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IMAGES RetailTM

Future of Businesses

JULY 2019

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[COVER STORY]

IMPACT OF E-COMMERCE

Why Successful Offline Brands
are Jumping on the Online
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IMAGES Retail™

Future of Businesses

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E-commerce, which was a decade ago considered an indolent aspect of the unorganised Indian retail industry, has today become the platform on which the wheel of the industry runs. In a span of approximately 10 years, e-commerce has played a major role in organising the industry and also making it more convenient and accessible for the users.

The additional influence of the cyberspace has enabled e-commerce to reach and make an impact even in rural areas as well. Currently, Indian e-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion in 2017. By 2021 India is expected to generate \$100 billion online retail revenue out of which \$35 billion will be through fashion e-commerce. Online apparel sales are also set to grow 4X in the coming years.

The July edition of IMAGES Retail brings its readers the complete story on why this enormous demand has caused companies to be more creative in terms of reaching audiences online by introducing new and innovative technologies. The cover story will go over the impact of e-commerce, the role of Omnichannel services in luring modern consumers and how AI, VR and other innovations have impacted the e-commerce industry.

The issue also brings readers up to speed with the top innovations by leading brands to add more footfalls and revenue in their respective stores.

In other news, we have introduced a new 'Retail Design' in which we bring our readers a roundup on how Shoppers Stop has turned its fortunes by focusing on good visual merchandising. We also take a look at how retail design affects clicks-to-bricks brands and their store experience learnings.

Finally, the edition brings to its readers a roundup of IMAGES' flagship fashion retail event, India Fashion Forum 2019, featuring sessions on e-commerce, phy-gital retail and technology innovation, where experts share their experiences from the retail and fashion perspective.

As always, I hope you find the issue informative and useful.



Amitabh Taneja

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The luggage industry has, over the years, shed its traditional utilitarian



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Impact of E-Commerce: Why Successful Offline Brands are Jumping on the Online Bandwagon

The Indian e-commerce industry has been on an upward growth trajectory and is expected to surpass USA to become the second largest e-commerce market in the world by 2034.

Technology-enabled innovations like digital payments, hyper-local logistics, analytics-driven customer engagement and digital advertisements will likely support the growth in the sector. An in-depth study of the Indian e-commerce sector



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E-Commerce: The 'Super' Market

E-commerce' has been defined to mean buying and selling of goods and services including digital products over digital & electronic network. Primarily, two models of e-commerce are recognised – 'inventory based' and 'market-place'

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RETAIL INFLATION INCHES UP TO REACH 7-MONTH HIGH

Retail inflation and price rise make headlines as brands in the food and fashion retail industries continue to set new profit and revenue records. Here's a look at some of the major activities in the retail sector in the last month...

By IMAGES Retail Bureau



PARAG MILK FOODS CLOCKS ₹70 CRORE IN FY'19; EYES ₹160 CRORE THIS FISCAL



Parag Milk Foods earned a revenue of about ₹70 crore last fiscal from its manufacturing facility at Sonapat in Haryana that the company acquired from Danone and is targeting up to ₹160 crore this financial year on better demand for its products in the northern market. Mumbai-based Parag Milk acquired Sonapat plant in April last year and started commercial operations in August to expand its footprint in the north and northeast India.

The company now has three plants in Maharashtra, Andhra Pradesh and Haryana with a total processing capacity of 2.9 million litres per day. "Our Sonapat plant is doing very well. It contributed ₹65-70 crore to our total turnover during the last fiscal. We are targeting a revenue of ₹130-160 crore during the current financial year," Devendra Shah, Chairman, Parag Milk



Foods told PTI. Parag Milk posted a 22.6 percent increase in its consolidated revenue from operations to ₹2,395.7 crore during 2018-19 fiscal, as compared to ₹1,954.5 crore in the previous year. "We are currently processing about 60,000 litres per day of milk in the Sonapat plant which is being sourced from Maharashtra, Haryana and Rajasthan," Shah told PTI, adding that the company expected to reach 100 percent capacity utilisation of over 1 lakh litre per day in the next financial year.

