

Exclusive
The Evolution & Success of
Retail Loyalty Programs
pg 24

Retail Excellence
Gems, Jewellery, Textiles & Apparel
Priority Categories for Alibaba in India
pg 32

Retail Leader:
Fashion is Among the Top
Three Categories for Amazon
pg 56

Sustainable Practices:
Retail Giants Shift Industry
Focus Toward Sustainability
pg 62

IMAGES Retail™

Future of Businesses

OCTOBER 2019

VOL. 18 NO. 10 • ₹100 • www.indiaretailing.com



[COVER STORY]

SCAN & GO:

**SEAMLESS PAYMENTS,
SELF-CHECKOUTS DISRUPT CONSUMER
EXPERIENCE**

[PAGE 36]

IMAGES Retail™

Future of Businesses

OCTOBER 2019 | VOL. 18 NO. 10 | PAGES 78

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There are many factors to success in the world of retail – the right product, the perfect store design and a seamless supply chain. There is another element which increases a retailer's standing among consumers and that is technology.

Elevating retailers among peers and changing his impression among consumers are payment, checkout and loyalty programs, factors that are extremely significant in helping businesses thrive. Retailers today are working towards fusing loyalty with payments technology to simplify shopping for the customer.

Over time, customer loyalty programs have evolved and are built into payment systems, relying more on technology than ever before. The idea is to give customers more of what they want and reward them for repeat business, and they will keep coming back. Couple these with cashier-, queue-less checkouts and retailers have a winning combination.

The focus issue of IMAGES Retail's October 2019 issue is the 'Relevance of Payment, Checkout and Loyalty Programs'. The magazine brings readers insights into why these are noteworthy components in the world of retail, and why brands which ignore it do at their own cost.

Aside from this, the edition delves into the success of two big brands like Alibaba, Amazon and aLL, analysing how the brands are successfully making an impact in the world of retail. There is also an indepth feature on brands and their global expansion plans.

The issue also brings readers the scoop on sustainability, and how brands are working towards redefining the world of fashion retail, fostering change to both products as well as the entire system towards greater ecological integrity and social justice.

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



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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contents

OCTOBER 2019 | VOL. 18 NO. 10

16. National Newsmakers

FDI Relaxation Policies to Usher in an Era of Growth for Indian Retail

18. International Newsmakers

Global Retailers Turn to Innovation for a One-of-a-Kind Retail Experience



22. Market Dynamics

Unraveling the Indian Luxury Market in 2030

Over the next decade, the Indian luxury market is well poised to see positive growth on the back economic development, greater connectedness and policy reforms, all of which will offer a plethora of opportunities for luxury companies to serve young, affluent, connected and confident Indian consumers

24. Exclusive

From Copper Coins to Mobile Apps: The Evolution & Success of Retail Loyalty Programs

The purpose of the initiative too has seen a revolution – from simply offering discounts to helping a brand build an emotional connect with its customers

32. Retail Excellence

Gems, Jewellery, Textiles & Apparel Priority Categories for Alibaba in India: Denny Wang, Regional Director, B2B Business

Alibaba.com operates with a global network of 150 million registered members, connecting Indian SMEs with buyers across the world

56. Retail Leader

'Fashion is Among the Top Three Categories for Amazon'

Amazon has added 22,000 new sellers listing and 2 million new products in the past one year



62. Sustainable Practices

Going Green: Retail Giants Shift Industry Focus Toward Sustainability

Faced with the alarming prospect that the Earth, will begin to run out of natural resources that are imperative for mankind to survive, retail leaders have shifted focus on introducing sustainable products and sustainable ways of producing products

COVER STORY

PAGE 36

**SCAN & GO:
SEAMLESS PAYMENTS, SELF-CHECKOUTS DISRUPT CONSUMER EXPERIENCE**



With the majority of online growth driven by pure-play e-commerce brands, most retailers still rely more on in-store purchases than online sales. Services like self-checkout and cashier-less payment systems then make a huge impact here. Couple this technology – the buzzword for today's Millennial shopper – with loyalty programs and traditional retailers have a winning system

72. Viewpoint

Technology, Innovation & Service: The Three Pillars of Modern Retail

Retailers today are constantly reconstructing their business models and experimenting with latest technology like Artificial Intelligence, machine learning, quantum computing, e-tailing in the race to dominate the market with their superior customer service

74. In Focus

Clog London Launches E-Commerce Operations

In a short span of five years, the brand has established itself in multiple key chain stores pan India and is producing and supplying 40,000 shoes per year





FDI RELAXATION POLICIES TO USHER IN AN ERA OF GROWTH FOR INDIAN RETAIL

New FDI rules and single brand retailer policies set by the government will assure an influx of investment in the retail industry, ensuring robust growth over the next few years. IMAGES Retail brings you a lowdown of what's making news in the national space over the last month...

By IMAGES Retail Bureau

NEW FDI RULES IN INDIAN RETAIL SECTOR REASSURE INFLUX OF INVESTMENTS: GLOBALDATA



The Ministry of Commerce of India has recently announced a slew of relaxations on single-brand retail's FDI investments.

