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MAY 2016 VOL.15 NO.5 ₹100

CREATING NEW AGE RETAIL SPACES

- Funding & Investments in Fashion Retail
- AJIO: A Leap of Fashion!
- Dunkin Donuts: Creating a WOW Experience
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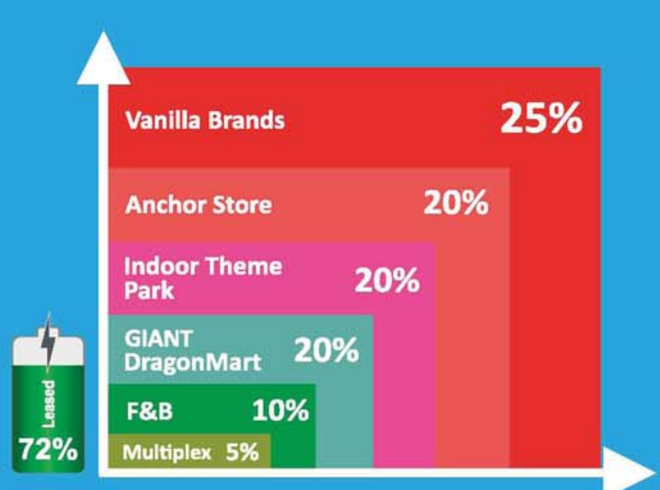

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This issue of Images Retail coincides with the ‘India Shopping Centre Forum’, which is the biggest conclave of shopping center managers, mall developers and support service providers in India and which will be held on the 11th and 12th of May at the Renaissance Hotel, Mumbai. We anticipate great new insights and learning at the event and also a preview of the mindset of the shopping center industry in the face of the online challenges and opportunities. As a corollary in this issue of IMAGES Retail our cover story throws light on emerging retail destinations. Although, organised retail spaces started only recently with the maiden ‘Ansal Plaza’ in the late nineties, since then there has been no looking back. After the evolution of malls, now even highstreets and neighbor-hood markets are reinventing and grabbing their moments in the limelight. The ambit of modern retail in India has become so vast that it’s core tenets just had to be imbibed by all. On the other side transit markets are emerging and we can expect luxury markets next. I am sure our cover feature would be an interesting and informative read for all of you.

In this issue, we present AJIO, a fashion e-commerce venture from Reliance Industries which is already getting rave reviews from consumers. With this launch Reliance is ready to extend its portfolio even further into retail. We also feature Rosso Brunello and showcase their outstanding innovations in store design. We have also traced the success story of the Dunkin Donuts business from the house of Jubiliant Foodworks. We also congratulate Indian retailer Hidesign for making its great US foray. This issue also includes an extensive feature on the current vistas of funding and investments in the Indian fashion vertical.

I hope you find the May issue informative and educative as always. I wish you all the very best, and look forward to seeing you at the India Shopping Centre Forum 2016.

Amitabh Taneja

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CREATING NEW AGE RETAIL SPACES

30 COVER STORY

As the pace of the evolution of shopping destinations in India gathers unheralded momentum, Images Retail delves deep into the key emerging trends and maps the current decision making dynamics of retailers towards their location preferences.

MAY 2016

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SUMMER
TO
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LAST YEAR, MORE THAN TEN MILLION FASHION LOVERS, FOOD LOVERS, MUSIC LOVERS AND FUN LOVERS VISITED PHOENIX MARKETCITY.
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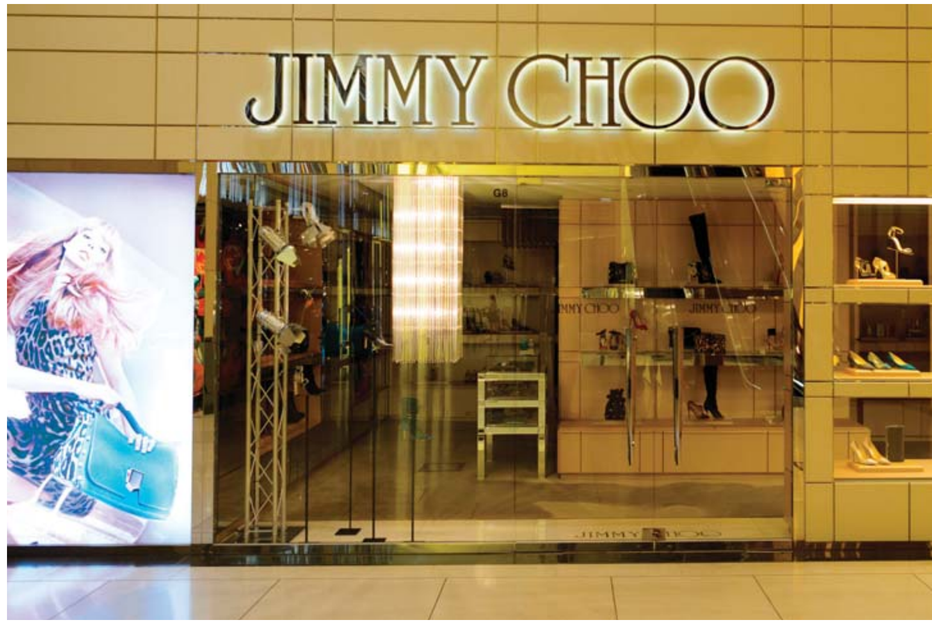

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LUXURY BRANDS BULLISH ON ASIAN MARKETS

At a time when a sharp economic slowdown in China, recession in Russia amid plunging oil prices, and security threats hurting tourism, have all dampened the outlook for luxury brands, a strong demand in Asian markets are needed signs of revival.

By Priyanka Dasgupta

Strong Asian markets help to revive growth of luxury brands

Italian fashion house Versace, which aims to list on the stock market next year, said core profit rose 20 percent last year, helped by strong growth in online sales, a weak euro currency and solid demand for its high-end collection. Chief Executive Gian Giacomo Ferraris said in a statement that the group expected revenue growth in 2016 as well, despite "uncertain conditions in the first quarter of the year. Versace is expected to seek a stock market listing by mid-2017 after the Versace family sold a 20 percent stake to U.S. private equity group Blackstone. Group revenue jumped by 17.5 percent in 2015 to 645 million euros ($720 mln), helped by currency moves. At constant exchange rates revenue rose by 8.6 percent, with a 16 percent rise in China and a 30 percent increase in Europe. Sales of Versace's most exclusive line increased by over 23 percent last year by value while accessories, for both men and women, accounted for half of retails sales. Ferraris said that the brand, popular among celebrities worldwide, had proven resilient despite negative conditions in the international luxury goods market.

A sharp economic slowdown in China, recession in Russia amid plunging oil prices, and security threats hurting tourism have all dampened the outlook for luxury brands. Versace, which has been expanding its retail network after Blackstone's investment, said it would invest more than 50 million euros in new retail outlets, existing boutiques and further developing its online business where sales surged 31 percent in 2015. Earnings before interest, tax, depreciation and amortisation (EBITDA) rose by 20 percent in 2015 to 81 million euros. British shoemaker Jimmy Choo said strong demand in Asia would help it grow faster than the overall luxury market this year, after it posted a 7.2 percent rise in underlying revenue in 2015.

"Jimmy Choo continues to outpace the sector despite the challenging competitive environment," said Chairman Peter Harf in a statement. "The company successfully reversed the first half decline in wholesale revenues and remains on track with growth forecasts in Asia and Japan where brand awareness continues to grow strongly." Jimmy Choo said Asian revenues, excluding Japan, grew by 20.1 percent at constant currencies last year, helped by new store openings in China and Hong Kong. Japanese revenues were up by 29 percent, driven by domestic demand as well as an influx of tourists from mainland China. Growth in the luxury goods market has slowed, particularly in the second half of 2015 after the attacks in Paris put tourists off travelling to Europe, where many luxury brands make a significant proportion of their sales.

LVMH Chief Executive Bernard Arnault said the total sales at fashion and cosmetics brand Christian Dior, the luxury group's parent company, could reach more than 5 billion Euros ($5.63 billion) this year. "The sales of Dior are starting to become quite significant, they could be more than 5 billion euros in 2016," Arnault told shareholders at LVMH's annual general meeting in Paris. Dior Couture, the fashion division of the brand, published a 1 percent drop in reported sales to 429 million euros in the three months to March 31, hit by a drop in tourist numbers in Paris and several major Asian markets. A year ago, Christian Dior Couture's sales growth during the period was above 20 percent in reported terms.

Rowe all set to revive M&S' apparel business

Steve Rowe, the new head of British retailer Marks & Spencer, conceded he had his work cut out to end five years of almost constant falls in clothing sales after the firm suffered another quarterly decline. Rowe, a company veteran of 26 years, succeeded Marc Bolland as M&S Chief Executive taking on arguably the most prestigious and high profile job in British retail. He moved up from the role he took only last July as head of the troubled Clothing and Home division.

While Dutchman Bolland oversaw an impressive performance from M&S's food business and rebuilt the group's logistics, they failed to deliver a rise in clothing sales to accompany the profit margin gains they did achieve. "Let me be really clear: This performance was not good enough," Rowe said of a 2.7 percent fall in clothing and home sales at stores open over a year in the 13 weeks to March 26, M&S's fiscal fourth quarter. "Our priority is fixing our clothing business," he told reporters. The fourth quarter outcome for clothing and home, which contributes about 60 percent of M&S's profit, was better than analysts' consensus forecast of a 3.4 percent decline and a third quarter drop of 5.8 percent. However, it meant the division has enjoyed just one quarter of like-for-like sales growth in 21 quarters. M&S will report results for 2015-16 on May 25 and Rowe plans to outline his strategy then, saying he was reviewing every aspect of the business.

Shares in M&S have fallen by a quarter over the last year and last month hit an 18-month low after Simon Wolfson, CEO of rival Next, warned this year could be the toughest since 2008.

However, they rose as much as to 3.4 percent recently and analysts were prepared to give Rowe time to make an impact. Some expect Rowe to lower short term profit expectations in May, with the promise of growth later. Others say he may streamline M&S's board structure to hasten decision making and reduce the firm's bloated estate of nearly 900 UK stores. Industry analysts feel that given Rowe's nature - dynamic, active and to the point, M&S will enter a period of further change.

Rowe indicated that making M&S more competitive was a likely focus, noting price cuts in the quarter represented the "start of a programme looking very carefully at the balance between pricing and our promotions." The price of ladies black "jeggings" was reduced from 19.50 pounds to 17.50 pounds and M&S sold over 30,000 units, a 230 percent jump year-on-year, while the price of a mens white T-shirt was cut from 7.50 pounds to 6 pounds. "We're doing this across the piece. I'm pleased with the result so far," he said in a media report, also pointing out the need for better availability, and improvements across range and design. Rowe's biggest challenge is arresting the decline in women's wear sales, which have struggled to compete with the fast fashion of Zara and Primark. Women's wear has been described by a former M&S executive as "the golden key to the golden door" because of the beneficial effects it has on other parts of the business. Progress at M&S' food business stalled in the quarter. Like-for-like sales were flat, ending a run of 25 straight quarters of growth. However, Rowe said the division still outperformed the wider food market by 3.5 percentage points, growing its market share to a record 4.3 percent. IR

At LVMH the total sales at fashion and cosmetics brand Christian Dior, **the luxury group's parent company, could reach more than 5 billion Euros ($5.63 billion) this year.**

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APPAREL RETAILERS ON AN EXPERIMENTATION SPREE TO WOO CUSTOMERS

In the largest ever space transaction by any international retailer on high streets across the country, Spanish fashion chain Zara has picked up 50,000 sq ft carpet space in South Mumbai's most prime location of Flora Fountain.

By Priyanka Dasgupta & Shubhra Saini

SP Apparels has received capital market regulator Sebi's approval for raising around ₹215 crore through an initial public offering (IPO). The Coimbatore-based firm, which had filed its draft red herring prospectus (DRHP) with Sebi in December 2015 for launching the IPO, received clearance from the regulator on April 5, according to a company update. The company plans to garner up to ₹215 crore through fresh issue of shares, while its existing shareholders will offload 9 lakh equity shares, as per the Draft Red Herring Prospectus (DRHP) filed with Sebi. Established in 1989, the company manufactures and exports knitted garments for infants and children. The firm also manufactures and retails menswear in India under the brand 'Crocodile'. Proceeds from the fresh issue will be utilised for repayment of debt, expansion and modernisation of manufacturing facility at Salem in Tamil Nadu and opening of new stores for the sale of 'Crocodile' products. The funds raised will be also used for addition of balancing machineries for its existing dyeing unit at Sipcot, Perundurai in Tamil Nadu and other general corporate purposes. The book running lead manager to the issue are Motilal Oswal Investment

John Players

Will Life Style

Advisors and Centrum Capital. The company intends to list its shares on BSE and NSE. The company expects to realise the benefits of listing of the equity shares on the stock exchanges, including the enhancement of its brand name and provision of liquidity to the shareholders.

The diversified ITC group is embracing the online marketplace route to push its lifestyle retail business, especially its apparel brand John Players, which it plans to expand into newer categories. Atul Chand, ITC's Chief Executive for lifestyle retailing business, said in a media report that the company is considering introducing the John Players brand in categories such as footwear, eyewear, backpacks and bags, all of which will be sold through online marketplaces. The company said the move is prompted by the success that the John Players brand has had in online sales through Myntra, Flipkart and Snapdeal in the last 12 months, the sales growth rate of John Players has doubled to 20 per cent over the premium Wills Lifestyle business. Chand said the company also plans to launch an exclusive line of clothing for John Players for e-commerce. "John Players is among the top selling apparel brands online in the leading market places. We are expanding the brand into newer categories specifically for online, and if it's successful, we would even take them to the brick-and-mortar stores," Chand said in the media report. "All such expansions will be in products which are of interest to younger consumers, the target for John Players. ITC has an exclusive online store for its Wills Lifestyle and John Players' products but its sales are a fraction of what comes through online marketplaces. Chand said the exclusive online store will continue but the company will focus more on partnering with online marketplaces. ITC has already launched some apparel lines-- wind cheaters, message T-shirts and hoodies--under the John Players brand which will be sold only online. At present, about 10% of revenue for ITC's lifestyle retail business is generated from online sales and the company is targeting 15% this fiscal.

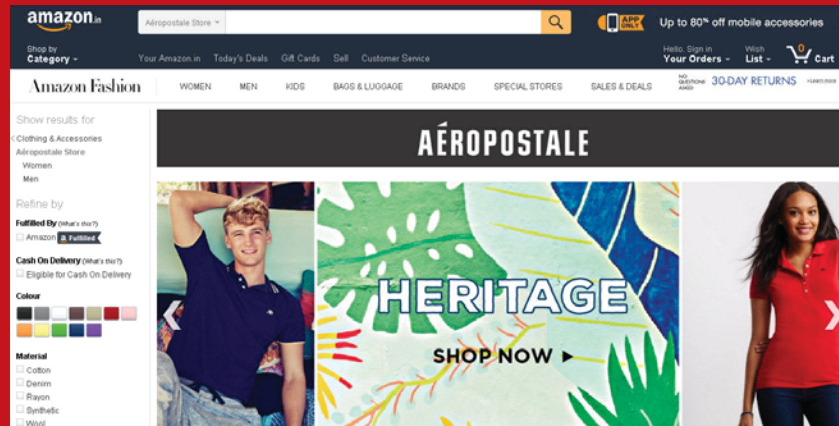
In the largest ever space transaction by any international retailer on high streets across the country, Spanish fashion chain Zara has picked up 50,000 sq ft carpet space in South Mumbai's most prime location of Flora Fountain, according to industry insiders. The world's biggest fashion retailer has leased the space on the ground floor of Ismail Building diagonally opposite HSBC's India head office located in Fort. The retailer will be paying an astronomical annual rent of ₹30 crore and the lease will run for tenure of minimum 15 years with a five-year lock in. The brand was looking for an apt location with blend of vintage and contemporary outlook and Flora Fountain fit the bill perfectly. Zara outlets in India are operated by Inditex Trent, the joint venture between Spain's Inditex and the Tata Group.

