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# IMAGES Retail™

**Future of Businesses**

**NOVEMBER 2018**

**VOL. 17 NO. 11 • ₹100**

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[COVER STORY]

## RETAIL FRANCHISING

**A POPULAR MODEL FOR SUCCESSFUL  
BUSINESS EXPANSION IN INDIA**

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# IMAGES Retail™

Future of Businesses

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Retailers need to do a lot to succeed in the Indian market. They need to sell good quality at competitive prices, market their product effectively, all the while growing their business. One way to grow fast is by franchising.

Franchising is an evergreen module that never goes out of fashion. It is one of the most fruitful motivating business opportunities that can lead to the foundation of a successful business empire. Opening a franchise comes with a set of rules, expectations, and skills completely different from launching one's own retail brand. As with any business venture, franchising is not immune to risk, but if undertaken in the right way, it can be a vehicle of success for both the franchisor and franchisee.

IMAGES Retail's November edition brings you the pros and cons of Franchising in Retail. The issue covers the topic from both ends - the retailers who offer franchises of their brand, and from the point of view of franchise owners. The issue talks in depth about major retail players and the breakup between their own stores and franchises, investment required, guidelines, revenue and footfall figures. Experts and retailers from the industry outline the challenges they've faced trying to establish a franchise business and detail other important aspects of choosing the right franchiser and franchisee.

The edition also brings an exclusive feature on 'Transit Retail', a deep dive into how retail contributes to an airport's revenue and why airports are self-sustained shopping enclaves which drive in sales as they create a unique shopping experience.

In addition to this, the issue also has an interesting feature on Retail Bosses Turning Customers. In the 'Stores CEOs Love' section, the top honchos of the industry talk about their favourite and most loved stores - both on the Indian and global map. In the Success Story section, Mohit Dhanjal, Director Retail, Raymond Limited shares insights into the success of the most exclusive fashion retail formats in the country.

As always, we hope you find the issue informative and beneficial. Do log on to our website, [www.indiaretailing.com](http://www.indiaretailing.com) to read great features and analyses on the stage of the global retail industry with an emphasis on India.



**Amitabh Taneja**

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*In India, the current estimated market size of the Indian franchise industry – a marketing concept adopted by companies for business expansion – is \$50.4 billion, an increase from \$13.4 billion in 2012, according to a KPMG and FAI report*

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# Manpower: A Looming Spectre on Modern Retailing in India!

– By Dr. Gibson Vedamani

*Manpower in modern retailing in India makes for an interesting study. This brief account discusses the concerns and issues in the Indian retail manpower scenario, with a focus on the need to address skilling needs for the growth of the retail sector in India in the coming years.*



**R**etailing is a people intensive business. Indian retailing is yet more people intensive as every customer expects to be personally served! It needs a great deal of manpower to energise the business that involves human interventions at all levels of its functional activities. Estimates published by the Ministry of Skill Development & Entrepreneurship in their Annual Report 2016-17 show that Indian organised retail sector would employ around 5.6 crores by 2022, which renders an immediate incremental requirement of 1.07 crores of direct retail manpower (Ref: Table 1). And many more are said to be engaged indirectly in employment that relates or adds value to the retail sector. Thus the retail sector comes second only to agriculture in direct manpower employment. Manpower in modern retailing in India makes an interesting study. This brief account discusses the concerns and issues in the Indian retail manpower scenario, with a focus on the need to address skilling needs for the growth of the retail sector in India in the coming years.

## Issues and Concerns of Manpower in Indian Retailing

Images Analysis estimates that the industry with a whopping size of USD 932.96 billion (2017) is currently growing at a CAGR of 14.3 percent. But, manpower availability is a concern that looms large as a specter on the face of the sector. With more than half of India's 1.2 billion population aged below 25, there is yet shortage of manpower foreseen in the retail sector, however. The attrition levels are high in the retail sector that puts organisations in a situation where they constantly seek to scout for people with the right skills as they

# RETAIL FRANCHISING:

## A Popular Model for Successful Business Expansion in India

– By Sandeep Kumar

*In India, the current estimated market size of the Indian franchise industry – a marketing concept adopted by companies for business expansion – is \$50.4 billion, an increase from \$13.4 billion in 2012, according to a KPMG and FAI report...*



*It is said that some of the best franchise opportunities are just around the corner and if you give up too soon, you may miss out on the job that's just right for you.*

**F**ranchise is a motivating business opportunity that can lead to the foundation of a successful business empire. In a straight, one line definition, franchise is a marketing concept adopted by companies for business expansion. Where implemented, a franchiser licenses its know-how, procedures, intellectual property, use of its business model, brand and rights to sell its branded products and services to a franchisee. In return the franchisee pays certain fees and agrees to comply with certain obligations, set out in the franchise agreement.

