 'phy-gital' experience, blending technology through tablets with the personal shopping assistant for every customer. Our stylists from London have worked on the visual merchandising as well as the display windows, which are premium and completely on the lines of internal luxury brands.

Will it be present on the high streets or will remain in the malls only?

As a brand Cover Story would be a mall-focussed brand.

Is there any special marketing/promotional strategy, which the brand is applying?

We have planned a subtle advertising campaign for this season. SS'16 was a soft launch for us to test the product

across markets. Having said that, we have been meticulous with our branding and have shot a beautiful campaign in Barcelona with Spain's top fashion photographer who has previously worked for Zara, Mango and Free People. We've taken strategically important visual spaces around our stores and emphasized on spreading word of mouth through our social media handles for now.

Our Autumn Winter campaign will be launched with a bigger event in Mumbai with socialites and celebrities donning the key-pieces from our collection in a gala fashion event. This will be followed up with an aggressive media campaign across national dailies and high end fashion magazines, as well as increased visibility across digital media. We also want to run unique contests on the social media channels in collaboration with some of India's most fashionable bloggers and socialites.

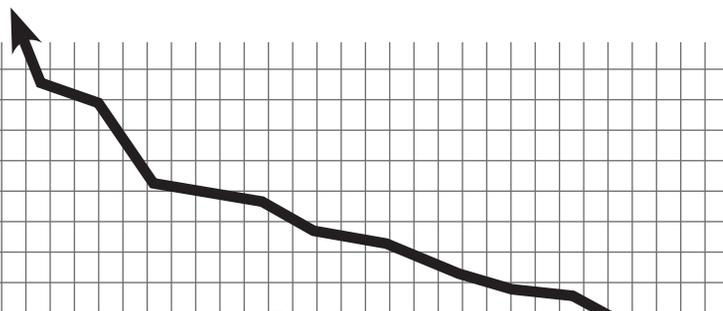
The brand has announced itself to be the competitors for Zara, H&M. These are reputed international fashion brands. Being an out an out Indian brand, how do you plan to capture the market from them?

The brand will carve its own niche tapping into a deep understanding of the Indian customers and market.

What's the strategy for expansion in the future?

We have aggressive plans to roll out stores across India in a span of 3/4 years. We are looking at opening 50 standalone stores. We are preparing to go live with our own Cover Story e-commerce website very soon. We have taken a lot of care to ensure a very engaging and visually pleasing consumer journey on the platform.

We are also collaborating with Myntra exclusively and will be starting on the platform by mid-June. This gives our product a pan-India reach and we are very excited to reach out to more geographies. 



BAG THE GROWTH

The Indian luggage market is growing around 18% CAGR. Expanding retail chains, booming e-commerce and nationwide sales networks are making it increasingly more streamlined. The next few years look good for this sector as economy is on the move and travel has become rampant for work and for leisure.

By Parama Sen

In India, luggage and handbags have, over the recent years, managed to shed their traditional utilitarian tag and have now evolved as lifestyle products. Increasing business and leisure travels coupled with rising disposable income and organized retailing have led to increased demand for branded luggage. The luggage that people demand varies according to their needs and purpose they are travelling for. The bags and luggage are not only a necessity now, but have actually become a status symbol. The overall luggage market in the country stands at Rs 3,000-Rs 4,000 crore, according to market estimates. Approximately a little less than 50% of it is dominated by the organised players. The unorganised sector is predominantly dominated by regional players, who are making enough profit and holding a considerable amount of share at the economy category. Many International players like Tommy Hilfiger, Delsey, Tumi, Briggs and Riley, Hartmann, Timberland, Victorinox are tapping



the evolving Indian consumers at a much higher pace. The competition is expected to intensify further as these players are estimated to make a significant contribution in the organized segment of luggage industry.

Factors driving growth

Over the last 13 years, luggage industry in India is growing at an average rate of almost 13%. The last financial year has recorded a growth rate of 18% and it is expected to reach 20% in the present FY. The growth of this industry has been impacted directly by the growth of travel infrastructure such as national highways, airports, railway stations which contributed significantly to the development of the travel industry in India. Over the years, both domestic and international air travel has shown consistent double digit growth. It is also expected that India will account for 50 million outbound tourists by 2020, thereby presenting favourable prospects for the luggage industry. Modern retailing and new fashion trends are also expected to drive the casual bags and travel luggage bags category over the forecast period FY'14 to FY'18 according to Ken Research. Luggage has also become an important part of the wedding trousseau, even in the tier II-III cities, people are buying branded luggage during the wedding season. Young people constitute a considerable portion of Indian population today and this generation loves to travel hands free, which in turn has initiated growth for the backpack-duffle bag category. Major players have been seeking to cater to the rural segment of the population and have been laying greater emphasis on product innovations such as the launching of various handbags for women's segments and eco-friendly bags to avoid carbon-footprints will further boost up the revenue of the luggage market in the country.

Leading players in organised sector

Samsonite, V.I.P and Safari, constitute approximately 95% of the total organised sector of this industry. Brands like Delsey, Tommy Hilfiger etc constitute the rest of the percentage. V.I.P is the leader with an almost 47% market share, followed closely by Samsonite (45%). Safari accounts for the rest.



TRENDS OF INDIAN LUGGAGE & HANDBAG INDUSTRY

- >> Percentage of market share: hard and soft luggage is 47%, handbags 25%, backpacks and business bags 9% each, others 10%. Hard luggage constitutes 25% of the total sales volume, whereas soft dominates the rest 75%
- >> Sales of luggage is season specific, mainly depends upon travelling and weddings
- >> From soft luggage, there is a shift of consumer preference to lightweight polycarbonate uprights
- >> Inclination towards international brands has increased, as the domestic brands don't have the technology or resource to produce at par the international standard
- >> Consumers are willing to spend more for a good quality product
- >> Hypermarkets and e-commerce have become highest growth generating channels
- >> Backpacks and ladies handbags are the two most promising categories



“ NO MATTER WHAT CHANNEL V.I.P INDUSTRIES COMMAND ITS PRESENCE ACROSS

Radhika Piramal, Managing Director, V.I.P Industries Pvt. Ltd.

Positioning of different brands

of V.I.P: V.I.P Industries has 6 distinguished brands under its umbrella, all catering to different socio-economic segments. V.I.P which is the mass premium brand offering value products, Skybags is catering to the youth with designer luggage and backpacks and causal bags, 'Carlton' its third brand, which targets premium business travelers, while Alfa and Aristocrat offer value for money entry level products to compete with local brands. The only non luggage brand is Caprese which is positioned as a high fashion brand for women.

Current market share in premium, mass and economy: V.I.P Industries is a listed entity and enjoys upwards of 50% market share of the overall branded luggage space making them the largest luggage maker in India.

Most important channel of Sales:

Companies main stay is its large traditional channel that has been loyal to VIP for more than four decades; however in modern trade which comprises of Hyper and Departmental stores, we have made huge inroads and today command absolute leadership across all major chains in India. Online sale has started picking up and is growing fastest among all the channels. We also get substantial sale from our own company stores which also serves as brand builders as they are present in all premium malls across the country. So you can say no

matter what channel V.I.P industries command its presence across.

Backpack, the focus category:

Skybags sales are growing 40% year-on-year, making it the fastest growing luggage brand in India. Backpacks have been the primary growth driver. From almost nothing three years back it will become Rs.250 Cr category for us this year. The primary business insight is that the purchases of backpacks are much more frequent (often annually) than the purchases of luggage (which is only purchased once every three-four years). This means that the backpack market is much larger than the luggage market. Apart from making world class product with unique designs, we plan to expand our distribution in all channels – e-commerce, modern trade, dealers and distributors and of course company retail.

