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PIIMAGES RetailTM

Future of Businesses

JUNE 2018

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IMAGES Retail™

Future of Businesses

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The world of retail as we know it is changing. Traditional retailers gave way to e-commerce, but the even as e-commerce was welcomed with open arms, it is brick-and-mortar which has emerged victorious over the last one year in India. A recent AT Kearney study states that 95 percent of all retail sales are captured by retailers with a brick-and-mortar presence.

However, all is not rosy. Traditional retail needs to adapt in order to thrive, but how? The answer is to focus not on just a digital strategy, but on a phy-gital strategy – one where shoppers are offered the best of both the physical and digital worlds for a larger revenue share and increased footfalls. Today, the world's most recognisable brands are offering enhanced instore experiences using AR, VR and AI, to demonstrate their products in stores.

The IMAGES Retail June 2018 issue brings its readers a detailed analysis into why 'the store of the future is Phy-gital'. We tell you the best Phy-gital experiences both Indian and international brands have to offer, and we bring you a roundup of the most popular in-store technologies in India and a special best practices section for CEOs.

We also bring you a complete lowdown on the importance of Visual Merchandising in retail businesses, with emphasis on why they matter to when it comes to engaging and inspiring shoppers, and how they help in increasing ROI.

The June issue also brings you an exclusive interaction with Hari Menon, co-Founder and CEO, bigbasket, who talks about the steps his brand is taking to stay ahead of its rivals and tread the path to profitability.

As always, we hope you find the issue informed and beneficial. Do log on to our website, www.indiaretailing.com to read more informative articles and analyses on the stage of the global retail industry with an emphasis on India. Also, send in pictures of your fall display windows with a short write up and we will feature them on our website.



Amitabh Taneja

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**THE
FUTURE
OF RETAIL
IS
PHY-GITAL**

In order to accommodate the evolving demands of the ever-connected consumer, traditional retailers need to consider the power of digital transformation and use it liberally to enhance instore experiences. In short, the brick-and-mortar store needs to go Phy-gital

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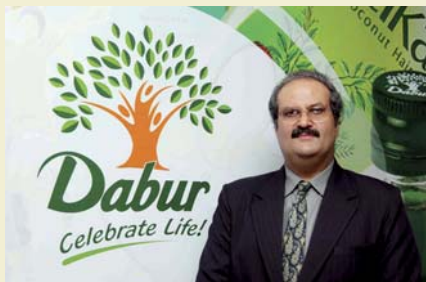


For retailers, transforming consumers into brand advocates is extremely important and almost all successful retail chains today are developing a strategy that focuses on consumer experience – both instore and online.

Dabur to Invest ₹250-300 crore in Capacity Expansion in FY19



FMCG firm Dabur India has plans to invest ₹250-300 crore in capacity expansion this fiscal and is looking for acquisitions in the domestic market going forward, top company officials said. "We are going in for brownfield expansion to increase capacity this year. We will have approximately ₹250-300 crore CapEx for the current year going forward in FY19," Lalit Malik, Chief Financial Officer, Dabur India was quoted by PTI as saying.



"The company has just done a couple of acquisitions in South Africa and is looking at doing something substantial in India going forward," Sunil Duggal, Chief Executive Officer, Dabur India was quoted by PTI as saying. "We are still looking at some targets, but nothing is really coming out of it. Our intent in terms of M&A remains completely intact. We still have over ₹2,000 crore and it will be built up during this year as well. So I think we do have the ability and the resources to do acquisitions even of a large size," said Duggal to PTI.

The FMCG major had last month completed acquisitions of two South Africa-based firms D&A Cosmetics Proprietary and Atlanta Body & Health Products Proprietary through its subsidiary. The company had last year announced that it will acquire the two personal care products companies for a total cash consideration of 50 million rands (about ₹25 crore). Duggal also informed that the company is focusing on international business, as it offers higher margins. Dabur India reported a 19.04 percent increase in consolidated



Offline Expansion & Personalisation Trends on the Rise in Modern Retail

– By IMAGES Retail Bureau

With Dabur India to invest approximately ₹300 crore in expansion and Godrej keen to acquire Ruchi Soya's Oil palm business, the Indian Retail industry seems to be on an investment spree this summer, fully focused on expansion. We bring you a lowdown on the latest from the industry in the last one month...

net profit at ₹397.18 crore in the March quarter, against ₹333.65 crore in the same year-ago period. Total income grew 6.38 percent to ₹ 2,106.15 crore, compared with ₹1,979.72 crore.