Franchising in India is at a growing stage. As per a report published by Franchise Asia, the growth of the franchise industry in India shows no signs of slowing down. The sector proved to be highly profitable in 2017 and 2018 is on track to produce similar results. India's gross domestic product (GDP) grew by 7.2 percent in the final quarter of 2017. It is expected that this growth will continue over the next number of years, reaching an estimated 7.4 percent by the end of this year and 7.8 percent in 2019. India is now seen as one of the world's largest and fastest emerging markets, and its vast population size and cultural diversity have made it a prime environment in which franchising can thrive. The franchise industry is growing at a rate of 30-35 percent per annum and the sales turnover of the sector was recently valued at over US\$7 billion.

Over the last number of years there has been a huge growth in an interest in entrepreneurship in India. This has incited growth within the franchising sector, as franchises provide the perfect solution for budding entrepreneurs who wish to invest in the security of an established brand, whilst enjoying the freedom offered by franchise models.





# Franchising: A Lucrative Entrepreneurial Option in Retail

– By **Baqar Naqvi**, Business Director- Retail and Consumer Products, Wazir Advisors

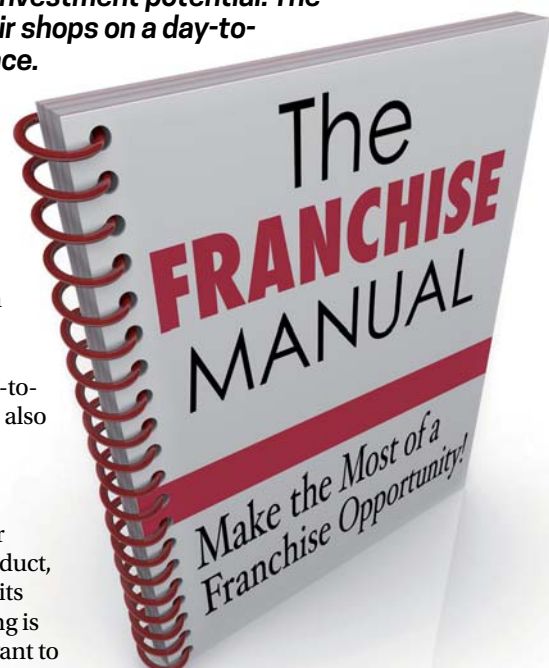
*Franchising appeals to a large mass of people with small to medium investment potential. The largest population of franchisees consists of those who manage their shops on a day-to-day basis and hence tightly control the costs and the brand experience.*

**F**ranchising is one of the few means available through which the brand owners gets access to capital without the need to give up control of the brand (as in case of raising money from through equity dilution) or increasing the burden of debt servicing (as in case of raising capital through debt).

Most brands also find the last mile / POS control and management an issue, which franchising addresses. Franchising, being an entrepreneurial option, appeals to a large mass of people with small to medium investment potential. The largest population of franchisees consists of those who manage their shops on a day-to-day basis and hence tightly control the costs and the brand experience. Franchising also helps the brand expand its footprint at a very fast pace.

## Difference Between Franchising & Licensing

Licensing is an arrangement in which a company (licensor) sells the right to another company (licensee) to use its Intellectual Property (IP), or produce a company's product, for a negotiated period and fee/ royalty. The licensor may exercise control over how its IP is used but does not control the business operations of the licensee. Since licensing is a related to usage of IP, such partnerships are much fewer, as the IP owners would want to



**T**here are many factors that have contributed to the success of Raymond but one of its key strengths, which has played a strong role in it becoming the fashion powerhouse as it is today, is the company's successful yet fastest roll out of a new retail business format of The Raymond Shop (TRS) called the Mini TRS stores for the emerging Tier IV & V markets.

Mapping the success from its first Mini TRS store launched in Bihta, near Patna, in the month of March 2017 to clocking a rapid count of 100 stores in the next 12 months, the company has come a long way with its 200th outlet launched in October 2018.

In an exclusive interview with IMAGES Retail, **Mohit Dhanjal, Director Retail, Raymond Limited** shares insights into the success of the brand. He says, "Raymond has always kept its customers at the heart of its strategy and brought it by leveraging the entrepreneurial spirit of its channel partners. This is the success formula behind our rapid growth with the Mini TRS stores."

As Mohit shares, this format has also created entrepreneurs which were not from the business of fashion but ventured into the field because of the strong Raymond brand equity and proven retail legacy. He also talks about how this franchising partnership has been beneficial for the company and the concept behind addressing the growth in Tier IV and V markets. Excerpts from the exclusive interview...