Caprese, getting popular: Like Skybags, Caprese is another fast growing brand within the group. The goal has been to ensure that one in five women in SEC A&B should be carrying a Caprese bag which has been achieved. We will continue to dominate the massive segment of women's accessories. We are also expanding and strengthening our retail footprint.

Vision for 2020: Whilst increasing the company turnover and sales growth, our vision is to become preferred travel partner for all, for any kind of travel be it short haul (small day to day local travel like home-office/collage-home) or long haul (where you take the train of air).



V.I.P Industries Pvt. Ltd., it is one of the oldest in the blocks, the company has started its journey in 1971. The brand has presence in all three segments, i.e. Premium, Mass and Economy. The company has different brands in the kitty, like, V.I.P, Skybags, Aristocrat, Alfa and the newest entrant Caprese. "From manufacturing only suitcases in early '70s, V.I.P Industries now has an evolved offering of a vast range of products like polycarbonate stollleys, Nylon based strolleys, printed luggage, handbags, backpacks, wallets and travel accessories through various brands under its portfolio. Today, V.I.P Industries is synonymous with luggage, which is the core product category," says Radhika Piramal, MD, V.I.P Industries Pvt. Ltd.

Samsonite South Asia Pvt. Ltd.: is a subsidiary of Samsonite International S.A and was launched in India in 1997. It has become a favourite amongst the niche urban consumers and holds over 90% market shares in the premium category (over Rs 10,000 price tag). The category accounts for around 10% market share. On the other hand American Tourister, launched in India around 2006-2007, the mass player from Samsonite bouquet is giving tough competition to the market leader V.I.P Industries. "For Samsonite, we have luggage, backpacks, travel accessories, in brand AT, with all these, we have a very special back to school category with backpacks, rucksacks,



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messenger bags, bags for toddlers...we want to capture the entire lifetime of a consumer. From the moment you have started travelling, we want to fulfil all your luggage requirements,” says Anushree Tainwala, Executive Director-Marketing, Samsonite South Asia Pvt. Ltd. India is currently the fourth biggest market for Samsonite after the US, China and Korea, and has been growing at a rate of 12%-13% per year for the last four-five years.

Safari Industries (India) Ltd.: 1974 was the year when Safari Industries started its journey, though it has become a dominant player only in past few years. This company is rapidly spreading itself through mass-premium section and is planning to revamp the entire portfolio for more aggressive expansion. It has recently acquired Genius Leathercraft and with that the brands like Genius, Magnum, Activa, Orthofit, all came into the Safari basket. It has also decided to foray into school bags segment. According to Indranil Roy, Sr. VP Sales, Safari, “Our Company is one of the 100 fastest growing companies in India. There is a tremendous scope for this company to be a 1000 cr. Company in next three-four years.”

Domination of the unorganised sector: how to confront this?

This industry has been largely dominated by the unorganised segment with maximum contribution in terms of revenue for the past. The price point of these regional brands is something, which the branded players are really worried about, as they can't price down their product because then the profit margin will really come under pressure. Though the leading players are really hopeful about capturing the market in recent future, but as of now the organized consumer luggage industry size in India is only Rs.1900 crore, which leaves the majority revenue space to the local players. Radhika Piramal says, “Consumers buy local products at low prices resulting to low quality which can be avoided if the consumer opts for a good brand. Hence, educating consumers and robust brand building is a twofold approach that can help increase usage of branded products. Our entry price point brands Alfa and Aristocrat are sweetly priced and distributed through our large distributor network to

“MODERN RETAIL FOR US IS THE MOST IMPORTANT CHANNEL

Anushree Tainwala, Executive Director-Marketing, Samsonite South Asia Pvt. Ltd.

Market share of Samsonite & AT in the categories of Premium, economy and mass:

In the Premium price point Samsonite enjoys a close to 90%-100% market share, in economy with AT, we hold 45% market share, in mass, we have just launched brand Kamiliant this year, with that we are enjoying 5%-6% market share, but we are still not that much visible in this category.

Exceptional marketing strategy used by the company:

This year we have done a big campaign of AT in the backpack segment, which was about being a TOURISTER in everyday of your life. We have tied up with Uber and an icon was incorporated in the Uber app, called Uber Tourister. If somebody booked Uber Tourister cab, that would take him to an interesting location of his city, where he had never been before. This campaign was a clear example on how you can really connect to your consumer directly.



The most important sales channel: Retail for us is still the most important channel as the quarter of our sales comes from this channel. 80% of the sales of brand Samsonite come from retail stores only. Hypermarkets is the second biggest channel, 20% of sales comes from there. E-commerce currently holds 6% sales revenue, but the belief is, in the next couple of years this is going to be most important channel as close to 30-40% sales is expected from there. So we are putting a lot more stress towards developing the products and platforms for consumers who are purchasing online.

Plan with brand Tumi, which Samsonite has recently acquired:

Tumi is a very niche brand and the market today is very small in India. The plan is to be present with this brand in all metro cities initially. People, who are making luggage purchase abroad today, will be able to buy it here. This is and will be available in some exclusive stores in luxury malls and some Samsonite stores as well.

Future of ladies handbags in India: Ladies handbags were considered to be a practical purchase earlier, now in addition to that, it has become a fashion accessory. In the US, the average number of handbags a lady has is 30, where in India, the number is only five. So there is huge potential. This kind of purchase is more frequent than luggage and it is not at all a seasonal purchase.



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take share from local players even at small town retailer level.” The growing trend of branded over unbranded luggage is also helping the organised sector. As Anushree Tainwala says, “People are slowly realising the benefits of branded luggage over poor Chinese or unbranded luggage. Either you travel for work or for leisure, the quality and satisfaction an international brand can provide is something one is considering before making a luggage purchase.” Urbanisation in India is a reality today and this phenomenon drives the growth of branded luggage to a large extent. “As for regional players are concerned, without naming the brands in particular geographies, Safari Industries have tried to understand how they operate and what their business model is. We will try and see how to emulate them and take share,” says Indranil Roy. While Safari industries have already acquired local brands like Genius, Samsonite is also scouting for local brands for acquiring, which will help the company to strengthen their position in tier III cities.

Rise of Modern Trade and E-Commerce

As per Nielsen’s West report, the proportion of consumers who claim to shop at Modern Trade ‘occasionally’ has grown from 54% last year to 66% in 2016. Hypermarkets have become a favourite destination for the urban shoppers and as almost all the luggage brands are visible there, they can easily pick up their choice. Radhika Piramal describes the phenomena by saying, “Luggage has been purchased primarily through traditional brick and motor mechanisms comprising of dealer outlets, company owned stores and franchisees. However owing to the changing times and needs, modern trade channels will continue to lead the growth. Luggage is already amongst the better performing

“ WE HAVE DOUBLED OUR BUSINESS IN E-COMMERCE

Indranil Roy, Sr. Vice President, Sales, Safari Industries (India) Ltd.

Market share in Premium, mass and economy: Currently we are mass-premium in our positioning. We don’t cater to economy. This is a strategic move from our organisation. In premium, we have started the distribution of brand Antler recently, just a couple of months back. As we have just launched it, it will be really pre-mature to comment on the market share.

Why more youthful: We all are really very much excited about the shape that Safari Industries is going to take in future. The new positioning of the brand will unfold shortly. But it will obviously be more youthful, more to do with exploring and how the people will get value added if you get associated with the brand that is going to be more important for us.

