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IMAGES Retail™

Future of Businesses

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Future of Businesses

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Supply chain, logistics and warehousing play an indispensable role in the transportation of goods across the country. It is one of the most important constituent, cost-effective resources which defines the economy and GDP of the country. It is the fulcrum for procurement, manufacturing and distribution services which collectively build robust economies.

Gone are the days when warehouses were dark and dingy, and the transport system entirely depended on drivers, roads and seasons. Today, with the help of technology and digitalisation, the industry has been totally revamped. With robotics, temperature controlled multi-story smart warehouses, assisted by Big data, Augmented Reality, Artificial Intelligence, Cloud Logistics, self-driving vehicles, 3D printing, anticipatory shipping and drones, the industry has – to an extent – everything it needs to serve retailers and customers in a highly advanced manner.

The June 2019 issue of IMAGES Retail delves on the Indian logistics, supply chain and warehousing industry, which is growing and prospering, largely because of the flourishing retail and e-commerce sectors in the country. The complete package includes research, exclusive interviews and analytical sessions in both fashion and the food industry.

A special 'My Thoughts' section carries the views of Rubal Jain, Managing Director, Safexpress who writes on the trends and contribution of his company to the industry. There is also an exclusive on top trends transforming the global logistics & supply chain industry.

Aside from this, the June edition also brings to its readers a round-up of IMAGES' flagship fashion retail event, India Fashion Forum 2019, featuring sessions on the logistics and supply chain where experts share their experiences on the implementation of digitalisation in the logistics and supply chain segment.

As always, we hope you find the issue informed and beneficial.



Amitabh Taneja

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BRICK-&-MORTAR STORES CONTINUE TO SHINE IN THE AGE OF E-COMMERCE

New brick-&-mortar stores make headlines as big brands continue to make profits out of their businesses. Here's a look at some of the major activities in the retail sector in the last month...

By IMAGES Retail Bureau



extent geography-agnostic because its success depends on the spending power of its target audience. As a result, shopping malls in Tier II and III cities have performed as well as, if not better than, their Tier 1 counterparts. This also led to increase in rentals and profitability and caused PE investors to start considering investment options outside their accustomed Tier 1 geographies."

US-based funds like Blackstone and Goldman Sachs invested more than US\$ 1 bn funds into the Indian retail sector between 2015 and 2018. Of this, more than US\$ 700 million went into Tier II and III cities; just US\$ 300 million came to cities like Pune and MMR. Evidently, large PE funds have recognized the potential of smaller cities which continue to have a shortage of organised retail despite the rising disposable income and aspiration-driven consumption appetite being generated there. PE investors from UAE, Singapore and Netherland also showed interest in Indian retail during the period and invested close to US\$ 800 million into it.

'PE INFLOWS IN INDIAN RETAIL DOUBLE TO US\$ 1.2 BILLION IN 2 YEARS'

Further liberalisation in FDI policies – 51 percent FDI in multi-brand retail and 100 percent FDI in single-brand retail under the automatic route (against the previous 49 percent) – has attracted major global PE funds to double their investments in the Indian retail sector. As per

ANAROCK's Private Equity in Indian Real Estate report, the total private equity inflows in the Indian retail sector between 2015-2018 stood at US\$ 1.84 bn. Of this, nearly US\$ 1.2 bn were pumped in

between 2017-2018 alone.

US and Canada-based PE funds together invested more than US\$ 1.13 bn into the retail sector, bestowing their faith on an industry riding on increasing consumerism which is pegged to rise to US\$ 3,600 bn by 2020. Tier II and III cities were high on the radar of the PE investors, who in the last four years infused almost half of their total investments into the retail sector in cities like Amritsar, Ahmedabad, Bhubaneswar, Chandigarh, Indore and Mohali.

Shobhit Agarwal, MD & CEO, ANAROCK Capital says, "Our report highlights the fact that unlike the commercial office sector, retail is to some

SPENCER'S RETAIL TO ACQUIRE GODREJ NATURE'S BASKET

The RP-Sanjiv Goenka Group controlled Spencer's Retail on Friday said its board of directors has approved acquisition of 100 per cent stake in Nature's Basket Ltd, a wholly-owned subsidiary of Godrej Industries, for a consideration of about ₹300 crore.

"The board at its meeting held earlier today (Friday) has, inter alia, approved a proposal for acquisition of entire 100 per cent stake held by Godrej Industries Ltd in its wholly-owned subsidiary Nature's

The Indian Warehousing Opportunity

A warehouse is a fundamental part of business infrastructure and is one of the key enablers in the global supply chain. It is the fulcrum for procurement, manufacturing and distribution services which collectively build robust economies...