Retail Sector Should Get Industry Status: Walmart India CEO Krish Iyer



India's retail sector is vital for the economy and employment generation and it is time to elevate the position of the sector to an 'industry,' said Krish Iyer, Walmart India President and CEO. Iyer who was speaking at the CII Retail Conclave added that through structural reforms like Goods and Services Tax (GST),



Insolvency and Bankruptcy Code and public spending on infrastructure had made India an attractive destination.

"With the implementation of GST, India has become a borderless nation" said Iyer. Regarding the potential the sector holds, he said India needs to create a

Phy-gital Experiences:

A Convergence Between Digital & Physical Worlds for the Hyper-Connected Consumer

– By Devchandan Mallick, Research Analyst at Euromonitor International

Retailers who are seamlessly using Phy-gital technologies to create a balance of physical and digital touchpoints, and who are providing standardized services are expected to survive and thrive.



Phy-gital describes the amalgamation of digital experiences with physical ones. As the channels of customer interaction and communication proliferate, companies aim to make combining these channels frictionless and seamless, enabling a customer to make a phone call, then communicate in a social media platform, then send an email, without the company losing the thread of the communication or a sense of the customer issues associated with the customer account record.

The Importance of 'Phy-gital Experience' in the Modern Retail Industry

"Consumers today in India seamlessly move between physical and digital world. Over the period time, we have seen a tremendous growth in online sales but despite that offline stores have remained very relevant and important in retailing. The consumer's shopping journey has changed totally; they may see a product online and may purchase it offline or vice versa. They look for the comfort of purchasing online with the element of human interaction. Similarly, in physical stores, they want



technology that guides them seamlessly in the store while shopping," says **Devchandan Mallick, Research Analyst at Euromonitor International.**

"It has become critical for the retailers to have a system in place which blends the physical and digital ecosystem enable brand and consumers to connect seamlessly in order to capture the attention of the consumers, communicate values, enable purchase and support the purchase decision," he adds.

Phy-gital Services Redefining the Retail Sector

With new technologies both offline and online retailers have changed their strategy by adopting these services. They are using these technologies to create a convergence between the digital and physical world for the hyper-connected consumers.

OFFLINE STORES: Offline stores are using technologies such as location-based

technologies including beacons and proximity marketing, virtual reality such as a virtual mirror, augmented reality like VR set, portable payments system like QR codes, NFC, self-checkout etc and in-store digital signages including digital information kiosk. These offline stores are leveraging digital touch points such as social media, mobile apps, and review websites to interact with consumers, understand their needs, provide relevant recommendation and drive sales. Retailers have started giving consumers to order from their app and pick it up from their stores .

ONLINE STORES: The stores have started to reach out consumer offline as well as increased interaction with consumers by using AI-powered interactive chatbots, giving try out option using virtual trial rooms, on delivery try out, personalised recommendations through apps and expert opinions as well. Digital retailers have also opened up offline stores to reach out consumers and online companies are also using banner shopping by setting up banners in coffee shops, restaurants and other public places where consumers scan and purchase products.

At the back end, both

offline and online retailers are using these technologies to gain information about consumer needs, decipher consumer mindset, segment them and empower the shopper's journey.

Many of these retail technologies are in a nascent stage in India; however, certain elements such as payments, customer support and delivery has become critical to better serve the customer and gain loyalty. Customers are looking personalised, agile and seamless services these technologies are critical to implementing to cater to these customer demands.

The Future

Consumers are looking for an experience that combines both physical and digital experiences, when they make a purchase. They also expect the stores to give consultation on products by understanding their choices and use technology to offer them customised service and support purchase decision.

Retailers with these technologies, seamlessly create a balance of physical and digital touch point and provide standardized services through an amalgamation of both by creating a phy-gital ecosystem are expected survive the competition and thrive. 



THE FUTURE OF RETAIL IS PHY-GITAL

– By Sandeep Kumar & Charu Lamba

Phy-gital refers to a retail environment in which physical and digital experiences merge together seamlessly and complement each other in order to offer the consumer a single, positive, integrated experience...

2018 promises to be a crucial year for Indian retail. Even as the retail sector welcomes e-commerce with open arms, it is brick-and-mortar which has emerged victorious over the last one year in the country, for after all, while Internet may have penetrated the heart of India, the hearts of Indians (and their trust) still lies with the physical retailer.

In fact, an AT Kearney study states that 95 per cent of all retail sales are captured by retailers with a brick-and-mortar presence while two-thirds of consumers who purchase online use the store before or after the transaction.

In order to accommodate the evolving demands of the ever-connected consumer, and lure him in, the physical store needs to change its mindset. Traditional retailers need to consider the power of digital transformation and use it liberally to enhance instore experiences. The brick-and-mortar store needs to go Phy-gital.