Sportspersons' promoted start-ups are on an investment spree

Cricketer Yuvraj Singh promoted investment fund YouWeCan Ventures has invested in Mumbai-based brand licensing start-up Black White Orange Brands for an undisclosed amount. Black White Orange Brands, founded by entrepreneur Bhavik Vora, provides merchandising solutions and offers services in retail, distribution, syndication, brand consulting & creative solutions, a statement by the company said. Black White Orange will also look at generating new revenue streams and creating brand loyalty strategies. "In the current start-up funding scenario, my team and I are looking for innovative investment opportunities for young businesses and budding entrepreneurs." The licensed market is estimated at ₹1,500 crore. Singh has already made close to nine investments since he started the fund about six months back. These include minority stake in multi-sports programmes venture SportyBeans, mobile-phone based beauty and wellness app Vyomo, online healthcare marketplace Healthians.com, cargo logistics startup Moovo, aggregator of diagnostic labs, sample collectors and doctors called Healthians, education marketplace EduKart and online marketplace for private jet and helicopter charter flights JetSetGo.

Meanwhile, Sports365, an online sports store backed by ace tennis player Mahesh Bhupathi, is aiming to be a ₹1,000 crore firm in the next five years on account of expansion, new in-house brands and institutional clients. The Bengaluru-based firm is adding new business in its fold by creating five to six online portals dedicated to particular sports.The company is planning to touch ₹100 crore in the next 12 months only and its ambition is to create a ₹1,000 crore company in five years time. It would also be adding new business on top of the existing ones in the process of creating various small online portals. The company would also be building in-house brands in areas such as fitness

in areas like apparels, shoes, apparels, accessories etc. Bhupathi is a director in the company. Sports365 is also supported by icons as Yuvraj Singh, Deepika Pallikal and many more. The company is tying up with at least 15 international brands. By the end of this fiscal, Sports365 expects to post around ₹40-45 crore turnover and the company has an year-on-year growth of over 100 per cent. The company which today announced to acquire tennishub.in, an exclusive online tennis store, plans to bring similar portals dedicated to particular sports.Besides, Sports365 also has plans for another round of funding for expansion.Last December, the company raised USD one million and is in active conversations to raise between USD five to eight million in next eight to ten weeks. IR



NEWSMAKER OF THE MONTH

AMAZON TO SELL AÉROPOSTALE PRODUCTS ONLINE

Aeropostale, the American youth brand,recently floated its collection on Amazon.in. With this partnership, Amazon.in will be the first e-commerce platform in the country to sell Aeropostale's products.

"Having opened our first store in New Delhi in November 2015, we found customers coming in from across the country seeking our stylish collection. To meet this demand across the country rapidly, we chose to open our second store online, on Amazon.in to give us the geographical cover that we desired," COO, Gant, Nautica & Aeropostale, shares Sumit Dhingra.

During its first month of operation in India, Aeropostale sold apparel worth ₹8 lakh daily on an average. The figure has surpassed all sales figures of every retailer in the country.

"In line with offering fashion for who you are, Amazon.in is extremely excited to further enhance its fashion leadership by launching the exciting Aeropostale brand," says, category leader, Amazon Fashion, Puneet Gupta.

New York based Aéropostale opened its maiden store in Select City Mall, New Delhi on November 6, 2015.

THE INCEPTION

Aéropostale, Inc. opened its first store in 1987 in New York. It got its name from Compagnie Generale Aéropostale, a pioneer airmail company in 1920's. As the name suggests, The early Aéropostale stores even captured the essence of this airmail voyage both in the original store design and in the aviation styled leather bomber jackets that they sold.

The company currently operates more than 700 Aéropostale stores in the United States, Puerto Rico and Canada and 25 P.S. from Aéropostale stores in the United States. In addition, the authorized licensees currently operate more than 300 Aéropostale and P.S. from Aéropostale retail locations in the Middle East, Asia, India, Europe and Latin America.

THE INDIA STORY

Brought to India by Arvind lifestyle, the brand is targeted towards boys and girls aged between 14-25. The biggest USP of the brand is known for its trendy casual wear is the Seriously Stretchy Jeans, which the brand marketed through flash mobs in colleges in Delhi. The New York-headquartered brand, popularly known as Aero, plans to open 30 stores and 25 shop-in shops over the next three years as well as an e-commerce portal.

THE MALL STORY

Aéropostale, Inc. is a mall based retailer, specialised in casual apparel and accessories. It targets young women and men through its Aéropostale® and Aéropostale Factory™ stores .

Aéropostale provides customers with a focused selection of high-quality, active oriented, fashion and fashion basic merchandise at compelling values. It maintains control over its proprietary brands by designing, sourcing, marketing and selling all of its own merchandise. Aéropostale products can only be purchased in its Aéropostale stores and Aéropostale Factory. They also sell products online .

AÉROPOSTALE CURRENTLY HAS THE FOLLOWING BRANDS

FOR GIRLS		FOR BOYS
Bethany Mota	Lorimer	Brooklyn Calling
Free State	Map to Mars	Free State
Hobie	The Bikini Lab	United XXVI
Invite Only	Tokyo Darling	
Junie & Jade	United XXVI	
Live Love Dream		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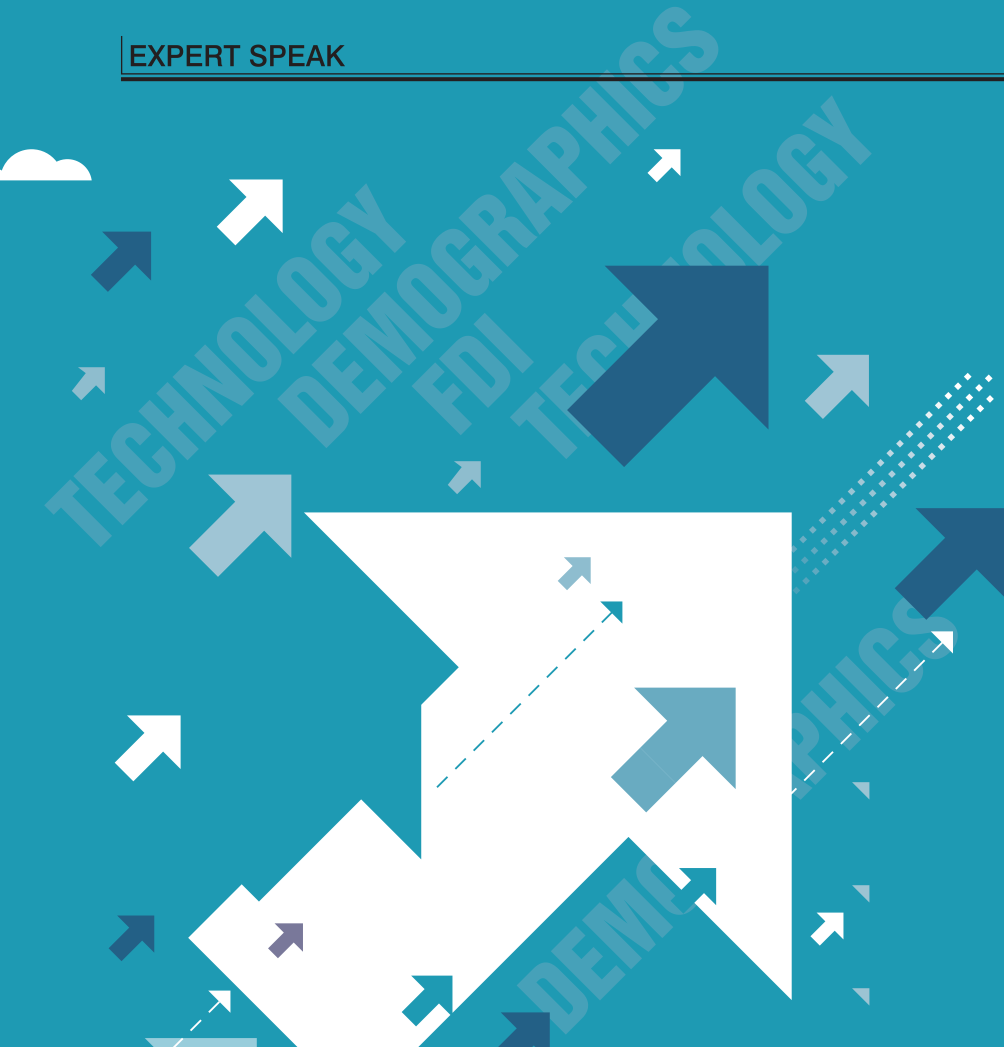

Indian retail industry has witnessed tremendous growth in recent years. Demographics, technology and foreign direct investment seem to be growth drivers for the industry. Moreover, massive smartphone penetration and relaxation in laws from the government for international players, the growth phenomena seems to be continued for 2015-2020 as well.

THE GREAT TRANSFORMATION OF INDIAN RETAILING

By Shabori Das

Consumers are not shying away from spending on luxury over necessity

Millennials, in the age group of 21-35 years, dictated the shopping pattern completely in the past five years. Though generation Z (those under the age of 20) comprise the majority of the population, the millennials, in their early working years, changed the retailing landscape with their shopping behaviours.

One of the most benefitted channels due to the millennials in retailing, were - the fashion and lifestyle retailers. And unlike the popular opinion this was not limited to the online channel only. Store and non-store retailers, both grew strongly, if present in the fashion and lifestyle space.

Millennials typically have no loyalty towards brands or channels, however they were more than happy to spend on themselves. They have higher disposable incomes and with

The average expenditure on luxury goods in India per capita **registered a growth of 20 per cent on a year on year basis since 2010.**

the help of that, most consumers were trading up their choice of brands from unbranded, to branded, to mass, to premium, and eventually those who can afford it, to luxury. Millennials had plenty of choices to spend money on, and were driven more by want than need for a product, or a brand.

This change in consumer behaviour helped to drive the growth of luxury brands in India. If we move away from the products consumers were willing to spend their hard earned money on, and take a look at the average amount consumers were willing to spend, one can see, luxury retail had a good period in India as well. Though not one of the biggest markets in Asia Pacific, India was the fourth fastest growing luxury retailing market in the region. The average expenditure on luxury goods in India per capita registered a growth of 20 per cent on a year on year basis since 2010. Companies such as LVMH Moet Hennessey, Louis Vuitton SA, Kering SA, Burberry Group Plc, Hermes International SCA and PVH Corp were the top five global players in luxury retailing in India. Between these five companies, brands such as Louis Vuitton, Gucci, Burberry, Hermes, and Calvin Klein amongst many others enjoyed strong consumer attention.

Small screens became the first point of contact between retailer and shopper

The availability of internet enabled devices helped change the face of retailing in the last five years. Technology has changed the path to purchase observed in retailing. Though traditional retailing holds its ground strongly in the country, the path to purchase of shopping was completely different in 2015, as compared to 2010. From the first point where the aspiration of owning something sets in, to researching and eventually purchasing, use of technology has become an integral part of the shopping process. Small screen viewing and showrooming have become everyday retail practices amongst consumers. Most consumers will pick up their smartphones to compare features, prices and other specifications as part of research before purchase.

Technology provided consumers two key things which drove retailing growth to newer heights. Firstly information and secondly convenience. The millennial consumers were more aware of brands, pricing, discounts, and other such details due to higher connectivity. Part of it was driven by social media, and the other part was due to the availability of the copious amount of information online. Hence, not only does technology help consumers to research before buying a product, it also helps consumers to have total awareness prior to a purchase.

Convenience of course was another key to the growth of internet retailing in India. Growth of internet and mobile usage allowed consumers to shop at their own convenience and at their choice of prices. As this new consumer was more open to spending, consumers were more than willing to shop more, as long as they had the best prices and delivery. Both of which were made super easy, thanks to the internet and mobile phones.

Easement of FDI policies and retailing growth occurred hand in hand

The retail scenario in India registered the paradigm shift since 2011 when the Government of India allowed 100 per cent foreign direct investment (FDI) in single brand retailing as long as 30 per cent of sourcing was done locally. In the following year, the government allowed 51 per cent FDI in multi-brand retailing, subject to individual state laws, which meant in some states it was allowed. These developments were met with a lot of criticism from domestic players. However, this move changed the face of retailing in India. Brands which were earlier available only if a cousin or another family relative were visiting India from abroad

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Gustavo Frazao / Shutterstock.com

Technology provided consumers two key things which drove retailing growth to newer heights. **Firstly information and secondly convenience. The millennial consumers were more aware of brands, pricing, discounts, and other such details due to higher connectivity.**

were now easily available. Some of these brands entered the country both in online and offline stores, hence tier 2 and tier 3 city population could also buy them. This approach was followed, as most of the offline stores of the international brands were located in metropolitan cities only, hence tier 2 and tier 3 city population could only buy these brands online. This proved to be a huge push to the growth of retailing in India.

As a result, foreign brands rushed into India. H & M Hennes & Mauritz, opened their first store in India in October 2015 and clocked sales worth Rs 17.5 million in a day. The company is on its way to open the third store in the country, in Bangalore in March 2016. Gap Inc has eight stores in the country already, and enjoys strong brand recognition amongst the consumers. Zara India in 2015 crossed US$1 million in sales, and became the first international apparel brand to do so. Ikea is expected to have its first store in 2016, and consumers are waiting for its availability quite impatiently. All this was made possible because of the easement of foreign direct investment policies in India. The competition between the domestic and international players was intense over the last couple of years, with leading domestic brands namely Titan Company Ltd, Reliance Retail Ltd, Future Group, and Aditya Birla Retail Ltd amongst many others feeling the heat from the international players. With this move, the government successfully pushed the envelope of growth for retailing to a whole different level, where the retail landscape, brand preference, style, design and quality was no longer the same, and consumers were more than happy to have more options to choose.

The growth in retailing is sustainable

These three main industry drivers, millennial consumers, technology and the expansion of foreign direct investment are long term trends. Millennials' purchasing power will only grow as they progress in their careers and will have access to cheaper, better technology with which to research and purchase goods. Whether India will open its door to 100 per cent multi-brand retailing or not, remains to be seen, but foreign brands that meet the current legislation will surely continue to grow.

As a result, the retailing industry in India is expected to grow by 50 per cent in the next five years—the second fastest growing retail market in Asia Pacific. The next five years will be an interesting phase in the retail scenario for the sub-continent: the battle between traditional vs modern retail and domestic retailers vs. foreign retailers to capture the wallets of an empowered consumer. IR

About the author:

Shabori Das, Senior Research Analyst, Euromonitor International

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THE RISE OF PREDICTIVE ANALYTICS IN RETAIL

By Mihir Kittur

The best way to predict the future is to create it. And a few leading retailers are doing just that. They are leveraging 'data' and 'analytics' to inform better consumer, product, pricing, marketing, and supply chain decisions among others. But what's really fueling this?

The rise of the digital consumer, hyper competition, and technology are fueling this unprecedented change. Over 70 per cent of shoppers begin or use the internet to inform their purchases. They search for products, check product prices, read reviews, refer to ratings, and even share their preferences via social media. As a result, they are leaving behind a huge trail of digital intent signals. There has been a significant growth in the number of e-commerce players and models. While there will be consolidation and sanity, it will very likely change the expectations of the shoppers for good. And finally, the rise of big data, cloud computing, and mobile connectivity.

So why predictive analytics, and where is it being applied? I shall illustrate this with three examples across retail viz. customer loyalty, pricing, and assortment decisions.

Knowing me better can be rewarding

Customer loyalty has been an area where a lot of predictive analytics have been at play especially around trying to predict which set of customers will churn. But what's changing in this new paradigm is the enrichment of the churn models with these newer sources of data. Google APIs now allow one to understand distance of the customer's address from the most frequented store and from that of the competition. Social signals enable one to understand preferences. Web log data helps understand web behaviour. A lot of these data sources are still not being used in churn models by most retailers. But as store retailers begin to establish or strengthen their multi-channel plans, there will be a great opportunity in improving their loyalty analysis based on these newer signals. There is evidence that predictive analytics based on these signals results in retailers being more relevant to their customers resulting in better business performance.

The right price is right now

Dynamic pricing is a reality in most categories. Shoppers have embraced this new paradigm. But, most retailers have not. There are a leading few who have built sophisticated predictive algorithms to determine what price the customer is willing to pay. They analyze demand signals, supply, competitive information, and a whole host of other parameters to arrive at the right price - right now. The more advanced retailers are also modeling competitive price elasticity into their predictive techniques to make sure they are not just playing the price match game.