By Knight Frank India



Logistics and warehousing plays an indispensable role in the transportation of goods across the country. A warehouse is a fundamental part of business infrastructure and is one of the key enablers in the global supply chain. It is the fulcrum for procurement, manufacturing and distribution services which collectively build robust economies.

Today logistics cost in India accounts for 13-17 percent of the Gross Domestic Product (GDP) which is nearly double (6-9 percent) the logistics cost to GDP ratio in developed countries such as the US, Hong

Kong and France. Much of the higher cost could be attributed to absence of efficient intermodal and multimodal transport systems. Moreover, warehousing which approximately accounts for 25 percent of the logistics cost has also been facing major challenges. This further added to the logistics cost borne by the end users and other stakeholders.

Earlier, the incentives to enter India's warehousing sector was minimal for organised players as the occupiers themselves were content to engage with fringe partners offering low cost options with a network of small storage facilities near consumption centres. Multiple state

and central level taxes made it sensible for companies to maintain smaller warehouses in each state. Further, this limited the focus on automation and higher throughput. This attitude of occupiers of preferring to save on costs as their sole objective is changing. There has been a gradual transition in the mindset of occupiers to use the services offered by organised segments.

A plethora of factors are driving this wave of change such as: requirement from compliance regulators (in case of the pharma industry), quality consistency assurance required by clients/ regulators, statutory penalties on non-complaint warehousing facilities, economies of scale being achieved through larger warehouses, safety and security of goods, efficiency in operations, quicker turnarounds, need for efficient warehousing designs and the advent of e-commerce and other multinational businesses that prefer to occupy only complaint facilities. This shift was further accentuated by the implementation of the Goods and Services Tax (GST) in India.

The whiff of such a mammoth opportunity has attracted global pioneers in warehousing expertise to Indian shores. The government's thrust to the sector such as giving infrastructure status to the logistics sector, the 'Make in India' programme, development of multimodal transport networks and initiatives to set up industrial corridors like Delhi Mumbai Industrial Corridor (DMIC), Delhi Kolkata Industrial Corridor and logistics parks have propelled the cause.

Over the past few years, the government has undertaken several reforms to promote and provide an exit route to real estate investors via the Real Estate Investment Trusts (REITs). Currently the market



Digitalisation:

Helping Companies Transform Their Logistics & Supply Chain Models

As per CARE ratings, India's logistics industry is projected to be worth \$215 billion by 2020-21, recording a 10 percent compounded annual growth rate (CAGR) over its approximate size of \$160 billion in 2016-17. In India, the logistics industry continues to grow and prosper, and the credit of this improvement goes to retail, e-commerce, manufacturing and various other sectors...

By Sandeep Kumar

Logistics and Supply chain (L&SC) is often regarded as the main constituent of a country's economy. It is one of the most cost-effective resources on which the wheels of the company/retailers and brand runs. 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 L&SC.

As per CARE ratings, India's logistics industry is projected to be worth \$215 billion by 2020-21, recording a 10 percent compounded annual growth rate (CAGR) over its approximate size of \$160 billion in 2016-17. In India, the logistics industry continues to grow and prosper, and the credit of this improvement goes to retail, e-commerce, manufacturing and various other sectors.

Supply Chain Management: Converting Challenges into Winning Opportunities for Retailers

SCM ensures the flow of goods and services at a faster pace. It involves the movement and storage of raw materials, of work-in-process inventory, and of finished goods from point of origin to point of consumption...

By Charu Lamba

Consumers expectations are growing with the changing times. Well-travelled consumers of today expect the right product to be delivered at the right time. To match these rapidly evolving needs of consumers, retailers are investing huge amount on supply chain management (SCM).

SCM ensures the flow of goods and services at a faster pace. It involves the movement and storage of raw materials, of work-in-process inventory, and of finished goods from point of origin to point of consumption.

"An efficient SCM system enables planning of inventory, transition of products and the point of sales – which ultimately plays a key role in customer satisfaction, ensuring better availability of sizes/options and that the right product reaches the consumer at the right time," says **Vasanth Kumar, Managing Director - Lifestyle International Pvt Ltd.**

The differentiating factor of retail supply chain management from others is the volume of product movement and the fast moving nature of products.

Since, supply chain operations are becoming complex and driven by uncertain customer demands, responsiveness of supply chain plays a significant determinant weapon to not just deliver seamless experience to customer at low cost but also to deliver strategic opportunity to out-perform competitors.

"Especially for a fast fashion retailer, supply chain



Reconfiguring Supply Chains in the Indian Fashion Industry

Fashion retailing, which includes apparel footwear and accessories, comprises roughly 9 percent of organised retail in India, suggesting the enormous potential for growth in the coming years...

