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IMAGES Retail™

Future of Businesses

AUGUST 2018

VOL. 17 NO. 8 • ₹100

www.indiaretailing.com

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IMAGES Retail™

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AUGUST 2018 | VOL. 17 NO.8 | PAGES 102

Editor-in-Chief | **Amitabh Taneja**

Editorial Director | **RS Roy**

Publisher | **SP Taneja**

EDITORIAL

Managing Editor | **Surabhi Khosla**

Assistant Editors | **Sandeep Kumar, Charu Lamba**

CREATIVES

Art Director | **Pawan Kumar Verma**

Dy. Art Director | **Deepak Verma**

Layout Designer | **Naresh Mahaur**

PRODUCTION

Sr. General Manager | **Manish Kadam**

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SUPPORT

Sr. General Manager – Administration | **Rajeev Mehandru**

SUBSCRIPTION

Deputy Manager – Subscriptions | **Kiran Rawat**

BUSINESS

Anjali Sondhi | Director

anjalisondhi@imagesgroup.in | +91 9810204297

ADVERTISING

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For advertising queries, please write to salesretail@imagesgroup.in

CONSUMER CONNECT

Anil Nagar | Vice President

anilnagar@imagesgroup.in | +91 9811333099

MEMBERSHIP TEAM:

Priti Kapil | **Sarika Gautam**

Images Multimedia Pvt. Ltd.
(CIN: - U22122DL2003PTC120097)

Registered Office:

S 21, Okhla Industrial Area, Phase II, New Delhi 110020

T: +91 11 40525000 | F: +91 11 40525001

E: info@imagesgroup.in | URL: www.imagesgroup.in

Mumbai: 1st Floor, Plot No. 111 / 3, Marol Co-Operative Industrial Estate, Marol, Andheri (East), Mumbai 400 059
T: +91 22 28508070 / 71 | F: +91 22 28508072

Bengaluru: 523, 7th Cross, 10th Main, (Jeevanbhima Nagar Main Road), HAL 3rd Stage, Bengaluru 560 075
T: +91 80 41255172/41750595/96 | F: +91-80-41255182

Kolkata: P-513/B, Raja Basanta Roy Road, CIT Scheme XLVII, Near Sabyasachi Store, Kolkata 700 029
T: +91 33 40080480, 40080488

The Indian Retail Industry is unique. Despite around 90 percent of the market being unorganised, the industry is growing with an estimated worth of \$600 billion. It is also one of the top five retail markets in the world by economic value. A lot of credit of this achievement goes to the regional retailers who, despite being the backbone of the industry, prefer to stay away from the limelight. While small businesses may not generate as much money as big players and corporations, they are a critical component of and major contributors to the strength of local economies. Small businesses present new employment opportunities and serve as the building blocks for larger corporations.

These regional retailers are a huge hit in Tier II & III towns. They are self-dependent, they attract talent, experiment and implement new solutions for existing ideas and products. They are fearless and do not hesitate to take risks in order to grow and make their presence felt. Larger retailers also benefit from these regional retailers within the same community, as they too are dependent on them for completion of various business functions through outsourcing.

The August 2018 issue of IMAGES Retail takes a sneak peek into the journeys of these regional retailers – how they are raking in the big bucks and taking the national retail scene by storm.

The edition also brings an overview of retail companies with the best Supply Chain & Logistics Systems in retail in India. Logistics & Supply Chain Management form the key for any industry, they are in a way the blood and sweat which keeps the industry running. The issue brings readers an in-depth analysis of the action taking place behind the scenes in the retail industry.

The issue also brings you an exclusive interaction with Rajiv Suri, CEO & MD, Shoppers Stop who talks about how his brand has revolutionized the shopping culture in India and has set a high benchmark for other large format retailers in India.

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.