Media plan of the brand: The brand is undergoing a metamorphosis now. The positioning is getting clearer, we will soon see new logo being unveiled and in a couple of months we should also be getting into mass media.

Total number of stores: We have currently about 53 stores. We will do proper mapping before arriving to a certain area and extremely careful that the particular store is going to be profitable.

Most important sales channel: The biggest contribution in sales volume comes from CSD. However hypermarkets is the fastest growing channel for Safari; general trade is growing at about 30% rate, which is not the trend for other players; in e-commerce we have doubled our business, where we are higher than the current market leader in terms of absolute sales.

Plan for 2020: We want to be a consistent, growth oriented, profitable company. We really want to be the clear leader and want to position ourselves as innovative and thoughtful company, which looks at the needs of the specific customers and then designing luggage, rather than arbitrarily placing a product.



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categories in Non food across most chains and with increasing preference for branded luggage, it should continue to be so for the next few years.”

Leading hypermarkets of India have also registered growth in this sector. From a category point of view, for Big Bazaar, daily travel is around 30% and outdoor travel category is 70%. Last year, the daily travel grew over 50%. Major growth driving products are school bags, backpacks and hard trolleys. Big Bazaar is expecting a growth of over 35% this year too. As per Hypercity, though luggage as a category constitutes 4% of the total sales, it is growing at an average of 55% since last five years. With almost 1000 sq. ft. area dedicated to this particular category in any Hypercity store, they are expecting 40% growth in the next FY. The picture is almost the same with Metro. Luggage there constitutes 10% sales of the non-food segment. With 20% average growth in the last five years, Metro is eyeing on at least 25% growth from this category in the coming year.

Modern trade channel is going to hold the growth momentum in the future too. “Modern trade is surely going to be the future drivers of growth. General Trade and CSD will definitely be there, but they will not drive the growth beyond a point,” summarises Indranil. Though Hypermarkets is an important channel for Samsonite as well, but all the brands of this company are not present there. “Only AT is present there. We feel that the premium segment still wants to visit the EBOs to purchase Samsonite, because the kind of experience they are going to have

The price point of the regional brands is something that branded players are really worried about, **they can't price down their product because then the profit margin will really come under pressure.**



BACKPACKS AND HANDBAGS: FUTURE STARS IN TERMS OF SALES

Estimated at Rs. 600 crore, the backpack market is registering a growth of over 30%. Operating at a price point between Rs. 350-Rs 5,000, companies are bringing out specific ranges to cater to this demand. Currently, all branded players contribute about 8%-10% to the category. Apart from the leaders like V.I.P, Samsonite, American Tourister, Safari, there are other players like Wildcraft, Fastrack, Reebok, Nike, Adidas etc. In the segment of ladies handbags however, V.I.P and Samsonite goes neck to neck. While the former has Caprese, the latter caters to the segment with Lavie. Percentage wise study shows that V.I.P holds 12% market share, while Samsonite has 9%, Hidesign and Fastrack holds 2% market share, Wildcraft is holding 1% in the backpacks-handbags segment as per Spark Capital report.

at exclusive stores will not be there in mass channels, whether they are hypermarkets or small mom and pop stores,” says Anushree.

E-commerce for that matter is also becoming important day by day. If a consumer can buy luggage online and opt for home delivery, then he doesn't have to lug it around during shopping. This hassle free shopping is attracting consumers to this particular channel. That is why apart from being present in Flipkart, Amazon, Jabong, Snapdeal, Shopclues, Myntra, Junglee and many more e-commerce portals, Safari is also revamping its own online portal. On the other hand, Samsonite is selling through this channel right from the beginning. And Skybags from V.I.P is available on the company's online portal, as well as Flipkart, Amazon, Jabong, Snapdeal, Myntra, Yebhi, Shopalike, while the mother brand V.I.P has presence in Snapdeal and Amazon.

Conclusion

In FY 2016, the projected revenue of Indian luggage market is going to be approximately Rs 77.775 million, according to Ken Research Report. If the organised sector can hold the growth momentum, then the luggage industry is going to be the leading player in the consumer durables category in coming couple of years. 



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Tata CLiQ

WORLD'S FIRST PHYGITAL E-COMMERCE MARKETPLACE

Tata CLiQ, brings to India a smart combination of the in-store experience of a large on-ground network with the convenience of online shopping. It has formalised a strategic partnership with several international brands, which will offer exclusive range of products here. Ashutosh Pandey, CEO of Tata CLiQ has shared his thoughts about this first of its kind initiative

By IMAGES Retail Bureau

Tata CLiQ is one of a kind e-commerce platform. Please tell us the story behind this initiative.

The team at Tata Industries under the guidance of Executive Director KRS Jamwal envisioned it. Like Google for search and Facebook for social networking, the team envisioned a differentiated offering, which will deliver innovation and customer value. After studying various e-commerce and retail models in India and across different international markets and analyzing consumer pain points in the shopping journey, we came up with a unique solution of Phygital, which marries the best of Physical (store) shopping benefits and Digital (online) shopping convenience, supported by bespoke technology platform that we believe can usher in the next phase in the e-commerce story. What we had until now was two sets of players – retailers and e-com marketplaces doing their own business in isolation, while the consumer has been seamlessly moving between the offline and online world in the rest of her spheres. The foundation stones for Tata CLiQ were laid on this belief that the e-commerce we are experiencing now is just e-retail 1.0. As we go along, e-retail 2.0 is going to bring revolutionary change to the way we are doing e-commerce. The two identities of a consumer – one who shops online and one who buys at physical stores will merge. Tata CLiQ aims at leading this changing landscape of e-commerce.

What is the USP of this platform?