Will this sell?

The rise of marketplaces has created enormous choice for shoppers. Complement that with super flexible supply chains and you have the perfect recipe to pamper shoppers with choice or make them fickle. Merchandizing teams at retailers can no longer rely on traditional approaches to assortment selection where they rely on past transactional data, anecdotal information from suppliers, and third-party market share data. The enormous growth in consumer demand signals (like search, reviews, rating, social likes and pins) are now being leveraged by leading retailers. They are incorporating them into predictive algorithms to guide decisions on what products to keep, carry, and drop.

We are at an early stage here and are just scratching the surface. Predictive analytics will become mainstream in many decisions in the form of on-going nudges. That's not hard to predict. IR

About the author:

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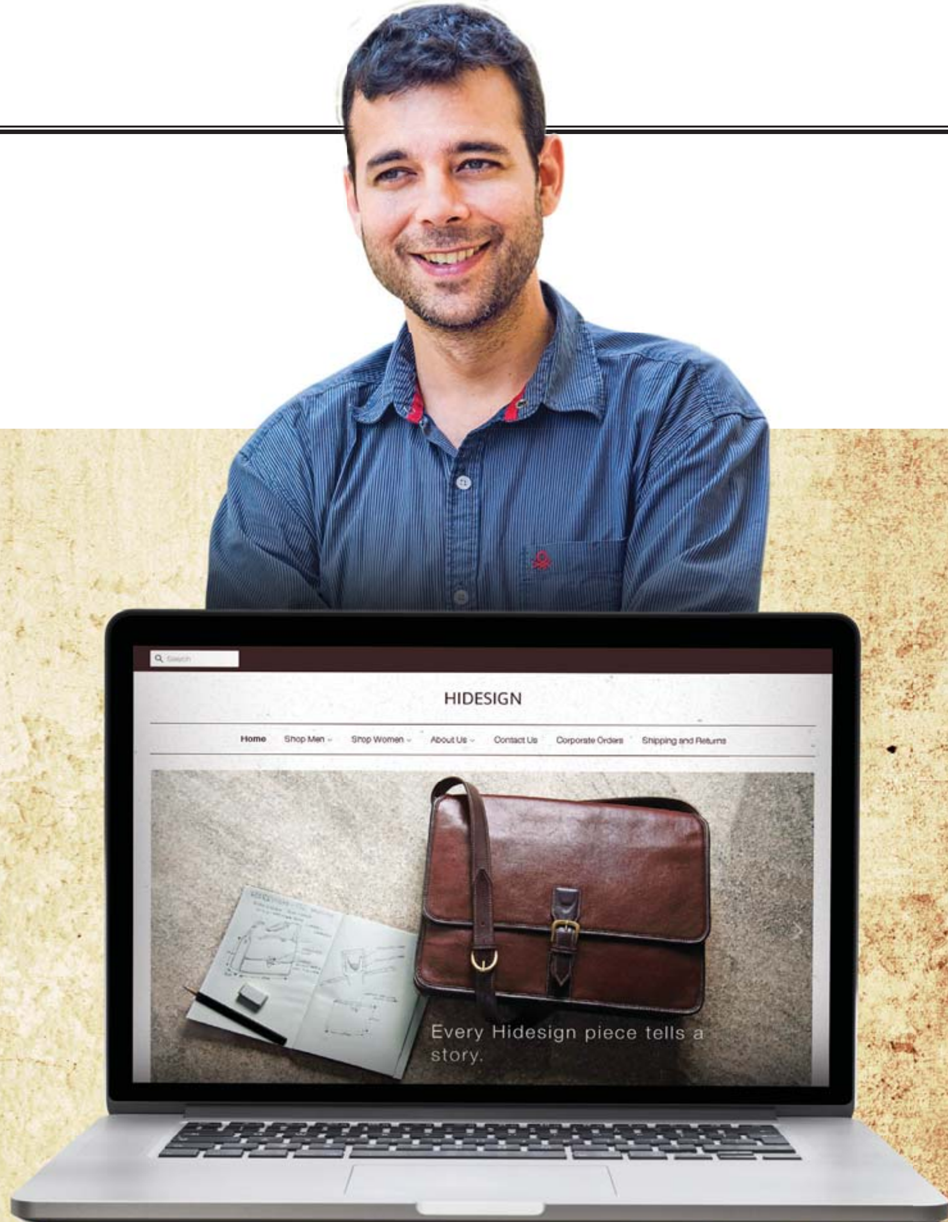

AN INDIAN RETAILER GOES INTERNATIONAL

Veteran Retailer Dilip Kapoor led Hidesign has made foray into US. In the US, Hidesign has a niche product range that reflects the original brand identity. The bags emphasize on the best vegetable tanned leathers, solid brass metal hardware as well as the 'Make in India' attribute of the brand. In an exclusive conversation, Vikas Kapur, CEO, Hidesign America , highlights how he is going to spearhead the business and create a success story alike India.

By Shipra Srivastava

After establishing a milestone in the Indian lifestyle market, what are your expectations after foraying in the American market?

We are targeting a growing customer base that wants to support smaller brands that produce products with care and attention. Our online store (www.hidesignamerica.com) is just a small fraction of the overall USA business plan. It's a way for us to interact directly with the US customer and educate the customer a little bit more about the brand. The ideal next step would be to make an entry into the department stores and continued growth at high-end independent stores.

What sort of response has the brand generated from the American market?

We are targeting men as we are currently selling through an e-commerce portal. We have been also targeting business travellers as our travel bags are doing very well. The product we are selling is made of full vegetable tanned leathers, our hardware is solid brass, and our design sensibility is closely linked to Hidesign's original designs.

It's difficult to get noticed in a large and developed market unless there is something that makes you special and different. We believe that we can occupy this interesting niche space, and in a market like the USA, even a niche space is a lot of business.

Kindly highlight your growth plans for Hidesign America?

Ideally, we would now like to enter into department stores and high-end independent stores in the USA. We have a presence in the department stores in the UK, Australia, South Africa but not in the US. These are highly competitive spaces and they are generally looking for very well-established brands. We are not necessarily eyeing any particular region here, although we are planning to target the larger cities in the USA, as the product fits that customer base more.

Meera Harish, formerly from the Tata Group, has also joined Hidesign to help us open up new markets and develop our existing markets. We expect to partner with distributors in at least 3 new markets in 2016. We completed one year of business in the US, and I am optimistic. This second year will be important as we understand the market better and we will be adding a lot of smaller retailers to our customer lists. A large number of small customers can add up, especially in a country the size of the US.

Kindly highlight your current foot prints in America?
A. We do believe that our men's product is better suited to large cities on the East Coast of the US with significant corporate cultures such as New York and Boston. Texas is also a huge market, and there is still a great appreciation for high quality leather.

Have you done any product innovation for America launch?
To us, it's the story of the vegetable tanned ecological leathers and the solid brass hardware on the men's product that helps us set the product apart.

How do you distinguish the Indian market from the American market?
Hidesign has always had a strong international presence. In the last several years our domestic market has really overtaken the international market, and we felt we needed to put greater resources back into our international markets. We were not established in the US the way we are in the UK or Australia, and it's a large market, so it seemed to make sense.

The target customer in the US is an upmarket working man or woman who is also not afraid to buy something different.

Your average customer will buy a recognized brand in the department stores or major online stores.
We are looking for that stylish and wealthy customer who shops at high-end independent stores and is willing to take a risk on a relatively unknown brand because the product just looks so much better than the products of the established brands.

Also, what percentage of your Indian product portfolio is introduced into the American market?
The product offering in the US and India is very different. It's more classic, less design and less detail-oriented in the US. We use just a few very high quality leathers in the US. We are targeting a niche audience that really loves leather and craftsmanship. In India, we are targeting a much wider customer base.

Who do you see as your competition in the American market?
As we are trying to build a niche in the American market, we focus on doing things differently and specially giving special attention to quality with full vegetable tanned leathers and solid brass hardware. But there are large mainstream brands like Fossil, and then many small and mid-sized brands which pose as a competition.

Have you introduced an individual Hidesign e-commerce portal or mobile app for the international sales? If not, any plans to do so?
Currently we are focusing on expansion to stores, but our main retail portal is www.hidesignamerica.com. IR

EMERGING SHOPPING DESTINATIONS

HOW RETAILERS KEEP AHEAD OF THE CURVE

As the pace of the evolution of shopping destinations in India gathers unheralded momentum, Images Retail delves deep into the key emerging trends and maps the current decision making dynamics of retailers towards their location preferences.

By Sheetal Choksi & Sharmila

Retail has come forth as one of the most dynamic and fast-paced industries of India. Its metamorphosis over the last two decades has been nothing short of dramatic. It has impacted lives, livelihoods and living. Several players may claim credit for shaping the idea of shopping in India and redefining consumer buying behaviour, but it is an amalgamation of various factors – the growing middle class, rising incomes, international exposure and changing expectations – that have shaped modern retail as we know it today.

Organised retail is born

The 1990s witnessed an unorganised landscape dominated by local kirana and mom-and-pop stores. Staunch in service delivery and monthly credit, these were the pillars of the locality's home and kitchen. Then came the wave of liberalisation, privatisation and globalisation which ushered in sprawling new retail formats, modern techniques and more importantly, the power of choice. Needs were nudged out by wants. Novelty and excitement became the motivation even if shopping didn't. The retail industry had found a new buzzword, "Experience". A simple word that unknown to them would be extremely difficult to live up to.

The first murmurs of shopping centre development rippled through the country's major cities in 1999 with Crossroads in Mumbai and Ansal Plaza in Delhi. While fresh shopping experiences aided by consumer-friendly layouts remained the core focus, customers were treated to even more pleasant surprises such as tempting food and beverage options and a recreational centre.

The response was unsurprisingly emphatic. This soon led to rapid shopping centre development across leading cities in the country.

The sudden and meteoric rise in footfalls at the initial clutch of malls piqued the interest of developers. To get their piece of the pie, unique differentiators were explored to draw in bigger catchments and increased footfalls. Forum Mall (Bangalore – 2004), Infinity Mall (Mumbai – 2004) and Select City Walk (Delhi – 2007) set brave new benchmarks for others. With this revised format came a new insight; the success of a shopping centre was directly proportional to its location, design, tenant mix and professional mall management practices.

The concept of a shopping centre had already evolved from marquee department stores to large shopping malls, from a showroom to a retail store, from supermarkets to hypermarkets. Every vertical of retail upgraded itself and the competition grew fiercer.

While the country's top cities continued to lead the organized retail real estate landscape, with Delhi National Capital Region (NCR), Mumbai and Bangalore spearheading the change, the consumer mindset in smaller cities was on the cusp, moving away from the functional and into the aspirational. Soon Kolkata, Chennai, Pune and Hyderabad followed suit. The shift in consumer mindset directly influenced retailer mindset that now considered tier 2 and tier 3 markets such as Chandigarh, Ahmedabad, Nagpur, Jaipur, Coimbatore, Ranchi and Lucknow as lucrative options.

2011 was a momentous year for the retail industry with the implementation of the FDI policy, which broadened the horizon for single-brand retailing. International brands would now be freely available. Retailers in metropolitan cities were left with no choice but to rethink their strategy and steer their attention and investment to high streets and malls. This sudden surge of international brands led to higher rental as the space war began.

High street vs. shopping centres

The last two decades have witnessed a race of epic proportions between high streets and shopping malls with each trying to outdo the other by reinventing themselves and the shopping experience for the consumer. At the core of it, both have fared well as retail destinations purely on the strengths of their individual advantages and offerings.

To elaborate, shopping centres in Delhi NCR, Mumbai, and Bangalore provide consumers with the advantage of a holistic retail experience that integrates social activities like F&B and entertainment with shopping. Add to this a wide product and brand mix, a well-maintained infrastructure and a vibrant shopping ambience, and the reason why consumers and retailers alike prefer shopping malls becomes all too apparent. The success of shopping centres can be largely attributed to their constant endeavours to bring in new brands, apply excellent mall management skills and adopt critical differentiating factors.

High streets, on the other hand, magnetise their consumers with the promise of convenience, ease of accessibility, centralised location and a plethora of popular brands. They are also a big draw for retailers owing to greater scope of visibility and signage opportunities, impulse purchases, repeat customer visits and

The success of shopping centres can be largely attributed to constant endeavours to bring in new brands, **apply excellent mall management skills and adopt differentiating factors.**

conduciveness to myriad product categories such as F&B and utility retail. Famous high streets such as Khan Market in Delhi, Bandra Linking Road in Mumbai, 100 Feet Road in Bangalore and Park Street in Kolkata are a few classic examples.

It has been a big fight for a long time, but there is only one clear winner – the consumer.

The modern consumer is fickle minded. Depending on the urgency and need, he/she switches between a shopping mall and high street. The modern consumer is also pampered. Having experienced premium shopping, he/she is never fully satisfied. Which is why, it is no surprise that a consumer who frequents malls also flirts with high street with equal fervour. PPZ conducted a survey to understand and outline the importance consumers place on quality time. "Consumers tend to associate the products they buy with a memory of the time they had. They will decide which mall to go to based on mall amenities, mall services, and the stores, apart from the basic needs of a great ambience", says Anand Sundaram, CEO, PPZ.

Pakhie Saxena, Associate Vice President, Retail at TechnoPak observes, "Consumers don't consider distance as a deciding factor. They are okay with traveling long distances owing to the trust and legacy they place with their choice of malls. They also affirm to the fact that consumers seek a format wherein all amenities, entertainment, dining and shopping can be availed at a single destination".

But more choices mean more categories, which imply that selection procedures will vary according to the product the consumer is looking to buy. Shabori Das, Senior Research Analyst at EuroMonitor, a London-based market research firm, points out a few interesting trends. "We noticed that in the case of grocery retailing, the major proportion of the country including the urban population preferred traditional retailers, as they were more convenient for day-to-day shopping. However, with time, the same urban consumers were seen to prefer modern grocery retailers, such as hypermarkets and supermarkets, specifically while shopping for a week's supply. The kirana stores did not keep up with the pace of modern development and so were considered obsolete by the modern consumer".

With today's modern grocery retailers, consumers can benefit from additional yet necessary features like higher product portfolio, parking space and payment by card - conveniences that traditional retailers do not offer. Similarly, for non-grocery products, the choice of channel whether online, offline, multi-brand retailer or single brand, was dependent on whether the consumer was spending a sizeable amount or not and what they were looking to buy. In general, the trend noted was that purchases in excess of Rs. 5,000 were made at brick and mortar stores with either a modern or traditional retailer, depending on the product being purchased. "Urban consumers generally were seen to prefer modern retailers, and rural consumers the traditional ones. And if trends are anything to go by, the rural market will soon see the change too", adds Shabori Das.

From L to R:
Anand Sundaram, CEO, PPZ
Shabori Das, Senior Research Analyst, Euromonitor International


DLF PROMENADE
VASANT KUNJ
Look No Further!
NOW OPEN
BCBGENERATION
CHAAYOS
CHANEL BEAUTY
DC SHOES
HUNKEMOLLER
JUICY COUTURE
KAMA AYURVEDA
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The why behind the where: choosing the perfect location

Now for the million-dollar question: How do mall management companies, retailers and international brands decide where to set up shop? It is fairly clear to all sides of the retail business that the reasons for choosing the retail destination need to be precisely outlined. Both the mall management companies and the brands must thoroughly evaluate and understand the factors that determine their success, and more importantly, their sustainability. The modern consumer is demanding and the retail setup needs to not only meet but also exceed demand and expectation, while evolving with the times - a tall order!

Essentially, the retail destination or location is selected based on the consumer base the retailer intends to target. Increasing annual disposable incomes have reassured retailers that consumers are willing to pay top dollar for top products.

The sheer diversity of requirements mandates mall management companies to conduct a thorough feasibility report to attract the crowd-pulling retail brands. PPZ (Pioneer Property Zone) who has a presence in 21 cities, states that retail brands always critically evaluate various locations with special attention to visibility, mall circulation and brand synergies with neighbouring brands. “Retail brands seriously consider the team that can assure higher probability of profits, growth, and sustainability”, comments Anand Sundaram, CEO, PPZ. Global real estate services firm, JLL stresses upon the availability of parking space as equally pertinent for retailers while choosing a retail destination.