By Dr. Rajesh Bheda, MD & Ramesh Nair, Principal Consultant, Rajesh Bheda Consulting

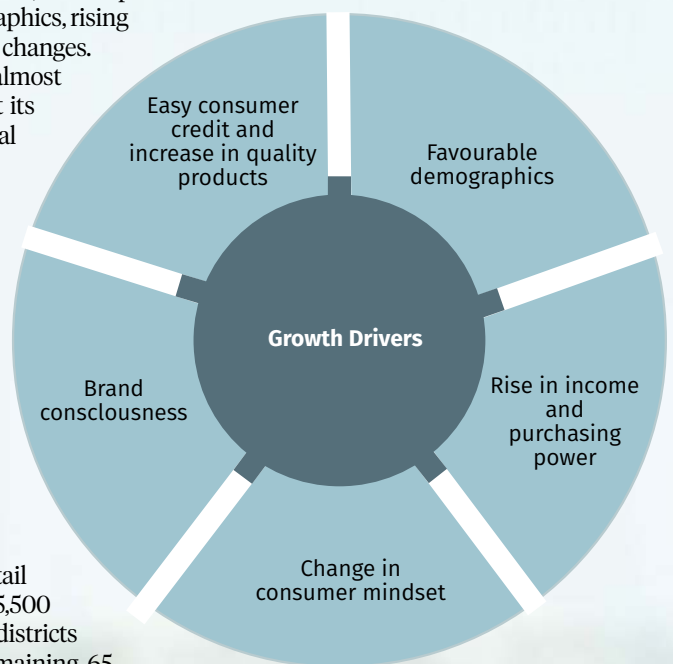
India's retail industry remains vibrant, with growth projected from an estimated US\$ 672 billion in 2017 to \$1,200 billion in 2021 (IBEF Report, Jan 2019) on the back of factors like favourable demographics, rising incomes, a burgeoning middle class and their lifestyle changes. The sector plays a significant role contributing to almost 10 percent of India's GDP. The story of-course is not without its twists. Organised retail is not more than 9 percent of the total retail market.

Fashion retailing, which includes apparel footwear and accessories, comprises roughly 9 percent of this organised retail, suggesting the enormous potential for growth in the coming years.

Despite bright growth prospects, the industry faces infrastructural challenges, shortage of skilled manpower, high rentals and the GST implementation challenge. India also remains a heterogeneous market influenced by linguistic, cultural and regional diversity. Leaving aside English and Hindi the country communicates in at least 20 regional languages. This necessitates that fashion retailers think of India not as one market but as many diverse sub-markets tweaking their offering to unique local needs.

Yet another crucial aspect is the fact that over-all India's retail distribution networks have a long tail. India is spread across 5,500 towns and over 600,000 village. Only 15 percent of the 640 districts are home to over 35 percent of the population with the remaining 65 percent of the population speared over the remaining districts.

Figure 1:
Retail Growth Drivers





Logistics in The Modern, Digital Age

From robots taking over last-mile delivery to Blockchain technology lending operational transparency, logistics is changing and being changed by the digital world...

By Rubal Jain, Managing Director, Safexpress

Change is afoot in the logistics industry and if you are a stakeholder in it, the excitement is palpable enough to be felt in your daily working life. With logistics sector getting an 'infrastructure' status, the rolling out of Goods and Services Tax (GST), and technological advancements, the logistics industry today is set to make quantum leaps into the future. A few years later, I feel we won't even recognise the Indian logistics industry as it was – ignored, unorganised, with small players trying to minimise their operating costs and having to deal with daily fire fighting.


The logistics industry in India is set to become more forward-looking, and as per the Economic Survey 2017-18, is expected to reach \$215 billion in 2020, growing at a compound annual growth rate (CAGR) of 10.5 percent. A considerable degree of consolidation is in the offing, with larger warehouses, and a more organised setup. Fuelled by innovation and digitisation, the Indian logistics industry will encourage functional excellence with integration and collaboration to a large extent. In my opinion, the digital age will be so intertwined with the logistics industry, it will be difficult to separate the two.

Take Blockchain, for instance, one of the newer kids on the block. A distributed database that transfers information with a timestamp, the Blockchain will be able to pinpoint the source of the product and bring transparency to operations. As a matter of fact, in March 2019, India's Coffee Board launched Blockchain-based coffee e-marketplace. Blockchain not only improves supply chain security and addresses probable fraudulent practices, but also makes processes seamless, with accurate recording of data and the ease of tracking updates in real time.