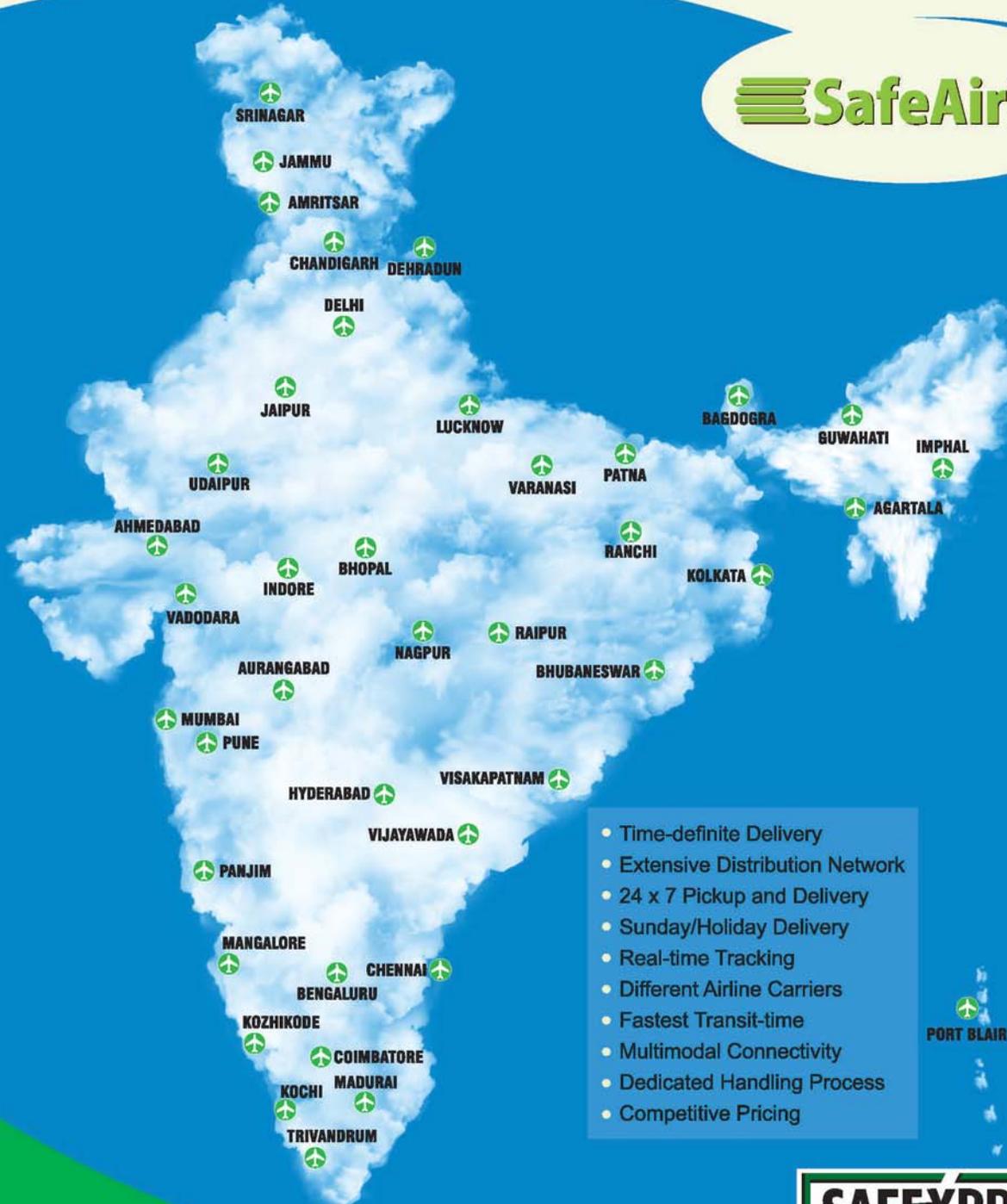
We are the world's first phygital e-commerce marketplace that brings shoppers the ease and convenience of online shopping along with the reassurance of in-store experiences. We are a destination of authentic and exclusive brands that provides a curate shopping experience for customers who are tired of the sifting through catalogues of infinite products from unknown sellers. We have a deep integration with our brand partners/sellers and a unique seller portal that aims to

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- Dedicated Handling Process
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integrate the stores to the platform. This will be a key differentiator in us being extremely responsive and cued into consumer needs and preferences.

Has Tata CLiQ planned for any innovative promotional strategy in this regard?

Tata CLiQ being a unique phygital e-commerce marketplace has titled its advertising campaign '#SureThing'. The digital campaign centered on a camel as its unlikely protagonist stems from the fact that everything one buys on TataCLiQ.com is a C.A.M.E.L i.e. 'Certified Authentic Merchandise Everybody Loves.' A delightful, witty, quirky take on online shopping, the campaign focuses on TataCLiQ.com's USP of being the #SureThing in shopping. The camel also acts, as a surrogate for the authentic, exclusive products and brands sold at TataCLiQ.com - be it apparel, electronics or footwear. The campaign is in line with the TataCLiQ.com phygital philosophy i.e. it is driven across the online world, mobiles and partner brand stores. There are 3 announcer films i.e. bubble wrap, photographer and testing, the videos highlight the care and effort taken by the TataCLiQ.com crew in curating, checking and getting the camels ready for our consumers.



▲ **Cyrus P. Mistry**, Chairman, Tata Sons with **Noel N. Tata**, Chairman, Trent Limited and Managing Director, Tata International at Westside, Kala Ghoda in Mumbai at the launch of TataCLiQ.com

Tata CLiQ is offering phygital experience to its customers. However, if somebody orders merchandise from such a city, where either a Tata store or the store of the particular brand does not exist, how will the click and collect apply?

Currently, we are operational in 6856 Pin codes, 23 States and 2 Union territories across 689 cities and towns. We have kicked off phygital services across 500 stores with instant return or exchange at the brands' stores being the primary benefit and 100+ stores that will offer a full suite of services across the purchase process like order

pick up from store, instant returns and exchange, after-purchase support-installations etc. We hope to scale this up to 2,000 stores offering not just same brand phygital services but also cross formats across multiple brands in the future. With a significant retail footprint across India including the tier II and tier III cities, CLiQ and PiQ is the advantage of having a phygital eco system but is not restricted to the same. Customers who order online on TataCLiQ.com and do not have a store of a particular brand in their area can get the products home-delivered. We are building capabilities in delivering the online + in-store seamless shopping journey and will collaborate or invest in different logistics and service providers that could help us fill need gaps and bring additional competencies in this space.

Recently we have seen many companies coming up with their own e-commerce platform like Reliance with AJIO, Arvind with NNNOW, Aditya Birla Group with ABOF etc. How Tata CLiQ is different from these?

Unlike any other e-retail platform, TataCLiQ.com promises to provide consumers the surety of high quality authentic products (directly from the brands) coupled with authentic brand experiences on site and in-stores. We are the world's only PHYGITAL marketplace and redefining the meaning of online shopping in India. TataCLiQ.com is the only online portal that will give its customers access to online stores of partner brands as against buying from

The advertising campaign '#SureThing' is a digital campaign centred on a camel as its unlikely protagonist stems from the fact **that everything one buys on TataCLiQ.com is a C.A.M.E.L i.e. 'Certified Authentic Merchandise Everybody Loves.'**



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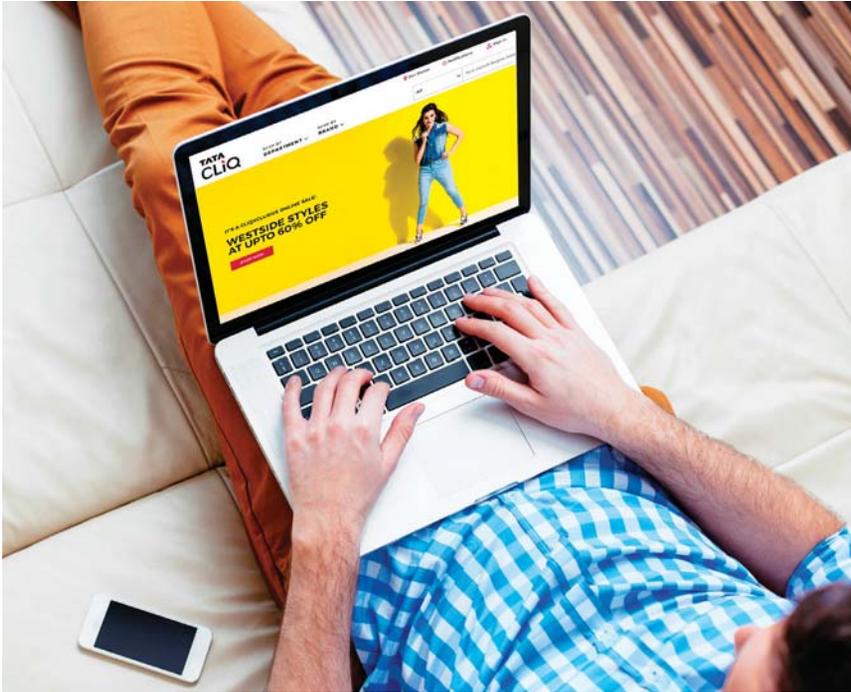
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We are building CLiQbuster Fridays for new launches and CLiQxclusives for exclusive brand and product launches. **The excitement on shopping at Tata CLiQ will be alive through weekly offers, surprise gifts, loyalty benefits and cashbacks.**

unknown resellers. It also promises a full range and newest merchandise of a brand, as against limited availability and dated inventory. The biggest differentiator is the choice and convenience of phygital – an online and through partner stores services for collection, returns/alterations and after-sales support, as against restrictions of time and place. Further, we also believe that continuous evolution and innovation is an essential facet in e-commerce. Having great technology and using it effectively are key factors in the success of a business. We aim to deliver real-time visibility of order and stock to the customer. We have a robust technological base and are confident of being able to capitalize on the knowledge and information to better our offering as we evolve.