Traditionally, the three important factors that retail brands consider when choosing their retail destinations were:

1. Catchment
2. Footfalls
3. Cost of occupancy

Today, the matrix of decision-making is more complex. In the case of Jubilant FoodWorks, – the company which holds the master franchise for Domino’s Pizza and Dunkin’ Donuts in India – their location requirements are governed by very specific parameters:

- The immediate catchment segment should fall within a radius of 3-4 km, and they prefer areas that are populated with residential or commercial establishments, schools or colleges.
- In a mall, Jubilant FoodWorks will usually delve into details like the perceived value of the mall, profile of major anchor tenants, expected footfall and the brand mix in the food court. The size of the counters and seating capacity are also major influencers.
- In the case of tier 2 and tier 3 towns, the food giant is more inclined towards analysing the spending habits, the population of the city and the economy drivers in that city.

On the other hand, H&M, the Swedish multinational clothing maverick, known for its fast fashion clothing for men, women, teenagers and children, believes that attractive business locations is the major deciding factor in their rate of expansion. Dhatri Bhatt, Head, Public Relations elaborates, “You will always find H&M stores in prime business locations in a city or shopping centre. The best business location, in fact, is so important that we would rather hold off on opening a new store and wait until the right location becomes available”. International brands prefer larger and more attractive spaces that allow them to embellish them with world class interior designs. H&M’s first store which opened in Delhi recently is close to 2,300/sqm in size. This exceeds the average domestic apparel and footwear specialist retailer

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▲ With a multi-storey book store, 12 cinema halls and other entertainment facilities Forum mall is also a popular tourist attraction

▼ H&M is uncompromising in their choice of location and would rather stall a launch

H&M

Kama Ayurveda

▲ Kama stores in malls all across the cities have proven to be the most effective

in India, which is typically 50-100/ sqm per outlet. Furthermore, the store designs offer a better shopping experience. The response to their store has been phenomenal and this has propelled their expansion with another store touted to be their largest yet, at all of 37000/sq.ft. at DLF Mall, Noida.

Kama Ayurveda, one of India's leading beauty brands, believes that key markets with a catchment similar to their client profile are the ideal location. "We would typically look at areas which have brands that offer a similar service", says Vivek Sahni, the company CEO. "Our ideal retail destination is the one that has the most competition. While evaluating a new market, Kama looks for existing brands. their business models and revenue, physicality and quality of the locations available".

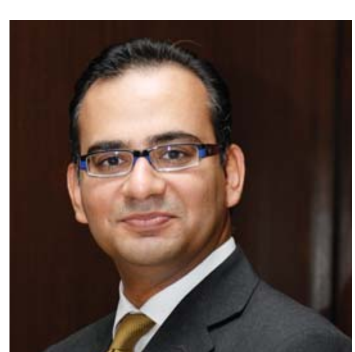
"Upcoming brands like H&M, Coach, Hunkermoller, Muji and more at High Street Phoenix will bring a comparative number of niche audience to the mall, comments Rajendra Kalkar, President (West), The Phoenix Mills. As a mall, this accounts for our initiatives to create a space for exclusive fast fashion brands and further improve the quality of high networked audience that visits the mall. Moreover, growing with the corporate hub, Lower Parel will become the destination for best choice of brands for an international shopper.

E-Commerce challenges "location is everything"

E-commerce is a progressive step to the rapidly evolving retail business and yet attracts opposing viewpoints. The benefits of e-commerce are there for everyone to see: convenience of shopping and deep discounts. In the opinion of most mall management companies, e-commerce has hit the nation with a huge wave, but it has not yet begun to adversely impact the brick-and-mortar retail business in India. E-commerce has, although, made inroads in a few retail segments such as apparel, books, music and mobile phones.

Vivek Kaul, Head Retail Services India for CBRE South Asia Pvt. Ltd., one of the industry's most powerful commercial real estate services, states that "the overall contribution of the e-commerce segment to India's total organized retail market share is expected to be less than 1%, largely because of low penetration levels of the internet". In addition, he also points out to the fact that the recent regulation by the Government to clearly define e-commerce and disallow deep discounts is likely to give physical stores a level playing field, especially in categories such as fashion apparel and consumer electronics.

According to a study conducted by PPZ, 68 per cent of what sells on e-retail portals corresponds to about 10% of the space occupied by brick and mortar. Additionally, the study suggests that while the bulk of the comparisons and brand evaluations take place across e-commerce portals, an overwhelming 82 per cent of the customers still prefer to buy the products at a mall. Touch and feel and instant gratification are important, but the larger incentive appears to be the entertainment and F&B opportunities malls offer.



◀ *From L to R:*

Vivek Sahni, CEO, Kama Ayurveda

Vivek Kaul, Head Retail Services India, CBRE South Asia Pvt. Ltd.

Pankaj Renjhen, Managing Director – Retail Services, JLL India

Beyond SquareFeet, a boutique Mall advisory company supports this theory by noticing a change in trends. Susil S Dungarwal, Chief Mall Mechanic, Beyond Squarefeet Advisory Pvt Ltd. further elaborates, "we observed many online shoppers returning to the brick-and-mortar model because of their need to have a great shopping experience". Euromonitor completely rules out the possibility of e-commerce as a game-changer. "In our opinion, a majority of the 1.2 billion population continues to reside in rural India, which is why no single channel dominates the market. There is room for growth for both online and offline channels, not just for rural India, but even for urban consumer base, explains their Senior Research Analyst, Shabori Das. The new and empowered consumer, according to Euromonitor, is spoilt for options; hence, consumers will choose retailers who provide them with maximum options, both in terms of products and purchasing routes. JLL, on the other hand, has a counter perspective which states that e-commerce is certainly changing the retail market dynamics in India. "E-tailing is changing the retail market dynamics in India by creating more competition and therefore pushes mall developers to keep finding new measures to enhance their footfalls", says Pankaj Renjhen, Managing Director – Retail Services, JLL India. JLL notes that brick and mortar retailers are investing in innovative formats and experience centres to combat the competition from online retailing.

These retail segments, however, need not be pitted against each other as e-commerce has its fair share of advantages such as low prices, convenience and ease of purchase, as well as helping brands enter newer markets, especially in tier 2 and tier 3 markets, without having to make heavy investments in stores. However, from a brand perspective, e-commerce and traditional retail destinations are likely to co-exist. This trend is apparent in many mature segments around the globe and new players in India are most likely to adopt the 'omnichannel' model. The channel will try and leverage the advantages of both modes of retail—the convenience of e-commerce and the tactile comfort of a physical store. The model opens up the opportunity for a brand to provide a more seamless experience to the consumer while also increasing the brand presence. Kama Ayurveda endorses this. Their presence on platforms like Amazon and Nykaa has broadened their audience base and given them new consumers, better reach and greater brand awareness.

2.bp.blogspot.com

▲ Phoenix Mall at Lower Parel, Mumbai is a popular destination for best choice of brands for an international shopper

Luxury retail destinations: nascent yet full of potential

Ask mall management companies, researchers and retail solution providers if luxury retail shopping in India has a future, and you'll most likely hear a resounding yes. Presently, luxury retail shopping in India is concentrated in a few luxury shopping malls and five-star hotel retail areas in key markets such as Delhi, Mumbai and Bangalore, but that is precisely why it will grow in the future, according to CBRE. The rise in disposable incomes, the sheer number of high net-worth individuals and exposure to global trends ensures that the luxury retail market has nowhere to go but up. Rajendra Kalkar, President (West), The Phoenix Mills validates this. "Loyalists are more inclined towards attaining the product with the quality it offers as compared with the amount of money spent on it when it comes to luxury international brands. These are the customers of a global market and indulge in their favourite brand options in the vicinity. Bringing their brands to the city adds to the overall customer experience and not just sales".

2015 registered a staggering 15% growth in terms of value sales as per a study by Euromonitor International. The same study pointed out that from 2010 to 2015, the channel grew at 31% CAGR in terms of value. The demand for luxury brands was very high in India in 2015, and is poised to steadily increase over the next five years as well. The growth will be driven by aspiration and the fact that consumers are trading up, which means consumers who were buying mass products back in 2010, will most likely be purchasing premium in 2015, which will shift to luxury in the future. This is obviously going to be driven by the increased annual disposable income and heightened awareness with regard to international brands.

TechnoPak, however, sheds light on some challenges the luxury retail segment is currently facing. According to them, consumers within this segment seek personalised services

and bespoke offerings, thereby gravitating more towards overseas luxury shopping destinations. Also, the challenges of retail staff training and limitations owing to the franchising model within India tend to limit the scalability of the segment. As international brands increase focus and investment in important business elements of sourcing, supply chain, training and marketing, the segment will become increasingly viable and the emergence of new luxury formats and destinations will be inevitable, they conclude.

Transit-oriented retail development: showing early signs of success

Transit-oriented retail, on the other hand, is a completely different ball game. It is still in the developmental stage and people are yet to fully come to terms with it. In the global market, transit-oriented destinations such as Canary Wharf in London and Changi Airport in Singapore have successfully become top retail destinations. In India too, the development of world-class airports has ushered in an airport retail upsurge with leading brands shelling out high rentals and occupancy costs

Retail destinations in India are evolving towards becoming one-stop destinations for **consumers seeking holistic experiences. New trends point towards larger anchor spaces.**

to establish their presence in these locations. Categories such as F&B, books, gifts, electronics, footwear and jewellery are some of the categories that are predicted to outperform others in such destinations.

Recently, transit-oriented destinations such as L&T Seawoods in Mumbai and L&T's upcoming malls in Hyderabad are being developed to support the large and growing catchment of both, the transit hub as well as the neighbourhood. Besides being beneficial to consumers due to reduced travel time for shopping, it would also lead to efficient utilization of space in prime areas. Not just this, transit-oriented destinations serve up a complete family experience too. As more and more consumers travel and spend time and money at airports—especially business travellers—airport retail is poised to grow as well.

3.bp.blogspot.com

▲ The development of world-class airports has witnessed an airport retail upsurge with leading brands shelling out high rentals

Agility will lead the way in the future

Retail destinations in India are evolving towards becoming one-stop destinations for consumers seeking holistic experiences. New trends point towards larger anchor spaces, larger shopping centres (DLF Mall of India being an apt example), foray of more international brands, focus on experience through F&B and entertainment, F&B-oriented developments such as DLF Cyber Hub in Gurgaon, diverse brand mix, and large stand-alone flagship stores on high streets, e-commerce, transit-oriented retail and some other destinations we have probably not yet imagined.

To stay relevant, ensure sustainability and safeguard against redundancy, retailers will have to constantly evaluate what is working and what is not. They will have to constantly and consistently improve their service offerings while also developing and investing in new retail destinations, depending on where the consumer is headed. More importantly, they would have to evolve faster than the consumer who is hurtling ahead at breakneck speed.

PPZ points out to the fact that developers, promoters and investors have realized a need to design the buildings as businesses. Specialists and consultants are now handholding the project all the way through right from writing the business brief to design and going into leasing and then on to marketing and operating these destinations. The new centres are therefore designed to create new successful and sustainable markets and to optimise profits. JLL points towards trends like shorter contract periods, rising interests and polarization of demand, which is leading towards a huge vacancy gap between existing retail destinations and emerging ones. IR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IMAGINATION AND INITIATIVES

By L Subhash Chandra, Managing Director, Sangeetha Mobiles

Imagination and initiatives go hand in hand. Initiatives are a risky affair. But if you believe in them, just go for it. We started with a small investment to set up a music shop. Today, we are a Rs 1250 crore company that has diversified into not only selling mobile phones offline but also online. Without imagination and initiatives, we could not have achieved much at Sangeetha.

Here is where taking risks and going for out-of-the-box thinking worked. Importantly, everything we did was towards one end: customer delight. It is this goal that has helped us reach this far.

CHANGE IS CONSTANT

Milestones are infectious. When you reach one, you see another. That's how Sangeetha Mobiles has grown into what it is today: a multi-brand retail giant present in 10 states, with over 320 stores and 12 million satisfied customers. Sangeetha sells 1.4 million phones every year employing more than 2500 people.

We began small to make a big impression through sheer imagination and initiative. Let me go back in time to illustrate this point.

In 1974, my father (LP Narayana Reddy) opened a small music store in Bangalore and aptly named it Sangeetha. After seven years, I joined him in his business. By then, the store had moved on from selling gramophone records to selling televisions. Later, it was the turn of computers (1985) and then pagers (1995). If you notice, we changed with the times. And that requires the ability to foresee the future and ride the wave before it's too late.

The turning point for Sangeetha was 1997. That's when it became Sangeetha Mobiles, because we decided to sell only mobile phones and have stuck to it till date. Around the time, SIM cards were sold to consumers through direct marketing agents who directed them to the grey market for buying handsets. However, Sangeetha encouraged consumers to buy the SIM card and the handset under one roof even though it was more expensive

than the grey market. But, there was the Sangeetha advantage: the phones were genuine and came with a bill and the manufacturer's warranty. The real secret to our growth story? We offer something that you can only expect from Sangeetha: Peace of Mind.

Today, we have over 320 showrooms across Karnataka, Andhra Pradesh, Tamil Nadu, Pondicherry, Delhi, Chhattisgarh and Uttar Pradesh, of which 180-plus are in Karnataka alone. We are also the only retailer in the country that has over 100 stores in a single city(Bengaluru).

Innovation led the way all through our formative years. Way back in 2002, we began our Anniversary Sale, which is the most awaited event every year from May 31st-June 30th. We triple our sales and the customers receive a basket of goodies. All mobiles are sold at Rs 1 margin and every customer gets an assured gift on the spot. Last year, customers got 20 per cent money back, Rs 600 PayTM cash, free Wi-Fi dongle and a SIM with 1 lakh seconds of free talk time, 9000 SMSes and one-year data. What's more, if customers shopped using their ICICI debit or credit card, they got 5 per cent cash back. What's more, there's zero percent EMI, no processing fee and a low down payment. They could even pay their loan over the course of two years.

We never sit on past laurels and constantly innovate. That's the way forward for any Indian retail business. You cannot be complacent and have to be constantly be on the ball. That's why we launched Sangeetha Delight in 2011 which involved Free PICK UP and DROP Service. Which meant, our people would knock on the customers' door, understand the problem they were facing with their handset and hand it to the respective manufacturer for repair. Not just that, they would give a standby phone in the interim, and promptly return the original phone after the repair.

When you do good work, recognition isn't far behind. The very next year, in January 2012, Sangeetha Mobiles beat Pantaloons and Godrej to win the award for 'excellence in customer service' at the second Economic Times Retail Awards. We were picked out from not just among other mobile phone sellers, but spanning the entire retail fraternity, and across all the products and categories.

NEW, NEWER, NEWEST

The mantra for survival in any retail venture is to flow with the times and stick to your core competency. Sangeetha Mobiles has largely been a brick-and-mortar success story. But two years ago, we took on the fast growing e-commerce retailing with a bang. Since 2013, we have been selling handsets online through ShopNo47.com, promising to deliver handsets to customers in under 47 minutes in select cities.

If you don't delight the customer, you are out of business. We spent ₹ 9 crore every year since 2008 on insuring phones of Sangeetha customers after they made their purchase with us.

The most innovative and bold step in Indian retail was taken by us in 2015 'Price Drop Protection' where we pay the customer the price difference in case the price of the phone drops within 30 days from the date of purchase. Till date we have given ₹1 Crore, yes you heard it right one crore back to the customers under 'Price Drop Protection'.

Our 365 days 'Physical Damage Protection' protects all customers from 'Physical Damage' of their phone. If a customer breaks his phone, no question asked, customer gets a new phone at just 50 per cent. Yes, it sounds crazy. Settlements done within 30 minutes across the counter. More than 350 customers have got new phones in the last 30 days under the physical damage protection.

Our 365 days theft protection under which we already have settled 20 crore worth claims in the last 6 years protects customer in case their phone is stolen. Customer gets a new phone at just 50 per cent in case customer's phone is stolen or lost, all this within 24 hours of submission of all relevant documents.