Shah said that the company is making efforts to strengthen distribution network by adding more retail (modern and traditional) touchpoints in the north India market. Parag Milk Foods had also launched its premium fresh milk brand 'Pride of Cows' in the Delhi-NCR market, wherein, the company airlifts the milk from its dairy farm near Pune.

INDIA'S RETAIL INFLATION UP 3.05 PC IN MAY



Higher food prices accelerated India's May retail inflation to 3.05 percent from 2.99 percent in April, as per the official data. However, on a year-on-year basis, the Consumer Price Index in May 2019 was lower than the corresponding period of last year when retail inflation stood at 4.87 percent. According to data furnished by the National Statistical Office, the Consumer Food Price Index inflated to 1.83 percent during the month under review from an expansion of 1.10 percent in April 2019. Product-wise, prices of vegetables, eggs, meat and fish pushed the retail inflation higher on a YoY basis. In contrast, decline in prices of 'cereals and products' and 'milk and products' sugar capped the overall food inflation. Accordingly, the prices of vegetables increased 5.46 percent, meat and fish by 8.12 percent, eggs by 1.80 percent and pulses and its products by 2.13 percent.



RETAIL INNOVATIONS: Taking Customer Experience One Notch Higher

To reshape the concept of traditional retail, innovations across the industry – product, in-store and technology innovations – are growing in popularity. They have made retail engagement all the more experiential, fascinating and personal and are often considered to be in the middle of a mixed reality spectrum; between the real world and the virtual world...

By Charu Lamba

Incorporating innovation that is both interactive and engaging has changed the dynamics of retail. Today, introducing innovation in day-to-day operations is not just about enhancing business functions, it is about providing an incomparable shopping experience as well.

To reshape the concept of traditional retail, innovations across the industry – product, in-store and technology innovations – are growing in popularity. They have made retail engagement all the more experiential, fascinating and personal and are often considered to be in the middle of a mixed reality spectrum; between the real world and the virtual world.

The concept of innovation is, however, yet to fully permeate the Indian retail system, with only a handful of retailers in India being bold enough to adopt this dynamic solution to provide an enriching shopping experience to their shoppers.

Here is the list of retailers and the innovations introduced:



Shoppers Stop Redrafts Its Visual Story

Good visual merchandising must have a 'wow' element, something that makes customers happy, lures them in-store and then helps convert their visit into a sale...

By Satarupa Chakraborty



Visual Merchandising (VM) is a store's visiting card. Even before a customer walks in, talks to a salesperson or browses leisurely through a store, it is the VM element that helps him/her decide s/he will enter the store at all.

Good visual merchandising must have a 'wow' element, something that makes customers happy, lures them in-store and then helps convert their visit into a sale. One brand which has reaped the benefits of great VM is Shoppers Stop.

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. Taking on stiff competition generated by the rise of e-commerce and other departmental store chains, Shoppers Stop is re-strategising its retail ID, in-store experiences and shopper-centric visual merchandising.

The brand's custodians say that store



count scaling plan is not the paramount to them. What's important is elevating shopper experience is. In this freewheeling chat with IMAGES Business of Fashion, **Pawan Nagarwal, CCA and Head of Visual Merchandising, Shoppers Stop Ltd.** talks about a refreshed approach of visual representations and why it means pure business for the departmental store chain.

Impact of E-Commerce:

Why Successful Offline Brands are Jumping on the Online Bandwagon

According to an IMAI-IMRB report, India had an internet base of about 560 million users by December 2018, which is approximately around 45 percent of the population. By 2021 India is expected to generate \$100 billion online retail revenue out of which \$35 billion will be through fashion e-commerce. Online apparel sales are also set to grow 4X in coming years...