Amitabh Taneja

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Printed & published by S P Taneja on behalf of Images Multimedia Pvt. Ltd. Printed at Modest Print Pack (P) Ltd. C-52, D.D.A. Shed Okhla Industrial Area Phase -1, New Delhi - 110 020 and published by S P Taneja from S - 21 Okhla Industrial Area Phase - 2, New Delhi 110 020 Editor: Amitabh Taneja

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Pepperfry to Double Offline Studios by 2019, Build India's largest Omnichannel Network



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LOTS Wholesale Solutions to Open 15 Stores in India Over Three Years



The company has adopted a 100 percent FDI route to establish its operations in India under the name of LOTS Wholesale Solutions. The brand sets up stores basis the supplier/customer base so that they can provide them with a hassle-free experience and build a robust supply chain and make the delivery process faster

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THE SUPPLY CHAIN MANAGEMENT DYNAMICS IN THE INDIAN RETAIL INDUSTRY

Efficient supply chain management has a cascading impact on all aspects of retail. Experts unanimously agree that besides infrastructure and complications in taxation, it is the efficiency of manpower and adoption of technology that gives a huge boost to supply chain management. However, it still remains to be seen whether the Indian Retail Industry has actively invested in the smooth running of its backend supply and logistics

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MAJOR REGIONAL PLAYERS AIMING FOR A PAN INDIA PRESENCE

In an age where brick-and-mortar retailers are wrestling with the issues of creating lasting value and relevance, these regional retailers have aimed for a pan India presence by offering the best of both the worlds - online and offline - to their customers, and thereby making a mark for themselves on a national level.

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foodforum handpicks regional food leaders to bring out that authentic taste which people love, while providing an immersive experience for all senses

Godrej Interio Eyes 25 percent Revenue Growth, Plans ₹400 Crore Investment

➔ Godrej Interio, a leading furniture manufacturer, is looking at 25 percent growth in revenue to ₹2,500 crore in the current fiscal. "The company plans to invest Rs. 300 crore in plants and machinery over three years whereas ₹100 crore will be invested in the current fiscal to open 35 new stores across India. Our revenue is expected to reach ₹2,500 crore in the current fiscal while the company posted a revenue of ₹2,000 crore in the last fiscal," said Anil S Mathur, Company's Chief Operating Officer, on the sidelines of the opening of a flagship store in Kolkata. Of the company's total revenue last year, the business to business (B2B) segment, including office furniture, turnkey projects, healthcare and lab furniture and others, clocked a revenue of ₹1,200 crore while the revenue from business to consumer (B2C) segment was ₹800 crore.



"We are expecting B2B segment to grow to ₹1,500 crore and revenue from B2C to ₹1,000 crore. Our total investments in plants and machinery in the next three years will be ₹300 crore. The company, which has a presence in multi-brand online sites, is coming out with an own e-commerce site in 4-5 months," he further added. In addition, the company will invest ₹100 crore to open 35 stores across India. It has seven manufacturing facilities at Mumbai, Haridwar, Shirwal and Bhagwanpur.

Jubilant FoodWorks Operating Revenues for Q1 FY19 Stand Strong at ₹8,551 Million

➔ Jubilant FoodWorks Limited reported its financial results for the quarter ended 30th June, 2018. Operating Revenues for Q1 FY19 stood strong at ₹8,551 million,



Revenue & Growth Make Headlines as Modern Indian Retail Rises up the Charts

– By IMAGES Retail Bureau

The past month has proved a great one for Indian retail in terms of investment, revenues and collaboration as companies aim for bigger targets for the coming financial year...



Shyam S Bhartia, Chairman with Hari S Bhartia, Co Chairman, Jubilant Foodworks

representing a growth of 26.0 percent over Q1 FY18, and a sequential growth of 9.6 percent over the preceding quarter. The growth was on the back of a strong Same Store Growth (SSG) of 25.9 percent in Domino's Pizza. Overall profitability also improved, with EBITDA for Q1 FY19

coming in at ₹1421 million at 16.6 percent of revenue, a growth of 78.5 percent over Q1 FY18. Profit after Tax in Q1 FY19 stood at ₹747 million at 8.7 percent of revenue and a growth of 213.2 percent over Q1 FY18.