THE WAY FORWARD

If you can stay the course and continue to delight your customers, it's time to dream big and go global. Which is why, we plan to go public soon. So far, it has been a fully-owned family enterprise much to everyone's surprise.

AND FINALLY...

Today, we don't sell mobiles. We sell 'customer experience' and strongly believe in CARE – Customers Are Really Everything. It was the 'Trust factor' that got us here in the first place. This is extremely important in today's robotic business environment. We understand the value of emotions. Which is why, we are market leaders in a 'do or disappear' business. Our guiding philosophy has always been to create an experience of belongingness by delivering technology that touches, improves and empowers the lives of our customers.

"Running a mall is an art"

Select CITYWALK is the country's most admired shopping centre. Sprawling over an area of 1.3 million sq.ft., Select CITYWALK is a part of an overall complex of 54 acres that comprises of three floors of office space; India's first six screen - two Gold Class and four Premier Class PVR Cinemas, and approximately 1 lakh sq.ft. of serviced apartments. In an exclusive conversation with Shipra Srivastava of Images Retail, Yogeshwar Sharma, Executive Director, Select Infrastructure Pvt. Ltd., shares his views on the current scenario.

The mall has continually been praised and awarded as the 'Country's Most Admired Shopping Centre' by several independent organizations. Yogeshwar Sharma, Executive Director, Select Infrastructure Pvt. Ltd., is the man behind making Select CITYWALK, one of the premiere shopping destinations of the country.

You've been in the mall business for so long. How would you describe it today?

Over the years, the mall business has grown really fast, but it is just the beginning. Current retail scenario in India is evolving, and now, it is going to evolve further and it will be comparable to any other international destination.

With only a few malls slated to come up, do you see mall industry going through an arduous phase? What does this dearth of quality retail space mean for the retail industry?

The number of malls coming up could be less, but many people are now planning new malls. It may take some time, but we would see more malls coming up in the next five to ten years. Yes, it is true at the moment that there is a shortfall of quality retail spaces and we can't deny the fact. Finding a suitable retail space is a challenge for the retailers. However, things are improving gradually, and we would see more malls in future, for sure.

How would you allocate space to apparel, food, entertainment and so on, in your mall?

We form space location strategies keeping consumers in mind. We do thorough analysis on what categories are required by the consumers and in what proportion, as each category has it's limitation. At Select CITYWALK, we have allocated around 60 per cent space for categories like apparel, footwear, and so on, 15 per cent space is allocated for food and remaining chunk goes to cinema.

Given the steadily increasing number of shoppers in the online space, which were the top performing categories at your mall? What advantage do you offer compared to the online offer?

Sooner or later, online discounting will dry up. A good strategy can spearhead the mall business drastically. Quality retail space, architecture and balanced brand mix, are few key ingredients for a successful mall. Having said that, I would like to mention that physical infrastructure is not enough, running a successful mall is an art.

Despite growing online dominance, beauty and fast fashion are still very strong categories in brick and mortar retailing. There are many reasons for the survival of offline retail. There is no substitute to human touch and feel. Moreover, there is a serious dearth of urban outdoor spaces and malls fill that gap. Malls are emerging as social hangout entities and offer unmatched experience, which cannot be created in online channels. In fact, many malls including Select CITYWALK are giving good competition to online players.

Kindly highlight your growth plans.

We are working on our expansion plan. As of now, we are planning to expand in the metro cities only.

What kind of innovations do you expect to see in the retail segment?

Every brand must reinvent itself from time and again. For example, fashion brand ZARA has continued to evolve themselves despite the competition. Their apparel design has really set them apart. Another fashion retailer Tommy Hilfiger too has done great innovations in visual merchandising. Brands should also focus on technology and do analysis of consumer behaviour. They should work little extra to reach out to the consumers. IR

YOGESHWAR SHARMA: **QUICK FACTS**

- **EDUCATION:** B.Sc, LLB (Delhi University), Indian Institute of Foreign Trade (IIFT), ICSC Level A
- **FIRST JOB:** Fischerwerke GmbH & Co. KG
- **NUMBER OF YEARS IN THE INDUSTRY**: 12
- **ENDURING MEMORY FROM EARLY CAREER DAYS:** Lots of hard work.
- **FAVOURITE BUSINESS ICONS:** Kishore Biyani, and B.S. Nagesh
- **FAVOURITE BUSINESS PHILOSOPHY:** Hard work
- **THE COMPANY YOU ADMIRE THE MOST:** H&M, ZARA
- **KEY LEARNINGS IN YOUR CAREER:** It is ever evolving and one must always see the bigger picture.
- **FAVOURITE BOOK:** Human Revolution by Daisaku Ikeda, and Art of War by Sun Tzu
- **FAVOURITE FASHION BRANDS:** Thomas Pink
- **FAVOURITE SHOPPING DESTINATION:** Select CITYWALK, and The Dubai Mall
- **WHAT DO YOU LIKE MOST IN PEOPLE:** Honesty
- **TOP THINGS YOU WANT TO DO AT SOME POINT IN LIFE:** Sports, and study of the most popular philosophies of the world.
- **YOUR VISION FOR THE NATION:** To put India on the global map in retail sector.
- **YOUR IDEA OF WELL LIVED:** To excel and polish human qualities.
- **THE THINGS YOU VALUE MOST IN LIFE:** Human relationships
- **WHAT QUALITIES OF YOUR'S MAKE YOU FEEL GOOD ABOUT YOURSELF:** To see things from other's perspective.
- **IF YOU HAD TO TEACH SOMETHING, WHAT WOULD YOU TEACH:** Logical reasoning


Vineet Gautam
Country Head
Jack & Jones

A LEAP OF FASHION!

LOOKING BEYOND THE OBVIOUS

AJIO, the newly launched online fashion venture of Reliance Retail, seeks to carve out a unique niche for itself as a premium style destination. Alongside known Indian and global brands and own labels, it brings in curated fashion from across the world. Backed by the advanced internet infrastructure built by Jio and a robust physical retail business built by Reliance Retail, AJIO aspires to create a differentiated e-commerce model for India.

By Namita Bhagat

Reliance Retail Limited (RRL), the retail arm of Mukesh Ambani-led Reliance Industries, is not only the largest retailer in India, but has also attained market leadership in most of categories it operates in. As on 31st March 2016, it operated 3,245 stores in 532 cities across core format sectors such as Value Formats and others, Fashion and Lifestyle, Digital, Jewellery and Brands. Not so long ago, Reliance had announced its plans to adopt a multi-channel retail strategy across all its formats to tap the burgeoning e-commerce market in India.

Going ahead with the plan, the company recently launched AJIO (Ajio.com), its fashion and style e-commerce platform. It is a significant initiative from Reliance Retail that seeks to offer a differentiated omni-channel shopping experience and deliver tremendous choice and convenience to the consumers. AJIO.com was unveiled on 2nd April, 2016 at the country's leading fashion extravaganza, Lakme Fashion Week (LFW).

The brand idea

AJIO is a style philosophy, a brand foremost. A style destination which offers handpicked curated fashion across a unique selection of own brand, international brands, authentic handcrafted artisanal products, inspired indie and national brands. The online store will also be offering a significant majority of exclusive merchandise that customers will not find elsewhere. Its target audience is the fashion lovers and trendsetters looking for exclusive accessible premium collection. The store wants to create a distinct positioning for itself in the cluttered online fashion space driven largely by discounts, and will make premium fashion accessible via excellent value.

The company wants to build a brand with strong emotional connect, and aims to provide the very best price/value to the discerning consumers. According to it, this is a more sustainable approach that will differentiate AJIO in the market.

Fashion redefined

AJIO's endeavor is to redefine the fashion by challenging the stereotypes and breaking them. AJIO's style is inimitable, it says. It's all about "fearless fashion" and calls out boldly on the conformism built into the society as regards fashion. For its preview showing at the LFW, AJIO made a statement with its #DoubtIsOut campaign, which appeals to the woman who is empowered, who knows what she wants to be, and is confident in being who she is.

In sync with the campaign theme, AJIO picked up unconventional showstoppers and brought in exceptional women achievers from unique genres as showstoppers who epitomise the 'Doubt is Out' movement. The original Bollywood 'item girl' Helen walked the ramp, demonstrating 'Age no bar' to look stylish; the daring Sunny Leone sashayed down to say 'Choice no bar'; the chubby and bubbly Bharti Singh, known for her stand-up comedy on reality shows, walked the ramp effortlessly to 'Size no bar'; The first Indian woman to fly an MIG fighter jet, Suman Sharma, walked the ramp for 'Career no bar'; wrapping it up was Laxmi Narayan Tripathi, the transgender activist, stealing the show with 'Gender no bar'.

▲ Ms. Isha Ambani graced AJIO's preview at Lakme Fashion Week 2016. Her presence was indeed a #DoubtIsOut moment as Reliance Retail introduced, in the most unique manner, AJIO, their e-commerce venture for fashion-aware Indians. AJIO brought in exceptional women achievers from unique genres, to showcase their collection designed and crafted for the women of today. The entire collection can be seen and instantly shopped at www.ajio.com.

Going hi-tech

As indicated by Mukesh Ambani, Chairman and Managing Director, Reliance Industries Limited, with the advanced internet infrastructure built by Jio and a robust physical retail business built by Reliance Retail, AJIO will create a differentiated e-commerce model for India. The model will entail seamless integration of online and offline while innovating across superior customer experience, delivery services and payment ecosystem.

AJIO will leverage Reliance's stellar sourcing, supply chain and retail operations capabilities to differentiate further in the market. Markedly, supply chain will be a combination of internal and external partnerships. The company is partnering with leading supply chain organizations across the country to deliver an impactful shopping experience.

In addition, it will also gain from Jio's digital ecosystem. The platform is built leveraging best-in-class technology put together in a record time leveraging best open source and some best e-commerce off-the-shelf products. It has considerable advantages of it being able to leverage Reliance's state of the art JIO tech ecosystem like JIO Chat as well as Reliance Retail and JIO physical assets, thereby enabling true omni-channel experience.

The company gave the first hint of how it plans to revolutionize the buying experience during its launch at LFW. It presented an innovative concept of 'Shop-able Runway' at the show. The 'AJIO Shop-able Runway' offered an instant shopping option to audiences for the outfits showcased on the ramp. By clicking a link, users could directly reach the shopping section for the specific outfits on AJIO's website. The show was streamed live in order to reach out to fashionistas across the country.

AJIO will create a differentiated e-commerce model for India. The model will entail seamless integration of online and offline **while innovating across superior customer experience.**

Inside the store

The company has strived to ensure that AJIO is easy to navigate, fun to shop, and delightful to experience. The store will mainly focus on designer wear and high-fashion international brands. An accessible premium in its truest sense, it will feature a collection of over 200 international and national brands as well as own-brand merchandise comprising apparels, lingerie, shoes, accessories and jewellery.

Apart from a wide assortment of known brands, a significant majority of AJIO's merchandise is exclusive as it offers curated fashion to consumers. The store offers curated ranges from several international brands from Russia, Turkey, Singapore, Australia, etc. and authentic handcrafted artisanal products, inspired indie labels from upcoming young designers, Reliance Trends, Reliance Brands and more.

With curated offering, AJIO is well-positioned to provide for all the evolving fashion and style needs of today's consumer including hand-picked Capsule Collections and the artisan-crafted Indie picks, in addition to several national and international brands. The store's Indie collection presents one of the finest online collections of original works by artisans and boutiques from across India and the world, on a single platform.

Looking ahead

AJIO serves pan India, expanding rapidly over the next few months. It will be leveraging Reliance Trends for omni-channel approach which will open up many opportunities to innovate on delivery solutions and service levels going forward.

The platform has been built keeping future scale and performance expectations of consumers in mind. With this foundational platform, strong engineering team and Reliance JIO and Retail technology ecosystem being leveraged – AJIO is looking to evolve at rapid pace and would be making consumer experience more personalised, channel agnostic and experiences that bring best of both offline and online world together. IR


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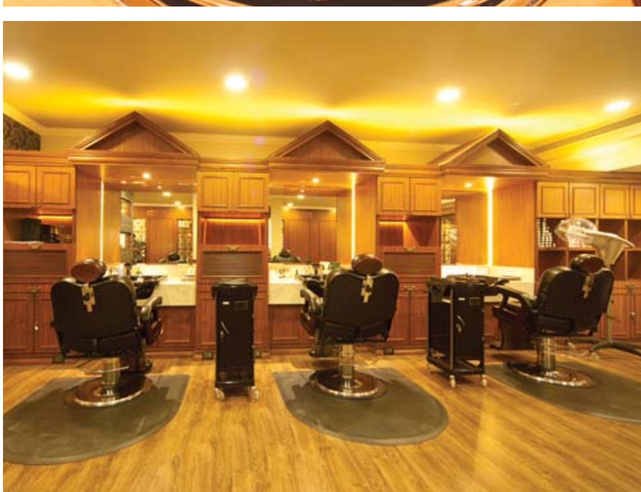
CUTTING EDGE LUXURY FOR MEN

By Namita Bhagat

Famed for catering to the rich, famous and noble, Truefitt & Hill, the world's oldest luxurious barbershop for men entered India in 2014 in partnership with Lloyd Luxuries Ltd. The UK-based brand is looking to capitalise on its first mover advantage and position itself as a leader in the country's niche men's luxury salon space.



Till some years ago, Indian men did not indulge much in personal grooming and looking good. Shaving at home or visiting local barber for a haircut was all they did to enhance their outward appearance. Barring an after shave lotion or a hair gel, there were hardly any other grooming products they would use. Salons and parlours were considered a woman thing! However, the scenario has changed overtime and today men like to pamper themselves and have taken to elaborate grooming big time. Men's salon is a common feature in India now and there is a growing demand for branded ones.

Truefitt & Hill, a world-renowned men's luxury salon brand from UK, entered India in 2014 by signing a master franchise agreement with Mumbai-based Lloyds Luxuries Ltd. (LLL). Says Istayak Ansari, Co-owner & Director of Lloyds Luxuries, "Truefitt & Hill is the world's oldest and one of the finest barbershops for men established in 1805 in London (UK). For over two centuries and a decade now, the brand has been offering a wide range of exceptional services and products designed to groom discerning gentlemen to perfection. We have acquired the brand's master franchise rights for countries like India, Nepal, Sri Lanka, Bhutan, Vietnam, Myanmar and Bangladesh."

▲ Istayak Ansari, Co-owner & Director, Lloyds Luxuries Ltd., Master Franchisee of TrueFitt & Hill in India

> "TRUEFITT & HILL STANDS APART FROM ITS CONTEMPORARIES AS IT HAS THE FIRST MOVER ADVANTAGE IN THE INDIAN LUXURY BARBERSHOP SPACE."

Truefitt & Hill India started operations in May 2014 with its first flagship store launched in Khar, Mumbai. Following the Truefitt & Hill deal, LLL is in process of bringing in various other luxury men's product brands to the Indian market through exclusive distribution agreements.

Current spread

The chain operates through a mix of barbershops or salons and retail shops. Currently it has five barbershops and one retail outlet at various locations in Mumbai besides one barbershop each at New Delhi and Bengaluru. The average store size is 1200 to 1900 sq. ft. "Three more sites are under construction in Gurgaon, Hyderabad and Bengaluru (Lavelle Road) and expected to open their doors by May 2016. The brand will soon have 11 operational stores across five cities," informs Ansari.

Products and services

In line with its tradition of excellence, Truefitt & Hill offers a diverse range of 'royal' and 'classic' grooming services for men, including shave, haircut, head-and-face-massage, manicure, pedicure, waxing, threading, etc., in its signature style to provide exceptional experience to its clientele. The brand also retails a full line of shaving, fragrance, hair and bath products to provide a daily grooming solution for today's man. Travel and gift collections are also available.

Seizing the opportunity

The Indian wellness and beauty industry has been growing at the rate of 30 percent (y-o-y) for past five years and the trend will continue for the next 10 years, notes Ansari. "There is a huge opportunity ahead of us and we intend to exploit the same in a structured and planned manner," he says, citing a recent report which suggests that the men's grooming segment will grow at a CAGR of 22 percent by 2020 attributed mainly to factors like growing consciousness among men to look well-groomed, increasing per capita income, and rapid urbanisation.