# Mini TRS to Bring Alive the Raymond Immersive Experience Across all Indian Towns

– By Gurbir Singh Gulati

*The Raymond Shop is one of the most successful exclusive fashion retail formats in the country. The vision since the very start was to create a responsive branded retail format for menswear fashion amongst a broad spectrum of consumers, spread across age groups and Indian geography.*

***Tell us about the progress made through TRS retail journey under your mentorship?***

Raymond offers complete solutions to a men's wardrobe from fabric to readymade garments to custom tailoring. For over nine decades, the brand continues to be one of the leading premium retailers in India aspired by all generations. With the introduction of new product categories in the recent past including performance enhancing fabric such as the Techno-Smart series, the all-Natural Linen collection, Shoes to fit every occasion and feet, leveraging new age technology such as 3D printing for accessories, to the latest introduction of Khadi by Raymond.





# Transit Retail:

## Optimising Revenue Potential and Passenger Experience

– By Zainab S Kazi

**T**he Yesteryears... It is always interesting to revisit the pages of history to know the origin of things. The journey of travel retail is in its 71st year. The Shannon airport, in Ireland, is where the first steps were taken in 1947. This airport served as a transit stop for flights between Europe and North America. Once the passengers had passed passport control, they could shop to their hearts content without ending up having to pay taxes and duties on their purchases.

The concept caught momentum in 1960s when two American entrepreneurs – Charles Feeney and Robert Miller – started DFS (Duty Free Shop). Hong Kong was their first destination followed by fast-paced global expansion. Today, DFS stands as one of the world's largest and most influential retailer.

### The India Story

In India, the history of airport retail isn't very old. The major turning point that gave a boost to travel retail (specific to airports) in the country was with the emergence of PPP airports. **Saloni Nangia from Technopak** elaborates, "In India, the focus came only a few years ago, with the PPP Airports (New Delhi, Mumbai, Bangalore and Hyderabad) and some AAI Airports taking a lead. So the years from 2008 onwards, when the new PPP airports came up, were the starting point.

*If we take a look into the current dynamics of retail, the entire debate revolving around offline vs. online retail holds no ground. Each has its own place and each of it is growing strong at its own pace. From high streets to malls and now to airports, railway stations, metro stations and highways, offline retail manages to find new grounds each time the challenge of its existence crops up. Transit retail is not new but then in India, it has been in existence since less than a decade in the true sense and it is only now that it is picking up tempo to be a topic of discussion at any retail meets and forums. Going by the overall opinions, we can safely say that Transit Retail is poised for growth and with PPP Airports and Metro Stations, the going is only going to get better.*



# Woodland to Add 60 Stores, Strengthen Franchise Model in India

– By Surabhi Khosla & Sandeep Kumar

*Tapping the unlocked potential in India, Woodland entered the country in 1992 when the Indian footwear market was largely unorganised and soon became a recognisable name in the adventure and outdoor segment.*



With changing lifestyles and increasing affluence, domestic demand for footwear is projected to grow at a faster rate than has been seen in India.

Currently, India is the second largest footwear producer in the world, with footwear production accounting for approximately 9.6 percent (till April 2018) of the global annual production – 22 billion pairs as compared to China, which produces over 60 percent of the global production.

The footwear market in India is now dominated by men's footwear which contributes close to 58 percent of the total Indian footwear retail market and is expected grow at a CAGR of 10 percent by 2020. The women's footwear segment, however, is projected to grow at a much faster CAGR of 20 percent.

While the industry is currently dominated by unorganized domestic SME footwear manufacturers, changing consumer behavior and modern lifestyles have led to more organised brands coming into the fray, lured by the potential of bigger sales, but mostly in a bid to give the consumer branded, better quality products, value for money.

A significant shift was observed post liberalisation when lifestyles expanded to foster great value for the sports/active segment and for casualisation as a whole. The technological prowess of global sportswear giants enabled them to functionally and fashionably appeal to a young India. Tapping the unlocked potential in India, Woodland entered India in 1992 when the Indian footwear market was



## About Harkirat Singh

- ▶ Harkirat Singh who comes from a family of industrialists took over the responsibilities of Woodland at a very young age of 30. His deep passion lies in learning the art of making the perfect footwear.
- ▶ To pursue his passion, he attained a degree in a marketing course from Harvard Business School and Philology from Moscow University. On completion of his academics, he joined business full time concentrating on exports to Europe and US.
- ▶ He has made significant contribution toward the brand Woodland which is now properly known as “the maker of tough shoes”. His love for shoes led to the creation of adventure footwear category back then when the footwear market in India was unorganised and undergoing a transformation.
- ▶ He firmly believes that the most important factor that contributes to Woodland's success have been the adherence of strong values and vision of the company. His acute perception of the market trends has assisted him to sustain the volume of business even in times of downturns in the market, period of recession, keeping the brand on top, ahead of all competition.
- ▶ Apart from work, Harkirat Singh is also quite involved to pursue his personal interests and hobbies at a constant pace that vary from tennis, golf, all adventure sports, book reading, and follower of good music as well as a technology freak. He is also a lover of niche automobiles including cars, bikes et al.