By Sandeep Kumar

A decade ago, e-commerce entered India and changed the lives of urban consumers forever. Today, with the penetration of Internet, e-commerce is changing the lives of Indians in small towns and beyond as well, owing to the convenience and wide variety of choice it affords a consumer. IRCTC, became the first company to create a successful e-commerce portal in 2002 and soon by the revolution of smart phones and easy availability of cheap data, e-commerce made a space of its own in the Indian retail industry. It has been estimated that 1.92 billion global buyers will participate in e-commerce activities in 2019, a number which is expected to swell to more than 2 billion by 2021.

E-Commerce in India

According to an IMAI-IMRB report, India had an internet base of about 560 million users by December 2018, which is approximately around 45 percent of the population.

Despite the population and also India being the second-largest user base in the world behind China, the penetration numbers of India – in as far as e-commerce is concerned – is low as compared to the American and the European markets. In USA, the e-commerce penetration is above 85 percent whereas European countries like France leads the race with above 80 percent penetration.

A report by Google India says that the Indian e-commerce





INDIAN LUGGAGE INDUSTRY:

Packing Innovations to Stay Ahead of the Curve

The luggage industry has, over the years, shed its traditional utilitarian tag and has evolved as a lifestyle product. Increasing business and leisure travels coupled with rising disposable income and organised retailing have led to increased demand for luggage...

By Charu Lamba

With increasing globalisation and urbanisation, there has been a significant increase in the spending capacity of consumers. Their changing lifestyles and a growing interest in tourism and travel are fast giving a much needed boost to the Indian luggage industry. The segment has, over the years, shed its traditional utilitarian tag and has evolved as a lifestyle product. Increasing business and leisure travels coupled with rising disposable income and organized retailing have led to increased demand for luggage.

Along with this, a boom in online commerce, has given a considerable pace to the fast growing luggage industry enabling brands to reach out to smaller markets as well. Also, within this category, the demand for brand names has grown, as consumers aspire for goods that count as status symbols.

"The biggest factor leading to evolution of the luggage industry is that luggage is not just a travel utility anymore, it is a lifestyle product, a fashion accessory. Trendy looking trolleys and bags add to the look. The demand too has grown exponentially over the past few years," says **Sahil Malik, Managing Director, Da Milano.**

Bags can range from casual to business travel segments as per the consumer's requirements.

From Unorganised to Organised

The Indian luggage market can be broadly segmented into organised and unorganised sectors, with the unorganised sector still occupying a majority share. However, with the spurt in demand, many



hummel's Elaborate In-Store Experience Centres Prove India is 'An Important Market'

With the launch of five franchise stores, hummel has embarked on a physical retail expansion drive to cater to the Indian Millennial by offering a wide array of its high-performance, stylish and durable range of products...

By Charu Lamba

Danish footwear brand, hummel, is eyeing offline expansion in India. The brand, which has already been running a substantial part of its production from India, has recently opened five franchise stores in Chennai, Bengaluru, Amritsar, Pune and Surat.

With the launch of these stores, the company has embarked on physical retail expansion drive to cater to the millennial by offering a wide array of its high-performance, stylish and durable range of products.

"We are excited about the Indian market and are looking to invest in becoming one of the major players in the sports and lifestyle category in coming years. As a brand, we believe in changing the world through sports and we see many wonderful collaboration opportunities in India," says **Henrik Svenning**, Chief Commercial Officer, hummel.

Over the past few years, India has rapidly caught up with the wider global fitness trends. From 2015 to 2016, the Indian sportswear market grew 22 percent, outpacing the segment's global increase of 7 percent, according to Euromonitor International. By 2020, it is expected to grow an additional 12 percent CAGR with sales expected to reach US\$ 8 billion.

Cashing on growing opportunity, hummel is looking forward to opening 10 more stores this fiscal year in cities like Hyderabad, Delhi, Mumbai, Lucknow and Ludhiana. It is eyeing both malls and high-street to open the stores.

"The stores in malls will span across 800-900 sq.ft, whereas high-street stores will be over 1,500 sq. ft. in size," Svenning says.



Phygital: The New Wave of Transformation in Indian Retail

In a customer experience session held at the IFF 2019, retailers explored the reasons behind a reverse entry onto the high street and the role data plays in decision making...