About competition, Ansari is confident, though, not taking it lightly. "The biggest challenge ahead of us is to build a team that will execute and implement our expansion plan. In our business, passionate, trained and self-driven team is a key to the growth and success of the company. Truefitt & Hill stands apart from its contemporaries as it has the first mover advantage in the Indian luxury barbershop space," says he.

Being a cut above

The brand's store design and ambience exudes quintessential majestic feel with classy interiors in mahogany

TrueFitt & Hill is currently clocking 1500 services per month across all full-service stores. It plans to set up over 15 new company-owned stores shortly.

wood and chic blue wallpaper creating a contrast, providing an immersive yet entirely relaxing environment. In step with changing times, the brand has embraced technology wherever needed. From in-store appointment taking software to launching own website, technology finds its way in many areas of its business. Truefitt & Hill India has its own portal which is also an e-commerce site to facilitate online shopping of its products.

As per Ansari, being in the service industry, the company lays great emphasis on continuous training and development of its staff to keep them up to date. Barbers from London branch as well visit India to provide training to local staff. He further adds, "We intend to establish and retain the leadership position by offering exceptionally good and world-class luxury services to our clients. To do so, we will have to ensure that as we grow rapidly, the service standards are maintained consistently across all stores."

The chain has a uniform service and product pricing across all locations and has strict no discount policy. Ansari clarifies, "Our prices are quite competitive and offer value for money considering the brand value and quality which comes with it. We also have annual membership at specified rates which provides unlimited services."

On marketing front, the company keeps doing cross promotions and events in collaboration with well-known brands and plans to spearhead its online advertising efforts also.

Going forward

"All our existing stores are doing well and report over 75 percent capacity utilisation rate with similar EBIDTA margins. We are currently clocking 1500 services per month across our full-service stores," apprises Ansari. Truefitt & Hill would like to continue saturating the Indian market by expanding its physical footprint and also ramp up its online presence. It plans to set up over 15 new company-owned stores across 10 new cities pan India in 2016-17.

Moreover, the brand's master franchisee, Lloyds Luxuries, is also looking to establish one sub-franchised store each in Colombo, Sri Lanka and Myanmar. They intend to have 75 plus outlets in India by 2019, of which around 50 will be corporate-owned and the remaining will be franchised. IR

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DUNKIN' DONUTS
CREATING A WOW EXPERIENCE

Indians are known for their sweet tooth. And any option to satiate their sweet desire with international delicacies was perhaps guaranteed to succeed. Specifically, while donuts in India have always been around, the launch of Dunkin' Donuts has redefined the way donuts are looked at and perceived in India, with their restaurants centered around donuts and other delicacies! We speak with the team to find out about the genesis of the brand and its journey down the years.

By Zainab S Kazi

The Beginning

The story of Dunkin' Donuts began in 1948 with a donut and coffee restaurant in Quincy, Massachusetts called "Open Kettle." Founder William Rosenberg served donuts for five cents and premium cups of coffee for ten cents. After a brainstorming session with his executives, Rosenberg renamed his restaurant "Dunkin' Donuts" in 1950. His goal was to "make and serve the freshest, most delicious coffee and donuts quickly and courteously in modern, well-merchandised stores," a philosophy which still holds true today.

"What started as a single restaurant in Quincy is now a global coffee and baked goods chain, with more than 11,700 locations in 43 countries around the world," shared the company spokesperson, Dunkin' Brands Group, Inc. Adding further on the initial days of their journey, the spokesperson shared, "In its earliest days, Dunkin' Donuts was focused on serving high-quality coffee and a wide assortment of delicious donuts. Over the years, we have expanded our menu to include espresso beverages, hot and iced tea, Coolatta® frozen beverages, sandwiches, bagels, muffins, and croissants. We've also evolved our restaurant design over the years to include digital menu boards, modern décor, comfortable seating and Wi-Fi for our guests."

Franchising Journey

Dunkin' Donuts signed and executed its first franchise agreement in Worcester, Massachusetts in 1955. A few years later in 1960, Dunkin' Donuts founder Bill Rosenberg became one of the founders of the International Franchising Association. The first international restaurant was opened in Japan in 1970.

On the best practices followed across all the Dunkin' Donuts restaurants, the spokesperson shared, "Dunkin' Donuts restaurants work hard every day to serve our guests around the world our brand's delicious range of high-quality coffees, sandwiches and baked goods, all with our brand's signature fast and friendly service. Our coffee is freshly ground and brewed in our restaurants, so our guests receive a consistently delicious cup of coffee whether they're in Boston or Bangalore."

The India Chapter

Prashant Sarwade, head marketing and NPD, Dunkin' Donuts India begins on an optimistic note sharing the plan of action for 2016, "We intend to open 20-22 new Dunkin' Donuts restaurants in India and expand to newer cities in the country."

We launched Dunkin' Donuts in India as we felt strongly about the relevance of the brand for Indian audiences and the differentiation it can bring in to the current food service offerings. The First Dunkin' Donuts restaurant was opened in Greater Kailash–1, M block, New Delhi almost four years back, in April 2012. Sarwade adds, "Dunkin' Donuts was launched in India with a customized menu that was a result of more than a year of development by the Dunkin' Donuts India team in collaboration with the chefs from Dunkin' Donuts culinary team based out of the US." According to him, one of the first thing the brand did before its launch in India was the setting up a world class R&D kitchen and appointing best in class culinary resources to innovate a winning menu for India.

The brand since its launch in India has received excellent response from across the country – be it metros or smaller towns. Elaborating on this, Sarwade shares, "We have received great response from all the restaurants across the 24 Indian cities that we have entered. The reasons have varied in each city. In the metros, we have seen consumers stay loyal to the brand because of their past relationship with the brand owing to international exposure. Whereas in the smaller towns, the aspirations of the youth, and the connect felt with the brand has made us popular among the patrons."

Chalking Out Win-Win Strategy

Dunkin' Donuts across the world comes under the category of a 'restaurant'. In India, though, the brand had to find a niche for itself and ensure that it did not fall in the category of either being looked upon as a café or a QSR. Sarwade elaborates on the journey encompassed, " In India, there are predominantly two popular destinations for out of home consumption – QSRs and Café. QSRs have been there for long and urban young customers seemed to have outgrown the experience as they now considered it infantile. On the other hand, Cafés are usually considered for formal social engagements and not seen as food places.

Settawat Udom / Shutterstock.com

Nigel Travis has served as the Chairman and Chief Executive Officer of Dunkin' Brands since his appointment in 2009. From 2005 through 2008, Travis served as President & CEO of Papa John's, the pizza chain with annual system-wide sales of $2.1 billion and more than 3,300 restaurants throughout the U.S. and 29 international markets. Under his leadership, Papa John's accomplished outstanding results, with industry-leading comp sales, consistent earnings growth and excellent franchise relationships. During his four-year tenure with the company, Papa John's online sales tripled through the innovative use of technology. In addition, Travis helped position the company's international business as a major growth platform and oversaw the successful rollout of several new products, including Papa's Pan Pizza.

Prior to Papa John's, Travis was with Blockbuster, Inc. from 1994 to 2004, where he served in increasing roles of responsibility, including President & Chief Operating Officer. During that time, global sales increased over 50 percent and the international business was developed to encompass 26 countries with revenues of $1.8 billion. Travis also built a worldwide franchise network of 300 franchisees in 15 countries with revenues of approximately $1 billion, and transitioned the company from a video rental store chain to a complete movie and game source. Before that, he was with Burger King, first as Senior Vice President of Human Resources and later as Managing Director for Europe, the Middle East and Africa. As Managing Director, he turned around the region, significantly increasing sales and operating profits. He dramatically increased the rate of store development in the region, and successfully drove expansion into new countries and alternative points of distribution.

▲ Prashant Sarwade, Head Marketing and NPD, Dunkin' Donuts India

With three different categories – Donuts, Coffee and Food, the first challenge for us was to get a differentiated brand proposition that could be a sweet spot between QSRs and Café."

He aptly points out, "Food consumption habit in India is very different from that of the western countries. For example, in the US, Dunkin' Donuts is a morning brand where donuts are ideally a breakfast item consumed along with Coffee, but in India, they are considered as snacks or may be a dessert after lunch or dinner. Consumption out-of-home is mostly food in India. Hence, it was imperative to get an all day part menu in place that has a wide spectrum of choices for customers throughout the day."

Customization adopted to have a better connect in India

Dunkin' Donuts is an international brand and the core category offerings of the brand - Coffee, Donuts and Savory - remain consistent across countries but in India, there is a change. The offerings India are customized and there are certain additions that have been made to the menu based on local insights and preferences. Sarwade reveals, "India is the only country where the brand is called Dunkin' Donuts & more. Burger is a product that has been developed entirely for the Indian market considering the popularity of burgers in the country. We have been listening to the Indian consumers and have been launching products that meet the growing consumer palate. Today, Dunkin' Donuts offers the newly launched value range of Big Joy burgers, the signature burgers such as the Tough Guy Burger and the Naughty Lucy Burger, as well as the latest range of "Too Much Burgers" which includes Crispy Double Corn, Potato Wedges n Pie, Spicy Grilled Chicken, Double Smoked Chicken and Double Mutton." Coffee too has seen some innovations in India. Sarwade elaborates, "In a cappuccino dominated coffee market in India, we added a highly differentiated coffee called Bangalore Startup Coffee that is inspired by the South Indian filter coffee. Add to it an interesting twist to the cappuccino through Therapeutic Cappuccino and Tough Guy Cappuccino."

Marketing Initiatives

On the marketing initiatives, Sarwade shares, "We are a brand for the evolved, extrovert and expressive generation. We engage with the young audiences on social media and invest heavily in print, OOH, radio and digital advertising." He adds, "As a brand, Dunkin' Donuts appeals to the edgy, creative, ambitious and outgoing individuals and hence all our communication – from the product nomenclature to our restaurant design and the advertising – is customized to support the brand image and bring alive the positioning."

To conclude, the brand has moved swiftly in India keeping tab of the ever evolving needs and preferences of its patrons and that perhaps makes it a preferred gourmet destination for the youth and not-so-old alike. As Sawrwade shares, "Since our entry into India, we have been focused on offering the evolved consumers an experience and a menu that complements their personality. We have innovated and developed various products to keep giving the consumers something new and exciting each time and have received good response from them so far." IR

MAJOR HIGHLIGHTS

The achievement of the brand in India has been remarkable and this is accentuated when Sarwade shares, "We launched in India with the target of opening 80-100 restaurants in the next 5 years. Today we have 70 restaurants and are present in 24 Indian cities (as of February 11, 2016)."

The other achievements include -

- Landing the brand first time right through impactful store launches across cities
- Differentiated product narratives consistently launched to connect with customers emotionally
- Conversational store design to bring alive the brand experience
- Loyalty program and SMS campaigns to deliver customized benefits
- Entering households for donuts pantry loading and gifting through 2 month shelf life donut cakes
- Partnership with food and restaurant aggregators like Grofers, Zomato making donuts accessible through online ordering.

Dunkin' Donuts is targeted to the urban young adults of the country. The positioning is an acknowledgment of the cultural needs, life and lifestyle of this segment.

The positioning is brought alive through not only great product narratives in the all day part menu like Tough Guy Burger, Naughty Lucy Burgers, Death by Chocolate, Alive by Chocolate, etc. but through store design and décor and also advertising and communication.

ROSSO BRUNELLO

SETTING BENCHMARKS FOR NEW AGE RETAILING

Team Images Retail takes a deep inside look at footwear brand Rosso Brunello's swanky new store at the DLF Mall of India.

By Shipra Srivastava

Covering an area of 650 sq ft, high fashion premium footwear brand, Rosso Brunello, recently launched its exclusive standalone boutique in Mall of India, Noida. The fixtures are a perfect blend of Italian flavors exuding luxury and sheer elegance with a tinge of pop colors. Eliminating the usual window display, the dummy doors at the entrance is the new idea we have experimented with. Simple, minimalistic, chic, young and fresh define the look and feel of the store.

The new format of the store accentuates a French feel altogether with glossy chequered flooring, French windows with lacquered glass and vintage lamps. The display structures are created like niches, each one to focus exclusively on one particular product.

Journey of the Brand

Rosso Brunello caters to the varied style preferences of affluent urbane consumers across all age brackets. The brand brims with energy and vibrancy as almost every day a new product is manufactured, new styles are being added through continuous research and trend forecasting.

"The footwear market in India has evolved with time. Earlier owning one pair of shoe would suffice multiple occasions but now consumers look for different pairs for different occasions. They have become more fashion conscious and are open to try new styles and at Rosso Brunello we constantly strive to keep in-sync with international fashion trends in terms of style and quality," informs, Sahil Malik, Managing Director, Rosso Brunello.

Design Strategy

The design strategy of the store aims to make the store self-inviting yet minimal with a luxuriously sophisticated feel to catch attention. The whole idea was to drift away from the usual store design as earlier it was monotonous with no accent colors, dull matt finish flooring, a dark burgundy color was used as the main accent. So, to give a complete fresh and a boutique structured look we have now infused a lot of colors and chequred flooring which has made a big difference.

Design USPs

Use of pop colors – Orange, Pink

Given a boutique structure to the store with a French feel.

French windows with black. lacquered glass instead of plain.

Chequered flooring.

Lamps to enhance the look and feel of the store.

Bright orange dummy door at the entrance.

Props Used

For shoes: Stainless steel stands for top shelves, podiums made out of wood with duco-paint finish and lacquered glass on top with orange and pink color. Orange for men and pink for ladies.

For Bags: Stainless steel bag stand

For Wallets: Wooden modular wallet modules.

VM Placement

Visual Merchandising strategy of the store is to keep it minimal, elegant and sophisticated. The idea is to break through the clutter and highlight each and every product. We have an in-house VM team that brainstorms continuously to keep the look and feel of the stores in sync with brand's vision and aesthetics.

Store Innovations

"We have eliminated the concept of a regular window display area and experimented with the idea of a dummy door to give a boutique structure to the store. The storefront has been kept minimal to breakthrough clutter," shares Malik.

Store Location Strategy

We procure spaces in pre-eminent locations with high footfalls. Mall facilities, high streets and even airports are ideal location for expansion as they have the right audience.

In-Store Design/ Material Innovations

"We have given a complete French feel to the store with a French window in lacquered glass, chequered flooring, round in-store display tables. The whole store is grey in color with a pop of orange and pink to highlight structures," says Malik.

There are separate display structures for other categories like ladies bags which are made out of stainless steel with focused lighting on each bag/ product. These structures are like niches. Various niches are created and every niche has one product so that each product is focused and highlighted. There is a module with French molding on top in pink color to highlight the product.

LIGHTING AND FIXTURES	
Parameter	
Supplier	Jainsons
Company	Igguzini (Italian)
Chandelier & Lamps	
Via Bizzuno (Italian)	
Tiles	
Supplier	Sun and Sales
Company	White Horse (Spanish
Wallpaper	
Supplier	Wall of Fame
Company	Azzuro (Italian)
Wall Paneling	
Supplier	Mahalaxmi Traders
Company	Alvic (Spanish)

Product Portfolio

The brand features signature men & women footwear, belts, wallets, keychains and recently launched ladies handbags.

In-Store Technology

Technology plays a major role in the evolution of retail, and we think keeping up with such advancements is utmost important.

"We tactically invest in data and technology and augmenting in-store experience. Since each shopper's needs vary, there are multiple factors considered holistically when connecting with them," says Malik

The brand is in the process of developing mobile applications and installing iPads that will give immediate access to stores and product information. Apart from this we are also looking at installing LCD screens to make the stores visually appealing.

Marketing Strategy

The brand follows 360 degrees campaigns to reach customers through multiple touchpoints. Adoption of both offline and online marketing techniques to reach our customers and constantly enhance their shopping experience. "We do seasonal offers, reward our customers on special occasions like birthdays & anniversaries and more. Our CRM solutions team rigorously maps the minds of the customers and develop strategic ways of reaching out to them," says Malik.

Expansion Plans

The brand plans to go off-shore in coming years and add more categories and even more style options. As a company policy, the company does not go the franchise route. All its stores are company owned as of now. IR

Spring Summer
Collections
Now on Racks

WANTED

DISTRIBUTORS

& FRANCHISEE

An Indian Apparel giant encompassing complete mens wardrobe range is looking for Trade Partners / Franchisee for its various categories & brands across the country .