# The All New Creaticity: F&B, Entertainment Added to Existing Home & Interiors Portfolio

– By Sandeep Kumar

*The new and improved mall has a blend of international and home-grown brands, from national chains to regional and city retailers and from lifestyle to premium offerings.*

**T**he over arching goal of a brand transformation is to elevate the brand above 'features and functions. Re-branding allows a company to communicate changes and future direction among the employees and the marketplace in a visible, definitive manner.

A company's ultimate goal is to focus on satisfying customer desires and enhancing consumer experience. The management needs to think about the unique value their organisation is adding to an area's culture including elements like grit, ingenuity and even progressive thinking.

Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL) is one such progressive company, which recently announced the unveiling of its creative living campus Creaticity in Pune. From offering holistic solutions in Home & Interior Lifestyles to an array of Food & Beverage and Entertainment options, Creaticity is a re-launched version of the erstwhile Ishanya Mall and is expected to be home to 100+ national and international brands across fashion, F&B, home decor and entertainments categories.

In an exclusive interaction with IMAGES Retail, **Mahesh M, CEO, Creaticity**, talks about the new identity, design aspects, importance and impact of the re-branding of the mall.



***Your brand recently transformed itself into a new identity - from Ishanya to Creaticity. Tell us about the new identity. Why did you feel the need to re-brand yourself?***

We have been part of the Pune landscape for over a decade in terms of embellishing beautiful homes, simply stated- a furniture and furnishings aggregator with a whole host of brands and retailers. Over these years, we have learnt a lot from our customers and patrons and advisors. One common point that came up was that we needed to reinvigorate ourselves, the brand itself and lean on its heritage, yet let go of some baggage of the past. The last couple of years have been especially gratifying since our foray into F&B and emphasis on entertainment led us to believe that the category mix was substantially evolving, and we were indirectly laying the wire frame for a new journey of discovery. Therefore we began our 'Mall and Brand refresh' exercise which was built on the foundational premise of our existence as Ishanya- 'to inspire the joy of creation in every customer we serve' and one year down the line, we have crafted a new expression called Creaticity.







Boris Stroujko / Shutterstock.com

# In The Shopper's Shoes:

## When Retail Bosses Turn Consumers

– By Sandeep Kumar

*What happens when retail CEOs turn consumers? What do they look for in stores they like to visit? IMAGES Retail spoke to the decision makers of the retail industry and bring you a look at the stores that attract the CEOs, the Managing Directors, the top bosses...*

**T**he principal goal of any business, primarily retail, is to attract and retain customers. A steady flow of new customers is always beneficial to grow the business. There are several factors which can help to improve the in-store traffic.

From the consumer's perspective, design and store layout could be one reason to enter a new store, other consumers may prefer the products a store sells, while there are still others who choose a store for its service. There are visitors who prefer all three factors in a single store and if satisfied, rate the store as their favourite.

But what happens when retail CEOs turn consumers? What do they look for in stores they like to visit? IMAGES Retail spoke to the decision makers of the retail industry and bring you a look at the stores that attract the CEOs, the Managing Directors, the top bosses.

We also asked them to highlight the challenges and bottlenecks they faced while setting up their own brand, along with innovative ideas that they have employed so far to keep them ahead of the competition.





# Raymond

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## BEGIN A RAYMOND FRANCHISE. BEGIN A SUCCESS STORY.

With over 9 decades of expertise in men's lifestyle, there's more to Raymond than just fashion. We believe that our relationship with customers is beyond their in-store experience and that is why we've become a part of their lives. Here's the opportunity for you to own a Raymond Shop Franchise that allows you to be a part of this fantastic journey with the Raymond family.



### PREREQUISITES TO BECOME A FRANCHISEE

- 600 sq.ft. to 1200 sq.ft shop in a prime market (Owned, rented or leased)
- Minimum frontage of 15 ft.
- Investment up to ₹50 Lakh

# Raymond

Send in your proposal to us at [franchisee.admin@raymond.in](mailto:franchisee.admin@raymond.in) or contact us on 88799 00993. Monday to Friday: 9.30am – 6.30pm.