There are many e-commerce platforms like Darveys, MajorBrands etc. in the country, which offers international branded products. Since the market already has many options in this sector, what prompt Tata to launch this particular initiative?

We believe that consumers have always had an on-going demand to experience international brands from across the globe. They are well travelled and aware of global fashion trends and have the purchasing power to own several of these brands. The only barrier preventing them from buying these products is unavailability of these brands in India and the mistrust and the lack of authenticity. We have curated the list of brands, and offer products directly from them or their authorised sellers. At TataCLiQ.com, we don't have an endless listing of products, we have

brand-malls. We offer personalised brand-experience to our consumers, and aim to give them a delightful and engaging shopping experience of curated brands, rather than just a choose-and-pick purchase of products.

In India, fake copies of international brands are easily available in a pocket friendly price everywhere. In such a state, do you think that this platform will be successful?

Our primary customer is brand conscious and looking for authentic products. If her favorites are available online directly from her trusted brands, we have no doubt that she will look at Tata CLiQ as her preferred platform to shop the brands online. We have formed a strategic partnership with Genesis Luxury Fashion Pvt. Ltd. to offer a wide range of international luxury brands, like Coach, Burberry, Furla, Tumi, Hugo BOSS, Jimmy Choo, Giorgio Armani, Emporio Armani, Armani Jeans, Bottega Veneta, Canali, G-Star RAW, Michael Kors, Paul Smith and Villeroy & Boch exclusively in India. Apart from this, we have also formalised a strategic partnership with several international brands including New Look, Warehouse, Oasis, Lipsy London, Quiz, Phase Eight, FG4 London, Infinity Lingerie, Hawes & Curtis, s.Oliver, Kurt Geiger and Make It Mine-MIM. These brands will offer exclusive range of products that will be available on TataCLiQ.com.

As of now, Tata CLiQ is associated with 12 international brands. What is more in the future?

Currently we have curated brands from markets around the world such as UK, France, Germany and Russia to start with. Consumers will now have access to this portfolio of wide range of international brands and their product ranges on TataCLiQ.com, the same time they hit the shelves in the global markets. In the coming months, we plan to launch brands from across the world. Over the next year, TataCLiQ.com will expand its portfolio to include 100+ international brands to its kitty. 



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E-RETAIL STARTUPS

KEY PARAMETERS FOR THEM TO RAISE FUNDING

For e-commerce startups it's hard to survive without serious money. The role of investors is very crucial when it comes to growth of start-ups. This articles gives a sneak peak of basic parameters of e-commerce funding

By Sameer Rastogi

A lot of startups face troubles and eventually die at the inception stage itself. They do need capital and getting it, is not an easy task. It is always very difficult for the startups who are unable to sell their value proposition to few available investors in time to survive. The number of Investors available in India makes the tasks even more distant and daunting.

The E-Retailing segment for startup is getting congested day by day. Startups in E-Retailing sector like groceries, consumer goods, furniture etc are facing the heat of congestion and it's very hard to get investors for themselves considering the present scenario of Indian e-retailing startup sector.

An E-Retail needs to have the following to get the best Investors:

- E-Retailing in innovative manner and of different products & services which are not yet explored by other E- Retailers will attract investors and give added benefit of uniqueness to startup.
- The startup should have the asset light and inventory less model. The investors would be



more interested in such startups which are technology driven and not the traditional office set up.

- E-Retailing should be fully technology driven and startup should focus on lesser or none human interference in operation of the startup to avoid or eliminate human errors.
- Model of E-Retailing startups should be highly scalable so that investor can foresee the expansion and better returns for his investment. The Startups should focus to operate in not only its domestic state but to whole of India without any geographical limitation.
- One of the main aspects that startup needs to focus on is good backward and forward logistics integration.
- The Startup in initial days is only recognizable by its founder and founder is the face for the startup. So the founder has to be passionate enough that he can stand out in crowd. Every investor and venture capital fund looks for the person in whose company his investment is going and whether he would do justice with the investment or not. The founder is the only person that can build trust among the investor and can fetch the right amount of funding at the right time.
- As the startups go beyond seed round of funding the investors look up for the team of founders and their capabilities. It is the duty of the founder to get the right team in place and at better cost. The founder can manage to get the first round of investment but in further stages the investor is willing to analyze not only founder but its whole team.
- The startup has to focus on getting itself legally compliant and professionally managed from the start, during the investment and after the investment. It does create the sense of reliability and trust among the investors. Getting professionals engaged will give start up business an edge to outperform and manage to get higher return for their investors.
- The startup should be able to take the maximum benefit of ever changing consumer behavior and for this the startup should concentrate

MAJOR E-RETAIL INVESTMENTS IN 2016

E-tailer	Category	Location	Investor	Investment (US Dollar)
Lenskart	Eyewear & Accessories retailer	New Delhi	International Finance Corp, TPG Growth, Adveq Management, IDG Ventures, Ratan Tata, Kris Gopalakrishnan	60,000,000
Rentickle	Furniture, appliances Portal	New Delhi	Manish Kheterpal, Vinay Mittal, Dinesh Mittal, Sandeep Gupta	250,000
Smartivity	Smart Learning products	Delhi	S Chand, AdvantEdge Partners	1,000,000
Blinge	Apparel Rental platform	Mumbai	Anupam Mittal, Anuj Srivastava, Ankit Nagori	Undisclosed
Vegfru	Online Fruit & Vegetable Marketplace	New Delhi	Wingify	undisclosed
kredX	Invoice discounting Marketplace	Bangalore	Prime Venture Partners,	750,000



The Startup in initial days is only recognizable by its founder and founder **is the face for the startup.**

on providing easy accessibility to consumer through mobile and other movable devices. Everyone wants easy excess and in the present scenario when mostly people do their work from their phones it is very important for startups to attract customers via Mobile apps and like things.

- One should always think of innovative manner of keeping low budget and high impact market strategy.

- Startups always come across people and organization that influence their business in positive way; one should always try to build cordial and long lasting business relation with their influencer. It is helpful in keeping the company socially active and strong. 

About the author:
Sameer Rastogi, Managing Partner, India Juris



UNDERSTANDING **CONSUMER PREFERENCES** KEY TO SUCCESS OF MALLS

It's always better to have choices, especially in a country like ours. Diverse cultures, lifestyles and standard of living give rise to different preferences. For every business, even for malls in India, these varied preferences give birth to new opportunities and with new opportunities come newer challenges

By Sunil Shroff

Changing customer preferences

Malls have slowly penetrated tier 1 and tier II cities of India. With increasing connectivity even people in remote locations are getting aware of malls and their offerings; when they visit a mall they come with their own expectations and preferences. Also, there is an increase in people travelling abroad, which makes the urban crowd restless about options available in malls abroad and India. Comparisons are being made between Indian and Overseas malls. Malls need to understand these changes in preferences to create an impact in the mall space of India. Mall operators need to give them an experience and live up to their expectations. Globalization was a fad until now, but 'Glocalisation' is the flavor today. People want to try Thai food, Spanish dishes, Italian cuisine, etc. but, at the same time they want to relish Gujarati Thali, Rajasthani Thali too. The health conscious consumers now need variety in the type of salads they eat. Same is the case with choices required in segments like apparels, shoes,

ornaments, stationary, groceries, etc. Even the size of the parking lot and the placement of air conditioning play an important role in mall management.