The strong performance in Q1 FY19 was on account of a good response to the Every Day Value offer on regular pizzas launched in March 2018, and which was supported aggressively during the IPL T20 cricket season. In addition to this, the continued success of the all new Domino's product upgrade launched last year also drove a strong growth in core pizza orders.

In addition, Dunkin' Donuts made sustained progress towards its goal of breaking even with a slew of innovations that drove sales growth and which was accompanied by disciplined cost management.

Launched in 1991, Shoppers Stop, India's leading fashion retailer, introduced the Indian consumer to a world-class shopping experience from its flagship store in Andheri (Mumbai). Since its inception, Shoppers Stop has revolutionised the way India shops and has become the highest benchmark for the Indian retail industry. The company, which is planning to invest ₹120 crore on expansion and renovation in 2019, is planning to open 12 beauty and five department stores and will be focusing more on new brands, **CEO & MD Shoppers Stop, Rajiv Suri**, told IMAGES Retail in an exclusive interview...

Let's start with a brief history and profile of Shoppers Stop. How has the brand evolved?

Shoppers Stop was launched as an exclusive men's wear store in 1991. Soon thereafter, in 1992 and 1993, we introduced ladies' wear, kids' wear and non-apparel categories making us India's first ever multi-brand department store. In 1994, we launched a first-of-its-kind loyalty program, 'First Citizen' offering the Indian consumer a host of exclusive benefits and privileges. Today, the First Citizen loyalty program is one of the most successful programs with over 5 million+ customers driving 75 percent of sales.



“Shoppers Stop Experimenting with Smart Mirrors, Interactive Kiosks”

Rajiv Suri, CEO & MD Shoppers Stop

The brand is investing in IOT and location technology to better understand the customers' path to purchase and dwell time through heat-maps. The management will then use these insights take business decisions on various aspects of customer experience...

– By Rupkatha Bhowmick

Shoppers Stop has over the years, made many breakthroughs in the Indian retail industry enabling it to become one of the most customer-centric, respected and profitable retailers in the country. It is a one-stop shop for products across multiple categories including apparel, cosmetics, fragrances, artificial and fine jewellery, footwear, personal accessories such as watches, sunglasses, handbags, wallets and belts, kids wear, toys, home decor and much more. We offer more than 400 of the finest international and national brands across categories and we're the only Indian member of IGDS (Intercontinental Group of Departmental stores) along with other experienced retailers from all over the world.



MAJOR REGIONAL PLAYERS AIMING FOR A PAN INDIA PRESENCE

– By IMAGES Retail Bureau

In an age where brick-and-mortar retailers are wrestling with the issues of creating lasting value and relevance, these regional retailers have aimed for a pan India presence by offering the best of both the worlds – online and offline – to their customers, and thereby making a mark for themselves on a national level

They've had a humble start, they've come from just one small store – and sometimes even a shop-in-shop – from a particular region in India, but their sheer determination, coupled with an unparalleled business sense and their instinctive understanding of the ever-changing consumer behavior and his demands have led them to carve out a special place for themselves in the Indian retail industry.

In an age where brick-and-mortar retailers are wrestling with the issues of creating lasting value and relevance, these regional retailers have aimed for a pan India presence by offering the best of both the worlds – online and offline – to their customers, and thereby making a mark for themselves on a national level.

Here's a sneak peek into their journey-



Pepperfry to Double Offline Studios by 2019, Build India's largest Omnichannel Network

– By Charu Lamba

The company's offline stores, Studio Pepperfry, have emerged as key touchpoints for consumer engagement. The increase in popularity led the company to adopt a franchise model in 2017 with an aim to expand its reach in line with its strategy to build the largest Omnichannel network in the country...

Pepperfry, the brainchild of Ambareesh Murty and Ashish Sha' aiming to be the country's largest Omnichannel furniture retailer. In 2014, the brand pioneered the Omnichannel home and furniture business by establishing its first Studio in Mumbai. Currently with its large product portfolio and the largest big-box supply chain, the brand caters to 500+ cities across India.