Trade partners who are dealing with mens apparel brands doing turnover of 2 crore plus per annum with complete distribution setup are preferred. Classic Polo has an optimistic plan to reach 500 crore in next 3-4 years . Brand is looking for prospects with similar dreams & desire . Join hands & lets grow together as partners in progress.

Franchisee Invited

Need 400-600 sq.ft shop preferably with parking area. Investment 20-25 Lakhs. Return on investment upto 40%. Ideal for part time professionals & housewives

Number of Exclusive Brand Outlet : 81.
Number of Multi Brand Outlet :5000.
Number of Large Format Stores: 175.

CLASSIC POLO

T-SHIRTS | SHIRTS | TROUSERS | DENIMS | JACKETS | SWEATERS | LOUNGE WEAR | INNER WEAR

Exclusive Brand franchisee Outlets: Tamil Nadu: Bhavani | Chennai | Coimbatore | Chengapalli | Dindigul | Dharapuram | Dharmapuri | Erode | Gobichettilpalayam | Karur | Nagercoil | Palladam | Perundurai | Pollachi | Sivakasi | Thiruvanamalai | Tirupur | Trichy | Udumalpet | Ulundurpet | ***Kerala:*** Palakkad | Muvattupuzha | Kannur | Trivandrum | ***Karnataka:*** Bangalore | Bidar | Bijapur | Bagalkot | Davangere | Gulbarga | Gokak | Hassan | Hospet | Mudhol | Mysore | Mangalore | Raichur | Kollegal | Kalasa | Tumkur | ***Andhra Pradesh:*** Hyderabad | Secunderabad | Kadapa | Karim Nagar | Miriyalaguda | Srikakulam | Vijayawada | ***Maharastra:*** Jalgoan | Pune | Thane | ***Bihar:*** Bhagalpur | Patna | ***Orissa:*** Bolangir | Cuttack | Jajpur | Rourkela | ***Rajasthan:*** Jodhpur | Kota | Sikar | ***Haryana:*** Faridabad.

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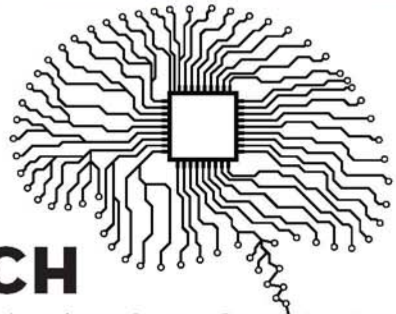
Highlights

IMAGES Retail

JUNE 2016

MEET THE 50 TECH BRAINSTORMERS OF RETAIL INDUSTRY



The last decade has seen a plethora of experiences migrating online and with them, consumers. Technology has undoubtedly evolved from a service extension to a lifeline for businesses. Retail is no stranger to the tech-revolution; today, it has technology woven into the very fabric of its DNA.From retailers scouring the country for strategic locations to extremely lucrative retail businesses with solely online interfaces, the face of retail is now technology. In this landscape, the role of the Technology/ IT Heads in creating seamless consumer journeys between the online and offline experiences has also evolved. If technology is the face of retail, the Technology Head is its brain. Which is why, June issue of IMAGES RETAIL features a cover story on India's most influential Retail Technology Heads.Get exclusive access to their Top 5 tech priorities of 2016-2017 while also getting to know the person behind the coveted title of Retail Technology Head.

"SURVEYS OF SUCH IN DEPTH NATURE ALLOWS TARGET AUDIENCE TO SEE THE POWER OF COLLECTIVE THOUGHT PROCESS OF THE INDUSTRY LEADERS. I CONGRATULATE IMAGES RETAIL MAGAZINE FOR BRINGING OUT THIS ONE OF ITS KIND IN-DEPTH REPORT"

– ABEL CORREA, HEAD IT STRATEGY AND GOVERNANCE, ARVIND MILLS LIMITED

In this issue:

RETAIL LEADER

In-depth interview with a leading industry stalwart in the retail domain. The interaction will focus on his key achievements and the milestone that his company has accomplished under his leadership.

TECHNOLOGY

Spotlight on most promising retail tech trends --- Internet of Things (IoT), Big Data, Cloud & their practical applications & benefits in retail.

INNOVATIONS

Best innovations of the month - across segments like store design, technology & marketing.

SUCCESS STORY

In-depth profile of a leading retail brand. The feature will focus on the brand's history, trivia, retail spread and interesting insights into their strategy to drive their growth completed by facts and figures.

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DO NOT MISS TO PARTICIPATE IN THIS SPECIAL ISSUE OF IMAGES RETAIL

MIRAJ CINEMAS
SPREADS ITS WINGS IN GUJARAT

Miraj Cinemas, an entertainment arm of Miraj Group, is targeting to have 200 screens by 2018. The company have firm belief to expand its presence pan India with strong participation in film production and screening. The company which started its debut with 'Queens The Destiny of Dance, is now a multimodal production house for upcoming films in Bollywood.

With about 60 screens across the country, Miraj has intensified its focus in the western states like Gujarat and Maharashtra and aggressively expanding its screen presence. Rcently, Miraj has inaugurated its 60th screen at Miraj Shiv Mall at Surendra Nagar, in Gujarat. The multi-screen property of Miraj Cinemas in Miraj Shiv Mall boasts of 2 screens with 255 seats plush 170 degree recliner seating capacities in addition to the 2k visual technology with 3D equipped.

According to **Amit Sharma, Managing Director, Miraj Cinemas,** "We are happy to mark our presence with 60th screens here in Surendranagar. In next one year we are also planning to spread our wings and be located in 4-5 key areas in the state of Gujarat. In our Shiv Mall property we have included all the latest audio-visual technologies keeping in mind that people from smaller cities/towns can enjoy seamless movie viewing experience at same as any metro cities multiplexes." Commenting on the brand strategy, he added "We want our presence in every nook and cranny, so that the brand retains its pan-India flavour."

Miraj Cinemas that aims to provide quality movie watching experience to its patrons wants to be geographically present throughout the country. In phase one Miraj will be operating 100 screens pan Indian by end of calendar year 2016, with 300 screens in two years and 500 screens in next 3 years organically and inorganically. Equipped with latest technologies, Miraj has tapped Surendranagar location as it is densely populated with cosmopolitan culture and very well connected with rest of the cities. The surrounding is one of the major plus point to gear up the beginning of Miraj cinemas in Saurastra &Kutch region of Gujarat, with few more upcoming locations in pipeline.

According to **Bhuvanesh Mendiratta, Vice President, Operations, Miraj Cinemas**, "We have invested nearly Rs 75 crores over past few years pan India and will go all out to enhance our presence massively in Gujarat besides our existing property in Ahmedabad, Gandhidham and Adipur."

In March, Miraj has opened its 58th screen at Miraj Madhuban at Gandhidham, Gujarat for the public. This multi-screen property of Miraj Cinemas in Gandhidham boasts of 3 screens with 781 SEATS plush 170 degree recliner seating capacities in addition to the 2k visual technology.

Equipped with latest technologies, Miraj has tapped Gandhidham location as it is densely populated with cosmopolitan culture and very well connected with rest of the cities. The surrounding is one of the major plus point to gear up the beginning of Miraj cinemas in Kutch region of Gujarat, with few more upcoming locations in pipeline.

FUNDING AND INVESTMENTS IN INDIAN FASHION

FASHION IS ONE OF THE FASTEST GROWING SECTORS IN INDIA. IT'S NO SURPRISE THAT THIS SPACE HAS BEEN GENERATING A LOT OF INVESTOR INTEREST OVER THE LAST FEW YEARS. 2015 IN PARTICULAR WAS A GREAT YEAR FOR INDIAN FASHION BUSINESSES AS IT SAW A LOT OF INVESTMENT ACTIVITY ON ANGEL, VC AND PE FRONTS. EVEN IPOS SEEM TO BE BACK IN FASHION.

By Namita Bhagat

Fashion is a sunrise sector in India. It presents enormous business opportunities for manufacturers as well as marketers (wholesalers, distributors and retailers). More often than not, business, whether new or established, need to access external capital. When bootstrapping a new venture is not possible or internal accruals are not enough to fund expansion; businesses can tap funds externally. Debt and equity are two major sources of external financing. In recent times, venture capital (VC) and private equity (PE) have emerged as preferred funding options for early-stage ventures and relatively mature companies respectively; whilst angels and seed funds have come to the rescue of new businesses and startups. Mature companies may also raise capital from

FASHION SECTOR AT A GLANCE

- Fashion can be broadly categorized into apparel and accessories.
- Fashion accessories are generally of two types: those that are carried and those that are worn. These include footwear, jewellery & watches, bags & wallets, etc.
- The fashion industry has mainly four major components: suppliers, manufacturers, vendors (wholesalers, distributors, agents) and retailers.
- Textile manufacturing is the backbone of apparel or clothing industry while fashion and accessories is the largest category in organized retail.
- Even as fashion industry continues to hold on strongly to physical retailing, it has embraced online retail as fish takes to water.

primary markets via IPO route. Strategic investment is yet another type of equity investment wherein a larger company or HNI investor picks up stake in business which they reckon an adjacent or related opportunity.

Fashion: An Emerging Investment Hotspot

Global fashion brands (apparel & accessories, and footwear in particular) see India as a potential sourcing hub. This provides ample growth opportunity to domestic manufacturing brands and contract manufacturers. On exports front, home grown companies in textiles & apparels, footwear and jewellery seem to be doing well. Retailers, Indian as well as global, are gung ho about the country's thriving market. With growth of branded fashion, entry of foreign brands and development of modern retail in India, the fashion companies across the value chain are fast becoming investment hotspot for investors. A significant portion of FDI in India comes through PE-route and several fashion companies have benefitted from this. Majority of fashion e-tailers have been funded by global PE firms.

According to Deep Mishra, MD (Private Equity), Everstone Capital Advisors, "The Indian fashion sector has seen several developments in the past few months. There have been PE deals in Fab India, Ritu Kumar, Anita Dongre and Biba. Many other domestic apparel companies are in the market looking for investors to back them with growth capital. Online fashion retailers, marketplaces and online only brands have also been actively raising money from tech investors. Marquee global brands such as GAP and H&M have entered India."

Sanjeev Krishan, Partner & Leader (Private Equity & Transaction Services), PwC India, states, "Fashion space is part of the wider consumer theme and has attracted fair amount of interest from PE/VC funds.
As investors stay away from any sector which is severely regulated, consumer and consumer derivatives are big investment themes for them. Owing to growing urbanization in India, and enhancement in consumer spending, fashion segment has grown and this found notice with the PE/VC funds too."

Prajakt Raut, Co-Founder at Applyifi and Founder at The Hub for Startups, affirms, "Investors look at investing in sectors that have a large market size, and within that, they invest in companies that have a reasonable chance of being a dominant player. Fashion industry has headroom for significant growth, and one in which there will be opportunities across different socio-economic strata, as well as at different price-points. Apart from fashion brands, support sectors in the fashion & apparel sector like logistics, automation robotics in warehousing and production, etc. will be sectors that investors will be bullish." Besides, he feels that it is usually difficult for investors to take bets on very early-stage companies in sectors like apparel where the scalability of the company will depend largely on good quality

▲ Sanjeev Krishan

▲ Prajakt Raut

▲ Norbert Fernandes

▲ Mahesh Murthy

▲ Deep Mishra

execution. Hence, for categories like apparel, there would be growth-capital available, but capital for proving the concept or for finding product-market-fit will be difficult to get.

Buoyed by the e-commerce and m-commerce wave, a slew of fashion startups have come up over the last five years or so.

Norbert Fernandes, Co-Founder & Principal, IvyCap Ventures, observes, "A number of trends have converged that have made possible disruptive structural changes in the seemingly traditional fashion/apparel business. The most important themes we are seeing is that of a complete shortening of the design-to-sale cycle, and personalization using technology at scale. Within that, lie several opportunities for startups and, by extension, PE/VC investors. Using data intelligently to predict fashion trends is one. Earlier, fashion houses would dictate trends with their collections, now the tables have turned and trends are created almost instantaneously. There is opportunity in creating a production cycle catering to several shorter trends created organically in a year which means reliance on data analytics, shorter production techniques, leaner working capital frameworks. All of these represent attractive investment opportunities in my view."

High Investor Sentiment

Investments go where the potential is and fashion clearly is among the most promising sectors. A number of successful exits have also motivated other investors to park their funds in this space. Apart from this, there are various other factors fueling funding in fashion.

Reiterating that PE/VC funds view fashion as part of the larger consumer derivatives theme, Krishan of PwC avers, "There has been a whole focus on making "fashion" more affordable so it achieves a wider base of customers. As a result, certain segmentation has emerged within the sector, and this led to further growth in the sector. Now the focus is on newer delivery models." He also shares an estimate of funds committed through angel and VC/PEs in fashion segment in recent times: USD 0.5 billion across 32 deals and USD 0.34 billion across 28 deals in 2015.

Strong operating performance by a few PE-backed fashion companies like AND Designs (now re-named as House of Anita Dogre Ltd.) and Biba have led to very profitable exits leading to more interest in the sector by other PE funds, says Mishra at Everstone, adding that same store performance for many fashion brands continues to be positive and listed apparel companies have outperformed the

It is commonly believed that an entrepreneur is judged by their valuation. **This is not true. An entrepreneur is judged by value created.**

KEY INVESTMENT TRENDS

- Investors have shown strong interest in fashion companies positioned in premium or mid-premium segment. Even specialty segments like children's, teenage fashion, western-styled women's wear, etc., are on their wish list. Apparel is the most popular category followed by jewellery and footwear.
- Investors are upbeat on women apparel brands. They reckon that consumption demand in this category will continue to grow. AND Designs (now re-named as House of Anita Dongre Ltd.) and Biba provided successful exits to PE investors.
- PE firms are investing in brands but apparently not too keen on mass-market companies. Designer brands like Ritu Kumar, AND Designs and Kimaya Fashions, a retailer of designer brands are all PE-backed.
- Brands will dominate the next phase in the growth of fashion e-commerce. Superior brands will be better equipped to deliver under mounting pressure to improve margins in horizontal commerce and marketplaces.
- Present investment environment favours fashion startups (designers, brands, retailers) in a big way.
- Indian luxury fashion segment has also registered some PE activity.

overall indices backed by continued growth. Overall industry remains very under penetrated with extremely strong macro performance expected over the next decade with growing urbanization, premiumization and customer segmentation.

Fernandes from IvyCap notes, "We are definitely seeing a cooling off of valuations from what we were getting accustomed to seeing in the last 12-18 months. But I would emphasize that that is not the same as cooling off of investor interest. India still remains a very sought after destination for long term capital and large PE/VC investors continue to actively evaluate Indian investment opportunities." He further says that the exit situation has improved by leaps and bounds in the last two years, with several large and many small-medium strategic buy-outs. More acquisitions are expected in the next 12-18 months, as capital gets concentrated in the top 2-3 players in each segment, and inorganic growth increasingly becomes a strong driver for future growth.

Investor Expectations

Angels are individuals or group of individuals. VC and PE investors can be individuals as well as institutional. But they all take into consideration various qualitative and quantitative metrics to arrive at their investment decisions. Though it is difficult to evaluate early stage investee, angels do consider keys like customer adoption and retention, market size and early penetration, feedback from early adopters etc. VCs look at three key areas when evaluating a prospecting investee: market, product differentiation and the team. They buy shares of the early stage company at a fixed price with expectation to have substantial return on the investment (RoI) at the time of exit. PE investors invest in late stage company with investment expected to return ~2-4x at the time of exit. Furthermore, online and offline business have their own intricacies to be adjudged from investment point of view.

Angels are individuals or group of individuals. VC and PE investors can be individuals and institutional. **They take into consideration various qualitative and quantitative metrics to arrive at their investment decisions.**

Mahesh Murthy, Co-Founder at Seedfund and Founder at Pinstorm, underlines key metrics for investing in an online venture, "As far as I am concerned, the key metrics to look at are leadership in segment, unit-level profitability, and a significant moat that competition will find difficult to cross."