Malls; not a shopping destination anymore

Today malls are not just considered as a shopping destination. Malls have become an alternate choice to amusement parks, public parks etc. and have become a community hub. Consumers come to mall not only for shopping but also to spend time with their family and friends. So malls are becoming a destination which gives an experience to its patrons.

Challenges for malls

Managing malls comes with its own challenges which need to be diagnosed and resolved at the right time. Even placement of a particular brand at a tactful location is equally important to attract a visitor's attraction. Right from the gaming zone, to apparels, to shoes, to gift articles or to the food court, anything and everything needs to be placed taking into account the customer's preference. Effective cost management is also a challenge that needs attention in today's era of hyper marketing.

Today malls are not just considered as a shopping destination. Malls have become an alternate choice to **amusement parks, public parks etc. and have become a community hub.**



Strategies applied

Malls are constantly upgrading and evolving keeping in mind the changes in customer's preference and are devising strategies to create better customer connect. These malls are aware of the fact that focusing only on discount offers to lure customers won't help in the long run and hence

they are looking at alternatives to connect with consumers. There is science which goes behind running a mall. Research is conducted at regular intervals to understand consumer behavior pattern. This helps in tracking and be a step ahead of the changing trends. Robust feedback mechanism and regular consumer engagement is followed by malls to understand changing consumer preferences and to match the demand requirements. To ensure smooth transition, layouts and formats of stores are planned keeping in mind customer needs. Foot traffic management techniques are used to manage visitor's walk flow within the mall to ensure better experience.

Events have now become an integral part of activities in malls. What was weekend attraction earlier is now an everyday activity. Theme based events that can appeal to all age groups are always appreciated by consumers and they generate better engagement with them. Constantly engaging with tenants and review helps in ensuring better tenant mix and gives the mall a singular identity despite different brands inside. 



About the author:
Sunil Shroff, CEO, Viviana Mall



SHOPPERS STOP

CREATES WOW EXPERIENCE WITH MAGIC MIRROR

Augmented Reality solution in retail has been the topic of discussions at major retail meets. Though only a handful of retailers in India have been bold enough to adopt this dynamic solution to beat the challenges of long queues outside the dressing room and more so, provide an enriching shopping experience to their shoppers.

By Zainab S Kazi

Globally the concept has been seen catching momentum across genres – from apparels to furniture. In India, Shoppers Stop has gone ahead to take the plunge with the installation of Magic Mirror at their Malad store in Mumbai. We take a quick look. Radhika Shah loves shopping. She claims to have tried majority of the brands present at any mall in Mumbai. Though, she minces no words in saying that she usually picks her stuff only from those stores where the queue outside the trial rooms is not too long. If there are more than two people before her, she drops her shopping bag and moves on to another store. Shoppers Stop decided to make a smart move to ensure no such Radhika Shah's left their store. And helping them do so was Textronics with their AR based virtual dressing room solution – TryON (known as Magic Mirror at Shoppers Stop) is a virtual dressing room.

The Launch of the Concept

It took Shoppers Stop approximately one month to roll out the Magic Mirror. The store at Malad was narrowed down upon keeping in mind its sheer size which happens to be one of their largest stores. In all, there are five Magic Mirrors installed at the store and very soon the retailer plans to introduce this solution across their other stores as well.



THE NEED FOR AUGMENTED REALITY

Aptly explaining the need to opt for augmented reality solutions like TryOn, Sanjeev Arora from Textronics shares, "It is time to move on from customer satisfaction to customer delight." Solutions like TryON help digitally manage limitless product options in real time with ease of access, rich visual experience and overcoming nuances to trial room rush, damage to inventory due to excessive trying of garments before they land in the customer's shopping bag and reducing folding and stocking options.

But are retailers in India ready to adopt augmented reality in true sense? Arora shares his views, "Producing augmented reality solutions and content in advanced digital formats requires skills not yet readily available in the market. Retailers

need to be prepared to compete for top talent. And they must create a collaborative environment that enables technical integrators and content producers to work seamlessly toward the same goal: to deliver a good experience." He further adds, "Equally important, retailers need to pay attention to store employees. For an augmented reality solution to be the main component of an integrated in-store experience, it is crucial that store employees and managers understand and promote the solution. This means they must be trained on how to drive and encourage the desired customer behavior and how to answer shoppers' questions about the augmented reality solution's use."



I was a bit reluctant to try it first but then I decided to give it a shot and to my delight, my shopping time reduced drastically and further I was able to pick up exactly what I wanted without any fuss. The Magic Mirror helped me put up an entire ensemble for myself. This is a good initiative."

Anil Shankar, customer care associate & vice president – Solutions & Technology, Shoppers Stop Ltd. shared, "The Magic Mirror is a huge opportunity in terms of digitizing the store and providing endless options for the customers to "try" virtually. In future, we plan to integrate the Magic Mirror with other store solutions to improve customer engagement, as well as further enhancing the experience. Customers would be able to 'try', click and share images to their social media accounts." Adding further to this, Salil Nair, customer care associate & chief executive officer, Shoppers Stop Ltd. shared, "The Magic Mirror has become a focal point at our store with our customers frequently checking out the virtual dressing room. It is still early days but we see the Magic Mirror as a huge opportunity in customer convenience, time-saving and consequently incremental purchases. Over a period of time, we would want the customers to even place an order/ gift etc. using the Magic Mirror." 



“ The Magic Mirror has become a focal point at our store with our customers frequently checking out the virtual dressing room. It is still early days but we see the Magic Mirror as a huge opportunity in customer convenience, time-saving and consequently incremental purchases.

- Salil Nair, CCA & CEO, Shoppers Stop Ltd.

On-floor Training

In terms of customer education, the retailer has ensured that the floor staff is trained well to respond to customer queries on how best the Magic Mirror can be used. Besides, there are well-articulated instructions placed near the Magic Mirror to navigate customers. Moreover, the Magic Mirror itself is an interactive kiosk that provides step-by-step instructions on its usage. A routine check is carried out everyday to ensure its smooth functioning.

Customer Experience

Sharing a first hand experience of using the Magic Mirror, Ashika Patel Vyaas shares, "Keeping in mind my work timings, I am always pressed for time when I go out shopping. At Shoppers Stop usually there is a long queue and this used to be a turn off. On my last visit, I came across the Magic Mirror.



UNIFIED RETAIL EXPERIENCE IS THE EVENTUALITY!

Brick and mortar stores will be there in the future, but the consumers will go there to have the physical experience with the product only. Because sales is going to happen online! According to P Srikar Reddy, MD and CEO of Sonata Software, this is going to be the future of retail

By Parama Sen



▲ Srikar Reddy, MD & CEO, Sonata Software

What is your view on the journey of retail...from brick and mortar to e-commerce to Omni-channel?

It has been a natural progression, which is happening because of technology. This whole thing started in 2000, as Amazon has been in existence since 2000! They said that, because of the penetration of internet, computer and networks, one can make a shopping experience memorable to people without coming to a store. That was Amazon's approach. After that a lot of water has flown under the bridge. Amazon is opening physical stores whereas physical retailers are going digital or going to Amazon! Now it's coming to, what I should call it a unified shopping experience. Every retailer should be in a position so that they can offer their consumers this unified shopping experience.