Croma's Gadgets of Desire Focuses on Experiential Shopping

– By Charu Lamba

Designed to be compact as compared to regular Croma megastores, 'Gadgets of Desire' offers customers the entire range and capabilities of a full-fledged Croma store through the 'wider-than-store' service...

In this fast-changing world, staying relevant in the retail sector is the formidable task. One company which has managed to stay abreast of the changes brewing in the sector while emerging as one of the fastest growing retail establishments is Tata Group's retail arm, Infiniti Retail.

A Deloitte report titled '**India Matters: Winning in Growth Markets**' highlights the datum that India is likely to emerge as the world's largest middle-class consumer market with an aggregated consumer spend of nearly ₹13 lakh crore by 2030. Infiniti Retail – which operates one of India's most successful gadget stores, Croma – is thriving owing to this continuous inflow of disposable income.

Croma is the nation's first large format specialist retail chain for consumer electronics and white goods and has successfully expanded into Croma Zip stores, Croma Kiosks as well as an online vertical, www.croma.com. The brand has also recently launched a first-of-its-kind premium format store, Gadgets of Desire in New Delhi. The brand has 27 Gadgets of Desire shop-in-shops all across India, but this is the first exclusive, standalone outlet.

Ritesh Ghosal, CMO, Croma says, "Croma has always been a customer-centric retail company and Gadgets of Desire is an attempt to bring Croma closer to the customer and make it a 'go to destination' for everything electronic. Designed to be compact as compared to regular Croma megastores, Gadgets of Desire offers customers the entire range and capabilities of a full-fledged Croma store through the 'wider-than-store' service."

Hari Menon Aims for the Biggest Share in India's Grocery Basket

– By Charu Lamba

bigbasket, which currently holds 37-40 percent share in the grocery delivery industry, followed by Amazon, Grofers and Flipkart, has started bracing itself to face competition – which is expected to intensify soon...



The online retail market in India is expected to grow 250 percent to touch ₹1.8 trillion by 2020 fiscal.

Over the next three years, the e-retail industry is expected to continue its strong run, growing over 2.5 times to \$28 billion (₹1.8 trillion) by fiscal 2020, the global analytics firm

Crisil has said. And among this, online grocery will be the fastest-growing segment (around 65-70 percent CAGR between fiscals 2017 and 2020) in e-retail and almost quadruple over the next 3 years to ₹100 billion in terms of revenues.

Meanwhile, the stage is being set for a big battle in the US \$1 billion FMCG space.

While established players like Amazon and Grofers are strengthening their positions, the recent acquisition of Flipkart by Walmart has also served to create a ripple effect in the F&G segment.

bigbasket which currently holds 37-40 percent share in the grocery delivery industry, followed by Amazon, Grofers and Flipkart, has

The Investors

- In February, bigbasket raised a massive US \$300 million Series e funding round led by Chinese conglomerate Alibaba, others.
- Alibaba contributed around 75 percent (around US \$225 million) of the total funding while existing investors Abraaj, International Finance Corporation and Sands Capital accounted for the rest.
- The investment values the company at US \$950 million – just US \$50 million under the US \$1 billion valuation that would have earned it tech unicorn status.
- The company is deploying the funds into building farmer networks, warehouses and delivery infrastructure with a goal to penetrate deeper into the more than two dozen cities it currently operates in.
- Alibaba owns 14,60,000 shares of the Bengaluru-based company which is registered as Supermarket Grocery Supplies.

started bracing itself to face competition – which is expected to intensify soon.

Hari Menon, Co-Founder and CEO, bigbasket says, “Despite a huge opportunity, the FMCG segment is still under-served as far as online



SHOP WINDOWS THAT STOP:

**THE
ART OF**



**VISUAL
MERCHANDISING**

– By Zainab S Kazi

Visual Merchandising is a multi-sensory tool used by retailers to catch the attention of customers and attract them into a store to make a purchase and brand managers are taking their retail game to the next level with techniques, luring in shoppers and then making them stay, and most importantly, spend...



W

hat makes a brand outlet stand out from the rest when all of them are grouped together in a mall or on a high street? Simple answer – display windows that have the power to make the shopper stop and take notice. In a world where smartphones are becoming ever-attention consuming, drawing a passerby's attention and convincing them to come inside and take a closer look is the what makes for a brilliant shopping window.

Towards this, brands are taking their retail game to the next level with new and improved Visual Merchandising (VM) techniques, luring in shoppers, making them stay, and most importantly, coaxing them into buying something.