Studio Pepperfry are one-of-its-kind concept stores that showcase a curated range of furniture from its online portfolio and serve as a design inspiration. Here, one can experience cutting-edge design furniture, look at diverse wood finishes used by the brand, while getting an idea of the overall furniture quality. Interior design consultants assist in browsing the entire range and also offer free in-store design consultancy that are both aspirational and reflect the latest and best in home design trends.

According to **Hussaine Kesury, Chief Category Officer, Pepperfry**, "Currently, we have 32 Studios (owned and franchise) across 16 cities and aim to raise this number to 70 by April 2019. The average size of our studios ranges from 2,500 to 3,000 sq. ft., which is typically 1/10th of a normal offline furniture store."

"We don't sell products from the Studio because the idea is to showcase the large variety of – more than 1,00,000 – products from our online catalogue to customers. The Studio helps in building our specialist credentials with customers through relevant and specific advisory, while driving our Channel Partner Programs, involving architects and designers. This in turn helps us benefit from network effects, while not having to deal with the issues that conventional retail businesses face



LOTS Wholesale Solutions, a part of the US \$50 billion Charoen Pokphand Group (CP Group) and a wholly owned subsidiary of Siam Makro Public Company Limited of Thailand, has recently unveiled its first wholesale distribution centre in India at Netaji Subhash Place in New Delhi.

The newly-launched store will cater to over 50,000 registered members which include Hotels, Restaurants and Caterers (HoReCa), kirana stores, corporates, MSMEs and institutions such as government agencies, educational institutes and hospitals.

Spread over an area of 50,000 sq. feet, the LOTS Wholesale Solutions store is fully equipped with modern warehousing and storage facilities for its members. The company has adopted a 100 per cent FDI route to establish its operations in India under the name of LOTS Wholesale Solutions.

"We come with 28 years of experience in the B2B



sector. Thailand and Indian market are very similar in terms of retail space as they both follow the same *kiranas* concept (known as Sho-Hauy in Thailand). CP Group also



LOTS Wholesale Solutions to Open 15 Stores in India Over Three Years

– By Charu Lamba

LOTS follows a cluster approach. The brand sets up stores basis the supplier/customer base so that they can provide them with a hassle-free experience and build a robust supply chain and make the delivery process faster...

has a sizeable presence of 100+ hypermarkets in China. This has given us a good understanding of how to operate in difficult markets. We have also conducted a detailed research about this market and trends which has helped us formulate our strategy and adapt to Indian market conditions," says **Sameer Singh, Director Development and Expansion, Operations and Supply Chain.**

Understanding India

With regulatory changes like GST, demonetisation, RERA and the Make in India policy bringing about a higher organisation on the Indian

retail scene, there is no time like the present for retailers from across the world to venture into the country and invest. "Our parent company, Siam Makro, has definitive explosion plans in the ASEAN region and owing to a positive regulatory environment, India was the first on our list. We see a lot of potential and the right type of investing and retailing environment in the country which is why we were ready to take the lead here," says Singh.

"The India Retail Sector is poised to grow; it is the land of opportunities. India is also in-line with our 4.0 Makro opportunities that focus on providing employment

to youth and support our customers through digital intervention. We also feel that we can contribute to the ever-growing HoReCa community with solutions that can positively impact their businesses. In India, since we are only focusing on the Cash & Carry segment, we have our entire force working towards achieving what is best for our customers, suppliers, and the company," he adds. According to various studies, India's retail market is expected to nearly double to US\$ 1 trillion by 2020 from US\$ 600 billion in 2015, driven by income growth, urbanisation and attitudinal shifts.



SOLES to Expand Retail Footprint in India, Go International Soon

– By IMAGES Retail Bureau

The brand is all set to establish itself as an iconic lifestyle brand, with a target to become a fast fashion brand to reckon with international market in the coming years...

The footwear market has changed exponentially over the past few years, growing rapidly as shoes are becoming more than just a necessity – they're becoming a very important fashion accessory. The increasing demand for trendy, yet comfortable, footwear among all age groups is a key factor in the rapid growth of this market. Malls covet good international and national footwear brand due to the growing demand from consumers.