Do you think that because of this technological progression, eventually brick and mortar stores would lose their importance?

Brick and mortar will stay and e-commerce will not take over. It has to be unified. At the end of the day, the proliferation of the stores will not grow at the same pace that is for sure. You will not have people opening up more and more stores. Stores will be there for touch and feel, so that people would get experience of the product and not to really do commerce. So we can say, for engagement purpose, stores will be there. But the buying process is going to be shifted to online in the future.

What do you understand by Omni-channel retail?

It's anytime, anywhere, any device. I should be able to do commerce from wherever I am in the world. I should have any combination possible which can be used from any device, like cell phone, PC, POS etc. Now there are some points which the retailer should take care of. The first thing is single view of customer. The retailer should know that whether you are at home or in the store, you are this particular consumer. So irrespective of which channel you come from, your offers, discounts, should be the same. The second thing is, your entire inventory, whether it's in the store, or in the warehouse should be seamlessly available for delivery. The third is, you should have a single view of the product. The product information has to be common for digital and physical sales, because as these information are not always the same.

If technology and retail goes hand in hand, what should be the future like?

As per my understanding, 25% to 60% of sales in future are going to happen online. People will be doing both B2B and B2C businesses online. Distribution and supply chain will be very crucial for the retailers as well as end user companies. A lot of big brands will be doing business directly rather than through retailers. So the retailers who have in store brand have a good shot at survival, otherwise they can be eliminated out of supply chain. Amazon is now creating own in-store brands. These are some of the trends which I see like happening in next ten years. 

AN IMAGES GROUP PRESENTATION

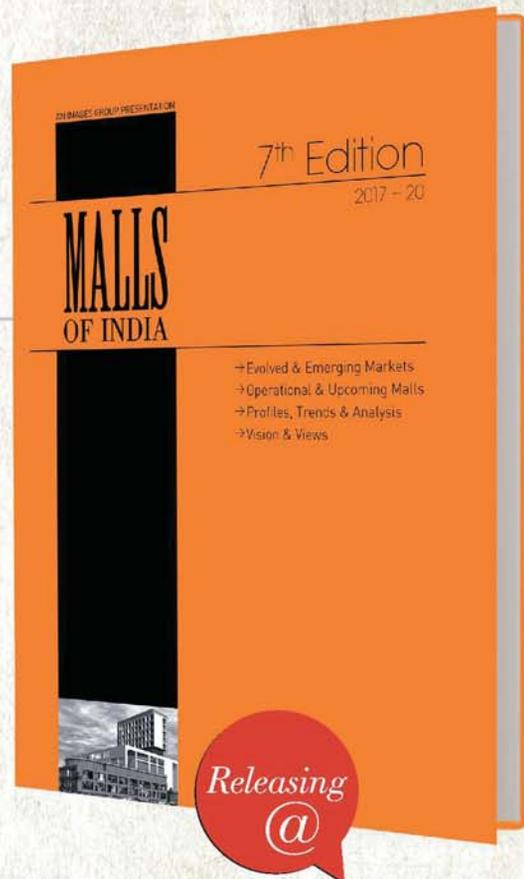
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MALLS OF INDIA

Images Research had pioneered the development of credible information, study and knowledge in the retail and shopping centre industries in India. Images Research published the first ever **Malls of India in 2004**. In to its **7th edition** now, the report will document the current status of the shopping centre industry and will present a detailed analysis on the same.

The book will be a collectors' edition with an all India, zone wise profiling of operational Malls/ listing of upcoming Malls. The book shall be released at the forthcoming **India Retail Forum** scheduled to be held at **Mumbai on 21st & 22nd September 2016**. The book would be made available at leading book sellers and will also be distributed at relevant forums in India / Abroad. Copies will also be sent to relevant stakeholders in the shopping centre and retail industry.



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THE OPPORTUNITIES FOR SME RETAILERS TO GROW NON-LINEARLY!

The e-commerce boom has started deflating the second time in as many decades; hyper valuations are coming back to terra firma, easy funding is no longer easy, discounts are getting discounted, and retaining satisfied customers has become the prime focus for retailers

By Arun Gupta

Death knell for the Mom and Pop shops, the small retailer who has been the mainstay of growth, sounded and faded away rather quickly. Political patronage aside, the kirana shop, apparel retailers, jewellers, shoe shops, utensil stores, and all other formats of entrepreneur family owned multi-generational businesses have rediscovered their niche in the economy.

Large format retailers and those with geographically spread large footprints invested in scale and presence with automated and technology enabled warehousing; supply chain optimization became the need for cost optimization to make true the self-fulfilling prophecy of discounts driving sales. After burning cash the goal of profitable growth remaining elusive; the tightening is now showing early signs of results for bricks and clicks. Ad interim, the small retailer fighting for survival found succor in the investments the big brothers made; picking up merchandise from the big retailers turned out better than buying from distributor and manufacturers.

So what are the opportunities for small and medium retailers to thrive in the future? Triggered by hype and the new digital economy dynamics which has seemingly created a level playing field, many of the current generation shopkeepers found new avenues and channels to expand their reach and presence. Cost of going digital continues to drop; participation in marketplaces is facile and many have already taken advantage of this. Rapidly expanding mobile internet access is driving consumer behavior; retailers have to build new relationships on 5" screen with apps that offer convenience, stickiness, and value to the customer.

The young generation is the mobile first generation; they whip out their smartphones at the slightest trigger willing to devour data to take informed decisions. They are also highly motivated to partake in social engagements extending beyond friends, easily swayed by opinion and fickle of mind. Their idea of loyalty is someone bestowing favors on them to get their business and not the other way around to offer their loyalty to retailers. Brand loyalty is selective and limited to specific products or services. The uber consumers of tomorrow offer a challenge and opportunity to the agile retailer who is willing to sieve through patterns of behavior.

On the other hand the older consumer may still approach technology conservatively, reluctant to shed apprehensions to try the ubiquitous omnipresence technologies that threatens to disrupt current and future business ideas. For retailers who built their business one customer at a time with a personal touch, the in your face technology first approach is discomfiting. Cross-selling and upselling came easily based on trust between the consumer and the shopkeeper. Know your customer was personified by the smile, first name greeting and understanding of buying patterns and behavior that analytics and big data struggles to solve for large retailers.

Value seekers straddle both the young and old, their primary driver – discounts! Whoever offers a lower price, gets their business; opportunistically they shift allegiance not bothered about creating or building loyalty to anyone except their wallets. In the early days of retail, the market segmented between retailers who wanted to vie for the consumers seeking the lowest prices. Events were created around low price points, driving consumers in hordes to hoard cheap merchandise with an expectation to use later when needed. Price is rarely a sustainable differentiator and retailers are getting wiser to profitability.

Where should small retailers invest their time, effort and money? How do they choose one over the other; should it be two different strategies pitted against each other, or two pronged approach

Plethora of choices make the decision tricky; **almost every solution provider appears to have the answer to stated and unstated needs.**

to straddle across? Conventional needs to coexist with and evolve to the new omnichannel to cater to the wide spectrum that cuts across generations at their terms; technology will not solve all problems though it does create new ways of reaching out to consumers; e.g. the person dependent customer engagement paradigm can be better managed; fill rates improved, inventory turns increased, cash flow improved, and cater to a larger untapped market.