There is also the Internet of Things (IoT), which deserves all the praise that is heaped upon it. With the ability to transform entire businesses, IoT brings safety to supply chain management, sustainability in processes, supply chain visibility, warehouse optimisation, as well as effective fleet management with real-time tracking and the option to change course in case of roadblocks and congested traffic.

What has also led to the digital revolution is the correct use of data with the help of data mining and data analytics. Understanding data has led to a significant improvement in customer satisfaction, as well as increased efficiency and cost optimisation. Artificial intelligence (AI) is another buzzword in the world of logistics and increases efficiencies in the areas of predictive demand and network planning. In the near future, it will be used in a significant way to anticipate events and avoid risks.

And one can't talk about AI without robotics. My personal favourite – and probably because it excites the child in me who was obsessed with robots and sci-fi movies – robotics has already made a world of difference to warehouses by locating, tracking, moving and stacking inventory. Future robotics might even be deployed for last-mile delivery, among other things. Last year, a pilot project in Canberra, Australia, grabbed eyeballs when Google's parent company, Alphabet, started its Project Wing to deliver coffee by drones. There's more to come, I'm sure.

All in all, exciting times to be in the logistics industry! 

Enhancing Supply Chain Capabilities For A Great Customer Experience

Brandstoday work hard towards determining strategies around supply chain, inventory and logistics for driving sales, demonstrating that the supply chain is ready for the next phase of retail revolution both from technology and retailers' end in India...

By IMAGES Retail Bureau



While most retailers understand the importance of providing a consistently positive customer experience, many struggles with legacy systems that fail to address customer experience needs. To successfully serve today's Omnichannel demands and in the future, retailers must recognise and accept that changing market dynamics which necessitates adjustments to the old ways of doing things. As customer behavior is evolving in the Omnichannel environment getting the right fashion products to the right sales channels can be a highly complex process.

In a session held at India Fashion Forum 2019, a distinguished jury composed of time-honored luminaries from the retail supply chain and logistics industry deliberated on exploring the awareness and emotional engagements with a brand to determine strategies around supply chain, inventory and logistics for driving sales. The objective of the session was to demonstrate how the supply chain is ready for the next phase of retail revolution both from technology and retailers' end. The session was moderated by **Gaurav Kapil, SVP & Head-CX, Ops, Marketplace & Supply Chain, Craftsvilla** and the panel consisted of following eminent retail leaders:

1. **Tushar Ahluwalia**, Co-founder and CEO StalkBuyLove.com
2. **Manoj Krishnan**, President-IT, Landmark Group
3. **Rajul Jain**, CEO & Co-founder, INCREFF (Incredible Efficiency)
4. **Surendra Nayak**, Head- Sales & Marketing, Logic ERP Solutions



From L to R: **Surendra Nayak**, Head- Sales & Marketing, Logic ERP Solutions; **Manoj Krishnan**, President-IT, Landmark Group; **Rajul Jain**, CEO & Co-founder, INCREFF (Incredible Efficiency); **Tushar Ahluwalia**, Co-founder and CEO StalkBuyLove.com; **Gaurav Kapil**, SVP & Head-CX, Ops, Marketplace & Supply Chain, Craftsvilla



Top Trends Transforming the Global Supply Chain & Logistics Industry in 2019

A strong supply chain forms the key to taking care of most of the business nuances and the world is today moving over to robotics and automation to take care of this, though trained manpower still remains imperative to successful supply chain operation. Here are some key findings...

By Zainab S Kazi

Supply Chain remains the most underrated support function in retail but then its importance cannot be undermined. A weak supply chain results in chaos which ultimately leads to the downfall for any brand / retail chain. Internationally, supply chain and warehousing is witnessing a tremendous revolution.

With the growing prevalence of Omnichannel retail, the retailer today faces a challenging task of customer expectation fulfillment 24x7. Not only is the customer looking at an enhanced customer service but a seamless

experience across channels. Coupled with this, the retailer needs to ensure that his operational costs are under check and the business is strong enough to take care of any unforeseen volatility. A strong supply chain forms the key to taking care of most of the business nuances and the world is today moving over to robotics and automation to take care of this, though trained manpower still remains imperative to successful supply chain operation.

Reiterating this, **Samay Kohli, Co-Founder & Chief Executive Officer, Grey Orange** (a robotics and warehouse automation company) shares, "The retail

evolution calls for a new generation of solutions to address its complexities, which will help retailers create an end-to-end Omnichannel supply chain grounded in the streamlined processes of their fulfillment centers. Automation has a big role to play in this, as it can help minimise inventory duplication and enable a real-time, unified view of inventory across channels."

Kohli further adds that in a modern warehouse, assets and resources need to collaborate with minimal human intervention and with utmost integration across various workflows.



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