By IMAGES Retail Bureau

Going online to offline? Why? A decision by online first brands to move into the offline space often leads to queries like why would a digitally-born brand foray into the brick-and-mortar space? How fruitful is this move when the word 'online' is what is making the retail industry buzz and is attracting both retailers and customers like never before.

In a customer experience session held at the IFF 2019, retailers explored the reasons behind a reverse entry onto the high street and the role data plays in decision making. The session was moderated by **Gurukeerthi Gurunathan, Co-founder & SVP Technology, Caratlane**. The panel included:

1. **Amit Choudhary**, Co-Founder, Lenskart
2. **Jacqueline Mundkar**, Senior CX Thought Leader & Practitioner
3. **Manoj Krishnan**, President – IT, Landmark Group
4. **Ganesh Subramanian**, Founder & CEO, Stylumia

Why Brands Go Omnichannel

Gurukeerthi Gurunathan started the discussion saying, "We started Caratlane in the year 2008 and we realised that jewellery is one segment where the consumers need to trust a brand before buying products regularly from them. For creating that trust, we realised that it all boiled down to the services provided by the brand with customer experience being the priority. This includes experience on social media as networking plays a big role in building brand credibility. Brand building is a slow process and is done over time, and one its key factors is a touchpoint for customers. There has to be a platform where consumers can physically interact with the brand. Most customers don't make heavy purchases online or while



Left to Right: **Gurukeerthi Gurunathan**, Co-founder & SVP Technology, Caratlane; **Jacqueline Mundkar**, Senior CX Thought Leader & Practitioner; **Manoj Krishnan**, President – IT, Landmark Group; **Amit Choudhary**, Co-Founder, Lenskart and **Ganesh Subramanian**, Founder & CEO, Stylumia



Most Effective Tech Implementation by Brands & Their Technology Partners

A duet presentation by brands and retailers along with their technology partners of the most successful execution of retail technology in the year 2018 across the country...

By IMAGES Retail Bureau



The India Fashion Forum 2019 session titled 'Most Effective Tech Implementations' aimed to highlight the most successful execution of retail technology in the year 2018 across the country. A duet presentation by brands and retailers along with their technology partners, the session was judged by a bench of jury consisting of:

1. **Amit Bahl**, Global IT Leader
2. **Anil Menon**, IT Innovation, Tata Starbucks
3. **Arun Gupta**, Managing Partner & Director, Ingenium Advisory
4. **Kiran Komatla**, VP-IT, Burger King
5. **Meheriar Patel**, Group CIO, Jeena & Company
6. **Ranjit Satyanath**, CIO, Infiniti Retail (Croma)
7. **Krishna Dhumal**, Dy. Director - IT, GJEPC
8. **Rajiv Rajda**, CIO, All Time Plastics

IN-STORE TECHNOLOGY ADOPTION – LEVI'S AND OMUNI

OMUNI, India's largest Omnichannel retail enablement platform, faced a slew of new challenges. "The first challenge was that Levi's POS was VPN based and there was no direct integration with ERP. Moreover, as an international brand, it has various international mandates," explained **Gerard Khan, Sr. Manager, Arvind Internet**.

"Levi's operates with a multiple franchisee model and the brand wanted a sourcing logic that ensured that if an order was placed by a franchise, then the technology should first look to other franchisees in the same city for fulfillment, then at franchises within the same state, then within the same region and finally, if none of these manage to fulfil the order, only then move to a different franchise. And all of it has to happen within seconds without the customer having to wait. So that kind of a sourcing logic had to be created," Khan said.

On November 16, 2018, OMUNI commenced roll out with 6 stores in Bengaluru. It started with winning over the store leadership (store managers, etc.) and exercising rigorous skill building sessions within each store. Eventually, it was scaled to 50 stores in a few months.

Elucidating on the revenue that comes from Omnichannel, Khan shared that it's about learning and improve implementing them. He went to explain how a store that had received 42 orders in a single day. "It was 42 opportunities lost converted

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