Unfortunately technology alone cannot solve world hunger or in this case ensure survival and growth for retailers of all shapes, sizes and segments. Plethora of choices make the decision tricky; almost every solution provider appears to have the answer to stated and unstated needs. Most of the solutions end up being shelf-ware for variety of reasons, primarily due to bad choices or challenged implementations. For the small retailers the challenge is also about management bandwidth and ability to invest in technology that brings benefit for their small business, making a difference to themselves and their customers.

Long tail retail, endless aisles, magic mirrors, persistent carts, market basket analytics driven cross-sell, customer specific coupons, connected channels for pick and return, convenience across wallets, these are all technology

driven business opportunities and customer engagement tools. In varied degrees retailers have experimented and embraced them; results though not consistent have been largely encouraging for the provider, retailer and the consumer. Fungible and undifferentiated loyalty points and benefits are no longer magnets of attraction. Social engagement and customer retention is becoming an important need.

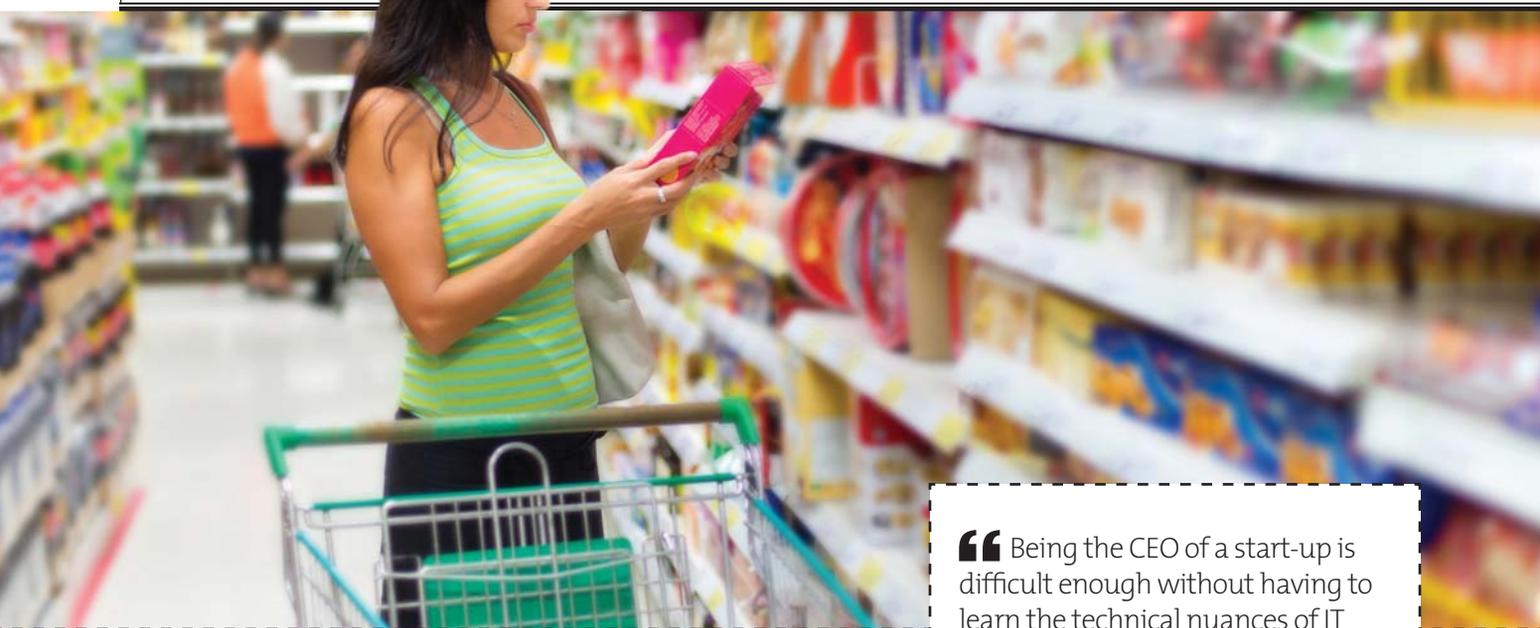
So what does the future foretell? How can retailers increase their chances of success? What will help them reach the scale that is their potential? Limited funds, resources and the fast paced change create paralysis favoring “no decision”. Coopetition and leveraging industry experts is a small step forward, driven by specific identified business outcomes and commitment to change that may threaten to disrupt business as usual. Technology is necessary to stay afloat; it is also means to find competitive differentiators. Keep learning, keep experimenting, keep engaging the customer, keep discovering new avenues, be the disruptor.

Status quo is not an option; you can learn from others’ mistakes, but where do you stop learning and start acting? 

About the author:

*Arun Gupta, Managing Partner & Director,
Ingenium Advisory*





CHAINREACTION® CUSTOMER CASE STUDY

When the Arvind Group wanted to implement systems for a fast-growing Fashion startup they chose AXIND Software and their ChainReaction® suite of products

By IMAGES Retail Bureau

Arvind laid down the challenge of quickly building a fashion business in footwear and apparel. In less than a year, they have built several new brands and are fast expanding across multiple channels including Ecommerce, sales via distributors and their own stores. They needed systems that could do the job quickly and yet be flexible enough to change as per their fast evolving requirements.

ChainReaction® PLM (Product Lifecycle Management) was the first product selected. Seeing the ease of use of the product, the WMS (Warehouse Management System) was quickly added, and eventually the POS (Point-of-Sale) and retail back-office were also put into use (the WMS and POS are both part of ChainReaction® OMNI).

ChainReaction® is easy-to-use, quick to implement and with an architecture that could be adapted to the company's needs. For example, the POS and retail back-office was implemented in an incredibly short time of two weeks! AXIND's team has a deep knowledge of the Retail domain and ensured that business continuity was maintained despite the rapid changes.

Integration to SAP financials, to Arvind's omni-channel solution Nnow, to Microsoft BI and to E-Commerce marketplaces is all in the works. Rapid store openings with integration to Mall systems, steady increase in the number of users using the system, changing functional and reporting requirements is all a part of this exciting partnership. 

“ Being the CEO of a start-up is difficult enough without having to learn the technical nuances of IT systems in the business ecosystem. Axind has helped our company migrate to a well-defined process oriented PLM tool. Axind has been beyond terrific - from their professionalism, enthusiasm and flexibility to their knowledge and experience with PLM tools; they delivered the project on time and have proven to be everything and more that an organization could wish for in a business association. To say our experience with Axind has been amazing would be an understatement.

- **Rajiv Mehta**, CEO, Arvind Sports Lifestyle Ltd. & Arvind Fashion Brands Ltd.

“ We have been working with Axind Software Private Limited for the past 8 months. I have found the Chain Reaction Software from Axind to be very stable and easy to use. I am actually amazed at the simplicity of your product. Sanjoy and his team have been extremely adaptable in identifying our requirement and developing the software as per our requirement.

- **Girish Krishnan Kutty**, Head SCM, Arvind Fashion Brands Ltd. & Arvind Sports Lifestyle Ltd.

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- // Why Women of Today Matter for India of Tomorrow?
- // World View on India.
- // What does "Make In India" need to succeed?
- // India: Investment excitement or Hiccups?
- // Investing in People – Sports infrastructure – What will it take for India to get Gold.
- // Bringing Diversity to the world – Tourism agenda for India.
- // One on One: Dealing with Cyber Crime.
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Orion East Mall is all set to redefine the neighbourhood shopping mall experience in India.

Email: feedback@orionmalls.com
Contact: Mr. Varun Khanna at +91 9980642712

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