Everstone's Mishra explains that for a PE investor, valuations are typically based on P/E (price-earnings ratio) and/or EBIDTA multiples. Apropos key metrics, he says, "We would look at five factors: Differentiation and a clear positioning which can be maintained over a period of time in the face of rising competition; a sound management team with proper systems and processes; reasonable valuations; clearly identified vectors of growth and a track record of execution; and an agreed exit time frame and exit thesis.

Big Names in the Game

The prospects in fashion and especially fashion e-commerce, has caught the attention of most recognized and respected names in Indian business fraternity. Ratan Tata, Chairman Emeritus of Tata Sons, has been Angel investor to several online startups in fashion and specialty retail: Firstcry (kids-focused e-tailer); Bluestone (online jewellery retailer); Zivame (online lingerie retailer); and Kaaryah (online women's formal wear brand). IT czars Azim Premji and Narayana Murthy have made strategic investments in fashion businesses. Premji, through his personal investment, "Premji Invest", invested in fashion e-tailer Myntra. Murthy's Catamaran Ventures picked up strategic stake in Yebhi.com. Anupam Mittal, Founder and CEO of People Group (which owns businesses like online matrimonial service Shaadi.com, real-estate portal Makaan.com, mobile content and applications company Mauj Mobile and People Pictures), is angel to Pretty Secrets. Ravi Gururaj, a member of the NASSCOM executive council, also invested in Pretty Secrets. Sanjay Mehta, Co-Founder and CEO, MAIA, a business intelligence firm, invested in Fabally. M-commerce too has begun to find place in HNIs' investment portfolio. Sachin Bansal of Flipkart is angel to fashion discovery app Roposo.

Raut at Applyifi notes, "The words, entrepreneurship and startups became quite popular in India in 2015. A large number of good concepts and startups got benefited from the increase in the number of angel investors in the country. I believe that trend will continue. As the overall eco-system for entrepreneurship strengthens, and as we see a number of enablers (e.g., accelerators, incubators, mentors, etc.) helping teams with commitment and passion to build strong businesses around their ideas. Investing in startups will become an asset class that many HNIs as well as senior professionals will look at seriously."

Utilization of Funds

Angels generally are a one time investor in a venture. There could be several rounds of funding during early growth stage by VC and in late growth stage by PE investors. Myntra had nine rounds of funding before acquisition by Flipkart. Also, there can be multiple investors in a single investee company. SSIPL is backed by Oman India Joint Investment Fund (OIJIF), a private equity fund sponsored by Oman's sovereign wealth fund State General Reserve Fund and India's largest lender State Bank of India, and Tano Capital as investors. Startup capital or seed money can be used for office space, permits, licenses, inventory, product development and manufacturing, marketing or any other expense. VC and PE funds are mainly used for business expansion and growth. These can be used to expand manufacturing capabilities or retail footprint, fund new technologies, online operations, debt repayment, brand building, marketing and promotions etc. Besides providing exit to PE investor, the company can use surplus funds raised via IPO to grow its business.

Luxury Upping the Ante

Luxury consumption is yet to take off in India and is still a niche market. Obviously, investor interest in this segment has been not as much of as compared to other segments. Nonetheless, a few fashion firms in this space have obtained PE funding. In 2011, Moet Hennessy Louis Vuitton's PE arm L Capital invested in Genesis Luxury, which sells labels like Canali and Jimmy Choo. Earlier in 2009, UK Private Equity Henderson invested USD 17 million in Genesis and a year before that Sequoia Capital, Mayfield fund and Silicon Valley Bank provided private equity of ₹110 crore. In fact, Genesis was the first player in fashion segment to get private equity. Another company to obtain PE funding in this space is Ethos, a luxury watches retail chain. Sixth Sense Ventures invested in Ethos in 2014. Notably, French private equity firm IndEU Capital is said to be raising a fund targeting the Indian lifestyle to luxury companies that target the mid-to-luxury segment. It is looking to invest in both B2B and B2C firms with focus on segments such as cosmetics, ready-to-wear, couture, interior decoration, e-commerce, spas, jewellery and accessories.

Impact of Digital Disruption

The digital fashion space has been seeing a lot of investor interest; apparel and jewellery being the biggest gainers.

Starting with e-commerce websites and stores, it has further evolved with emergence of m-commerce. Fashion startups come in different genres. Likes of Myntra, Jabong, Yepme, Indianroots, Clovia, Zivame, Zovi, Bluestone and Caratlane are e-tailers and Yebhi, Voonik and Bestylish are online fashion aggregators. On the contrary, Woopler, Roposo, Hey Leela are fashion discovery apps.

Murthy of Seedfund expounds, "What was interesting to us in Voonik was the clear focus on being a data-driven marketer of fashion and differentiating from others by letting other companies take care of inventory, back-end, infrastructure and such while focusing only on the most profitable part of the chain—the one closest to the customers.

Digital disruption has forced offline retailers to rethink and also include digital channel(s) to their retail strategy. Howbeit Murthy opines, "Fashion is fashion, regardless of whether you look at it digitally or in the retail world. For consumers, it doesn't make much of a difference. The challenge is to build a premium fashion brand in India, either at the apparel level or at e-tailer level and most businesses have failed at this task. This is due to rampant discounting for short-term market share as opposed to any long-term, well-planned effort to build brand preference. Our online fashion businesses will continue to do badly unless there is a clear effort to differentiate on a plank other than lower price."

Significantly, global PE investors have led the way in backing online fashion firms. Most of the domestic investment firms have kept their hands off the online businesses for reasons such as unproven models, high risk involved, capital protection, etc.

Offline-Online Wars; Rise of Omni-Channel

Whilst brick-and-mortar retailers and online sellers are battling it out, manufacturers are benefitting from both. From investment perspective, online fashion businesses are finding huge favour lately. Howbeit, increasing number of retailers is shifting to omni-

KEY INVESTMENTS (2011 ONWARDS)

- Over the last few years, Future Group has picked up stakes in Indian footwear companies, Tresmode and Famozi, along with clothing brand Mineral, etc.
- Franklin Templeton Private Equity acquired a 13.51 per cent stake in Kimaya Fashions Ltd (2011).
- Mile Group Venture and Goldsquare Sales India (Owners of fashionandyou.com) raised funding of roughly USD 40 million from new and current investors. Led by Norwest Venture Partners and Intel Capital, Sequoia Capital India and Nokia Growth Partners also participated in the round (2011).
- L Capital, the PE arm of Louis Vuitton Moet Hennessy (LVMH), invested in Fab India. L Capital bought the stake from Wolfensohn Capital Partners for Rs 150 crore, at the time valuing the company at ₹1,875 crore (2012).
- Smile Group's online shoe store Bestylish.com received an undisclosed amount in funding from ru-Net Holdings, one of the largest internet and technology investors in Russia (2012).
- Chennai based Cbazaar, an Indian ethnic wear and accessories eCommerce outfit, raised Series A funding of USD 3.5 million from Inventus Capital Partners a US-India venture capital and Ojas Venture Partners, an early-stage technology based investing firm (2012).
- Zovi.com a private label e-tailer dealing in apparel and accessories for men and women raised USD 10 million in series B round of funding from Tiger Global along with existing investor SAIF Partners (2012).
- Footwear manufacturer and retailer Khadim India raised ₹90 crore from private equity (PE) firm Reliance Equity Advisors (2013).
- Ratan Tata made a personal strategic investment in online jewellery retailer Bluestone (2014).
- US-based PE firm Carlyle Group agreed to invest about ₹200-₹250 crore in Credo Brands Marketing Pvt. Ltd, which owns Mufti, the casual wear brand. The investment awaits approval from FIPB (2014).
- American PE firm Warburg Pincus picked up a minority stake in Kerala-based jewellery retailing firm Kalyan Jewellers (2014).
- Jewellery company Senco Gold and Diamonds announced plans to raise capital through an Initial Public Offering by 2017-18 (2015).
- Caratelane.com raised ₹192 crore in Series D round of funding from existing investor Tiger Global (2015).
- Leather goods maker Hidesign is said to be in talks with PE fund investors to raise around ₹100 crore (2015).
- Sequoia Capital is said to be picking up 30 percent stake in Chennai based women apparel retailer, Go Fashion India, for ₹45-₹60 crore. Sequoia had previously invested in Lovable Lingerie through ₹20 crore pre-IPO deal (exited with 2x returns), led ₹110 crore investment in Genesis Colors, backed Freecultr with USD 4 million and most recently participated in USD 10 million Series D round of Fashionandyou.

- Gurgaon-based apparel and lifestyle accessories firm Numero Uno Clothing received approval from the capital markets regulator Sebi for its proposed IPO (2015).
- eShakti raised funding from IvyCap Ventures and existing investor, IDG Ventures. (2015).
- Limeroad, online social platform for women raised USD 15 million in Series B round from Tiger Global Management (2015).
- A group of 10 international investors invested an undisclosed amount in Delhi-based Stalkbuylove, an online fast-fashion private label company (2015).
- Future Lifestyle, the fashion arm of Future Group, hiked its stake in Bengaluru-based ethnic wear brand, Mother Earth, to 72.16% (2015).
- Delhi-based Purple Panda Fashions Pvt Ltd, which runs online-first lingerie and sleepwear brand Clovia, has raised an undisclosed amount in Series A funding from IvyCap Ventures (2015).
- Business leader Ratan Tata acquired a stake in Kaaryah, an online women's wear brand.
- IndianRoots.com raised USD 5 million (around ₹31.84 cr) in its Series B round of funding led by KJS Group at valuation of USD 85 million (2015). Previously, the firm had raised a USD 3 million from NDTV Lifestyle Holdings Pvt Ltd. It had also raised ₹10 crore from Rathi Strategic Ventures.
- Online lingerie retailer Zivame raised ₹2.5billion in Series C funding round from Malaysian government investment fund Khazanah Nasional. IDG Ventures and Kalaari Capital also took part in the round, as did Zodius Technology Fund and Unilazer (2015).
- Aditya Birla Private Equity picked up a minority stake in Creative Lifestyles, the flagship company of the Mumbai-based Creative Garments group. Creative Lifestyle is the owner of women's apparel brands, 109F, Fusion Beats and O2xygen (2015).
- Online jewellery brand Melorra.com raised USD 5 million from Lightbox Ventures (2016).
- Mumbai-based online geolocated fashion directory and marketplace, Fashionablyin, raised an undisclosed amount of angel round funding led by Ranjan Mahtani, chairman of Epic Group (2016).
- TCNS Clothing, which owns 'W' the women's wear brand, is in talks to raise around $100 million to fund its growth plans and provide an exit to its existing investor Matrix Partners (2016).
- Future Group-owned Future Lifestyle Fashions made Mineral Fashions its subsidiary firm by raising its stake in the latter to 52.44 percent (2016).
- Fashalot, India's first O2O shopping platform, raised an undisclosed amount of funding in pre-Series A round led by YourNest Angel Fund and angel investor Rajul Garg (2016).
- Coimbatore-based SP Apparels got Sebi approval to raise at least ₹215 crore via IPO route. (2016) The firm makes and exports knitted garments for infants and children. It also manufactures and retails menswear in India under the brand 'Crocodile'.
- Fashion app Roposo raised $5 million (around Rs 34 crore) in the second leg of its Series-B round from Bertelsmann India Investments (BII).

*(Info till April, 2016)

channel retail model. As such, offline retailers are also building online presence and vice versa. Fashion e-tailers Yepme, Caratelane have already gone offline.

Krishan at PwC apprises, "15 of the fashion deals were in the offline space in the year 2014 and they accounted for USD 0.4 billion of investments; in 2015 however, online fashion deals were almost 85 percent of the deal value in the fashion segment. This indicates that online delivery models have found fancy with the VC investors; however the whole sector is in a very early stage and I believe there is space for both offline and online segments. Offline has its space as newer products/brands come in."

Importantly, high valuations remain a prime concern for investment in online fashion companies.

"It is commonly believed that an entrepreneur is judged by their valuation. This is not true. An entrepreneur is judged by value created - which often has nothing to do with valuation. The media hype around "unicorns" - "startups with valuations in excess of USD 1 billion" has created expectations that they can never live up to—and indeed, many of them have already been devalued significantly since their ascending to that status," Murthi at Seedfund clarifies.

"Like any disruptive trend, e/m-commerce has gone through a phase where valuations have factored in a lot of future growth and excitement, and I believe that phase is running out its course now, which bodes well for everyone in the ecosystem," says Fernandes (IvyCap), while maintaining, "At least internally, we like companies that are creating brands. If you view it from that point of view - the channel of sale is irrelevant. Indeed several of our investee companies sell primarily online, but there is nothing to stop them from selling offline tomorrow. I don't look at these two very differently."

"As the market matures and a much larger of good companies are available for investors to deploy capital in, valuations will become practical. Offline businesses are unlikely to get early-stage capital because of a few reasons: angel investors and VCs do not deploy capital for infrastructure building.

And offline businesses do not scale up as rapidly as online businesses can. However, offline businesses that demonstrate evidence of ability to scale will find growth-capital," says Raut (Applyifi).

Mishra at Everstone indicates that there is now a serious consolidation and correction expected there, driven by capital becoming scarce. It is yet to be seen how online volumes will hold up once the discounts and free reverse logistics reduce due to the inevitable correction. If history is a guide, there will be a few survivors who will be very valuable but the landscape will be littered with failed startups once the tide of capital recedes. He foresees opportunities arising offline fashion sector also. Investors will prefer brands/managements who have omni-channel offering. A well crafted brand with a clear differentiation and sharp positioning will find takers, whether financial or strategic.

The Challenge of Successful Exit

Aside success stories, there are also many investors in fashion businesses who have struggled to get expected returns. Successful exits still are a challenge?

Mishra of Everstone Capital asserts that well run fashion businesses should not face a challenge in exits. But fast fashion cycles leading to inventory pileups, expansion into marginal locations and commoditization can create a business issue, which will hamper value creation and consequently exit.

According to Krishan at PwC, the growth in some of the fashion segments has been very high – at the same time, some of the sectors also have a significant cash component. While it is easier for PE investors to fund some of these businesses when they are starting up, or when they are smaller. It could be hard for them to provide higher anticipated valuations for more mature businesses until the business has built in controls/procedures which enable it to mitigate some of the risks arising of their own growth – many a times, Managements are tardy in getting these controls/processes in place, which is a cause of worry for PE investors.

Applyifi's Raut deems that successful exits are a challenge across categories. In fashion and apparel industry, there are a number of brands already existing; value creation for investors will happen only if they are able to scale significantly.

IPO as Exit Strategy

Nowadays, initial public offering or IPO is gaining a greater acceptance as preferred exit route for PE firms than other cashing out options such as secondary buyouts and trade sales. IPO is regarded as the best exit strategy for PE investors in sluggish economic scenario. Moreover, it can be an excellent measure to understand the actual valuation of the firm. Howbeit, IPO makes sense for profitable companies that have a market value exceeding 100 crore. Of late, the IPO market is seeing a flurry of activity from PE-backed fashion companies. In 2015, Samara Capital-backed clothing retailer Monte Carlo got listed. Coimbatore-based SP Apparels and Numero Uno, a denim wear brand filed IPO papers with SEBI (both got approved eventually). Footwear retailer SSIPL had refilled IPO.

SAIF Partners-backed jewellery retailer Senco Gold is eying IPO by 2017-18. All the above mentioned firms are backed by PE players. There are several fashion brands and companies in India that have the scale and growth required for public offering. It only remains to be seen how many more fashion firms decide going "public" or getting listed at stock exchange!

Future Outlook

With new FDI policy (apropos single brand retail) in place, overall retail sector in India including fashion segment is expected to get a major fillip, giving a big boost to investor sentiment. If FDI in multi-brand retail is allowed, it will give further impetus to the sector as well as investor interest. Government initiatives "Make in India" and "Start Up India" are expected to boost manufacturing and startup ecosystem in that order. Potential fashion businesses backed by these campaigns will present considerable investment opportunity. Overall, sustained momentum expected across angel and VC/PE funding. Some PE-backed fashion firms are soon expected to get SEBI's nod for IPO. On the regulatory front though, investor community is looking at more favourable announcements in terms of regulations and tax impact. IR

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