LIMA: Giving Retailers A Chance To Create Differentiation For The Consumer

– By Surabhi Khosla

Licensing is about how you really connect with a consumer in a way that stands out and is meaningful. It affords manufacturers and factory owners the opportunity to really jumpstart their businesses...

LIMA – the International Licensing Industry Merchandisers' Association – is a leading trade organisation for the global licensing industry. LIMA's mission is to foster the growth and expansion of licensing around the world, raise the level of professionalism for licensing practitioners, and create greater awareness of the benefits of licensing to the business community at large.

Founded in 1985, LIMA maintains offices in the United States (headquarters), Australia, Brazil (ABRAL), China, Germany, Japan, Mexico and the United Kingdom, with

representatives in Canada, France, India, Italy, Korea, Russia and the Middle East. Members in over 40 countries enjoy access to an array of benefits, including extensive educational programming and worldwide networking events.

IMAGES Retail Bureau met **Maura Regan, Executive Vice President, LIMA**, on the sidelines of India Fashion Forum 2018. She said that

the organisation was started 30 years ago with the goal to professionalise and elevate the industry of brand licensing around the world.

"LIMA is a trade association. We don't individually license any characters or brands ourselves, but we collectively work with industry leaders who then go out and license their characters," she explained.

Perks for Members

LIMA represents the interests of its membership worldwide by providing a forum for networking, serving as a source of education and information, establishing standards of ethical and professional conduct, and recognizing excellence and achievement in the industry.

"Today, the retail industry is being driven by data decision-making and data-planning



LIMA's Goals:

- Staging educational and social events that foster industry knowledge and exchange of business information and contacts;
- Serving as public advocates for the business of licensing globally through public speeches, authoring articles and a wide range of other public relations activities;
- Developing industry numbers and other support information;
- Creating and publicizing an industry code of conduct;
- Organizing and publicizing the LIMA Licensing Industry Excellence Awards, which annually recognize high achievement within the licensing community

The non-profit organisation has, worldwide, over 1,200 corporate members from 140 countries.

"We have got boots on the ground in 14 countries with offices and local reps working on our behalf in these countries. And within these countries we have brands like Disney, Ralph Lauren, NBA, Viacom etc which are associated with us," Regan said.

and LIMA is committed to creating and commissioning research studies. We have a lot of research that we make available to our members, since we understand its important in business planning and strategy making and long-term goals," said Regan by way of explaining why becoming a member of LIMA is very useful for retailers.



Changing the Way Retailers Communicate with Millennials & Gen Z Shoppers

– By IMAGES Retail Bureau

For retailers, transforming consumers into brand advocates is extremely important and almost all successful retail chains today are developing a strategy that focuses on consumer experience – both instore and online...



The retail landscape has fundamentally changed. Today's consumers are demanding and selective. They want relevant and personalised interactions with retailers and brands and they don't hesitate to abandon brands that fall short of their expectations. For retailers, transforming consumers into brand advocates is extremely important and almost all successful retail chains today are developing a strategy that focuses on consumer experience – both instore and online.

The 18th edition of India's mega-fashion retail intelligence event, India Fashion Forum 2018 (IFF) was held at Hotel Renaissance in Mumbai earlier this year. Of the four themed exhibition

platforms, consumer experience took centerstage. The Consumer Experience Forum (CX), which was held concurrently with IFF 2018 was informative and educational. Retail experts, CEOs of top brands and brand owners spoke about every possible aspect related to CX at the event.

The focal points of discussion included innovations, emerging fashion trends, the change of communication between Millennials and Gen Z users, insights from pioneers of Omnichannel retail in India, retail trends/priorities and key drivers that are set to impact retail strategies were the key elements for discussion.



ORION

MALL AT BRIGADE GATEWAY

MORE THAN A MALL, IT'S A DESTINATION IN BENGALURU

Orion Mall in Bengaluru has now achieved the cult status accorded to major landmarks of a city. With over 20 million footfalls a year, the mall is a preferred destination for its assortment of shopping, food, lifestyle & leisure brands. Home to exclusive fashion brands like ZARA, Forever 21, GAP, Shoppers Stop, Sephora, Calvin Klein, Tommy Hilfiger, Lacoste, Skechers and Aldo. Foodies too have an interesting range of restaurants such as Toscano, Cafe Noir, Beer Cafe, Nando's, Punjab Grill, Chili's, etc. Besides these, the mall's unmatched location within the iconic Brigade Gateway campus makes it a community hub with access to a man-made lake.

Orion Mall is widely rated the best mall in South India.*

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Centre of the Year – South

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Shopping Centre of the Year:
Best Sales Per Sqft- South

★★★★★
Indian Shopping
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www.orionmalls.com