One such brand which started with a single store and has now grown into a chain catering to almost all of South India is SOLES.

"We started our journey in 2007 as a women's footwear brand. That time, SOLES was a single store. Today, we are catering to almost all of South India with our stores. Our target audience is aged between 18-50 and includes women who stand by fashion, who wear fashion on their feet and who seek comfort and trend all rolled into one. We have all company-owned retail stores to reach the end-customer. Our focus is now expansion for we want to spread our retail footprint to the rest of the country soon," says **Ayaz Mahmood, Founder and MD, SOLES Fashion Private Limited.**

Operating Model

The brand has a robust Omnichannel strategy in place, with a strong online presence. SOLES reaches the consumer through their stores as well as their e-commerce website www.solesshoes.com. With an average store size is between 600 sq. ft. to 1,000 sq. ft., the brand has always been in line with some most of the competitive, premium brands in India.

"We have our own production units which are comfortable for the distribution of offline sales which directly reach our company-owned retail stores. Apart from this, we have an online sales channel both



The Indian Retail Industry has had its fair share of ups and downs along with keeping pace with the changing demand dynamics from the consumer's end. But what remains constant is the sweat and blood behind the scenes to keep the industry going. Logistics and Supply Chain Management form the key for any industry, retail being no exception. From the time the raw material is sourced for a product until it reaches the shopping bag of the consumer, it is all the action that takes places behind the scene that makes it all seamlessly possible...



The Supply Chain Management Dynamics in the Indian Retail Industry

– By Zainab S Kazi



Efficient supply chain management has a cascading impact on all aspects of retail - from sourcing of raw materials based on demand forecast and then speeding up the production to getting the product to the store and finally to the consumer, everything depends on the supply chain. Experts unanimously agree that besides infrastructure and complications in taxation, it is the efficiency of manpower and adoption of technology that gives a huge boost to supply chain management. However, it still remains to be seen whether the Indian Retail Industry has actively invested in the smooth running of its backend supply and logistics.

Setting the context of the story, **Farah Malik Bhanji, Metro Shoes** says, "While supply chain may be invisible to the end consumer, it is definitely very visible on a business' balance sheet. It is as critical to the functioning of a retail business, as the central nervous system is to the functioning of a body. A warehouse is the heart of a business and the nerves are the dispatches across the retail network."

'foodforum is Committed to Offer Unique Food Zone Experiences'

– By IMAGES Retail Bureau

Saurabh Singhal, Founder & CEO, foodforum is on a mission to change conventional and boring food courts. An entrepreneur, author and an engineer, Singhal has the clear objective of changing the face of food courts being operated across the country...



Good food has an undeniable appeal and increasingly, shopping centre

developers are experimenting with tastes and cuisines to woo consumers. As mall developers try to offer a complete shopping plus entertainment package to new age shoppers, it is the food court which is fast becoming one of the most crucial elements in attracting customers.

Good quality food, attractive brand mix, hygiene and value for money are basics to lure shoppers to

he founded foodforum with the clear objective of changing the face of food courts being operated across malls and highways in the country.

He plans to invest ₹150 crore over the next three years in food forum.

Singhal decided to use his experience in the field of retail to innovate and think of new food court concepts. His philosophy of a dining experience is much more than simply just eating a meal, which is well-reflected in his thoughts and plans for foodforum. foodforum offers the best of Indian and international brands as well



food areas, but these are traditional and predictable elements that all food courts have today. One man in the meanwhile, was working towards a vision to change the way people perceive food courts.

Saurabh Singhal, Founder & CEO, foodforum is on a mission to change conventional and boring food courts. An entrepreneur, author and an engineer, Singhal has an established fashion retail business before

as handpicked regional food leaders who serve food with authentic tastes. Apart from this, it features live music as well as a play zone for families with children.

In an exclusive interview with IMAGES Retail Bureau on the side-lines of India Food Forum 2018, Saurabh Singhal talks about his brand, the concept, and his expansion plans.

Give us an overview of foodforum.
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