The new FDI norms can be seen as an effort by the government to encourage investments and create employment opportunities over the next five years, says GlobalData, a leading data and analytics

company. According to GlobalData, the Indian retail sector is expected to grow at a compound annual growth rate (CAGR) of 10.4 percent between 2018 and 2022. During the same period, the physical as well as online channels are expected to grow at CAGRs of 9.7 percent and 29.4 percent, respectively.

Suresh Sunkara, Retail Analyst at GlobalData, comments: "The latest policy has eased the norms that permit 30 percent local sourcing by brands on an average over a five year block, rather

than in a single year. This can also be seen as a move by the ministry to exploit the ongoing trade tensions between China and the US and attract investments into India by creating a business friendly environment."

All the procurement done by a brand will be considered under the 30 percent clause, whether or not the goods procured are sold in India or exported. In addition, procurement done by group entities for the brand (including global operations) is considered within the 30 percent clause, favouring the retailers' interests.



Foreign single-brand retailers can now launch their online operations within the country without a physical presence. However, they are required to open a brick and mortar store within two years of the launch of online operations. Within hours of the news, Apple announced to launch its online operations in India before its first physical store in the country in 2020.

ALLOWING SINGLE-BRAND RETAILERS TO SELL ONLINE FIRST TO HELP GLOBAL FIRMS TAP INDIAN MARKET: DELOITTE



The government's announcement to allow single-brand retailers to sell goods online first before opening brick-and-mortar stores is a win-win for global players to tap the domestic market, consultancy firm Deloitte said on Saturday.

The government recently relaxed norms for single-brand retailers having foreign investment to attract global players. It has now permitted them to sell goods through online stores before opening brick-and-mortar stores within two years.



Millennials will be Key Luxury Drivers

India is home to one of the youngest populations in the world and it will continue to remain so until 2030 with average age of 31 as opposed to its Western (40 in the USA) and Eastern (42 in China) counterparts. India will add more breadwinners to the world than any other nation. This population will be reared in a more confident and open India and thus, will aspire to live a better life, splurging money on discretionary items unlike their previous generational counterparts. Looking ahead, this favorable demographics will drive strong luxury consumption growth.

→ **This generation will want luxury to be more meaningful, to reflect their individuality and values rather than just being a status symbol.**



Rise of Gen Z

By 2030, India is estimated to have around 370 million Gen Z consumers between the ages 10-25. For them, digital will be the 'new norm'. They will embrace tech-driven consumption models. They will have a distinct set of values and beliefs as compared to Gen Y. This segment will redefine the rules of the luxury market. Luxury companies need to pay close attention to this group as they will be

Unraveling the Indian Luxury Market in 2030

Over the next decade, the Indian luxury market is well poised to see positive growth on the back economic development, greater connectedness and policy reforms, all of which will offer a plethora of opportunities for luxury companies to serve young, affluent, connected and confident Indian consumers...

By Sheetal Jain, Founder & CEO, Luxe Analytics

India is one of the fastest growing luxury markets in the world. The size of Indian luxury market is expected to grow from the current \$30 billion to more than \$200 billion in 2030. Over the next decade, the segment is well poised to see positive growth through economic development, greater connectedness and policy reforms, all of which will offer a plethora of opportunities for luxury companies to serve young, affluent, connected and confident Indian consumers.

Following is a compilation of the 6 major trends for Indian luxury market over the next decade that will help luxury companies predict the segment's future in the Indian market:



When one thinks of loyalty programs, the first thing that comes to mind is an attractive card that can be flaunted in the wallet. But look at the history of loyalty programs and you will realise that they go beyond just giving the customer a cool card for some discounts and cashbacks.

The science and glamour accompanying loyalty programs today lead one to believe that the phenomenon was started by a bigshot retailer a few decades ago. In reality, customer loyalty programs date back to the 19th century. Originally the product of the imagination of a few retailers in America, the initiative comprised of American retailers giving customers copper tokens with purchases that could be redeemed later for products on future purchases. Yes, you read it right. Loyalty programs initially set their base in copper!

From Copper Coins to Mobile Apps: The Evolution & Success of Retail Loyalty Programs

The journey of loyalty programs from copper to paper followed by the sophisticated plastic cards and now just mobile numbers has undergone a massive transformation. The purpose of the initiative too has seen a revolution – from simply offering discounts to helping a brand build an emotional connect with its customers...

By Zainab S Kazi



The journey of loyalty programs from copper to paper followed by the sophisticated plastic cards and now just mobile numbers has undergone a massive transformation. The purpose of the initiative too has seen a revolution – from simply offering discounts to helping a brand build an emotional connect with its customers.

Loyalty Programs & the Indian Retailer

Indian retailers – whether they are the national retail chains or local mom and pop stores, all of them seem to have mastered the art of winning over their patrons. Where the big names have at their disposal the logistics and bandwidth to offer a full fledged loyalty programs, one cannot overlook the local retail / *kirana* stores who ensure that they connect with their customers in their own unique way. Take for e.g. a local apparel store in Mumbai by the name Carron. Way back in the 1990s, Carron gave loyalty cards to customers who shopped for a certain amount. The card carrier was eligible for discounts on their next purchase along with a host of other benefits including a special preview before their EOSS as well as timely updates of their new collection.

GEMS, JEWELLERY, TEXTILES & APPAREL PRIORITY CATEGORIES FOR ALIBABA IN INDIA

– DENNY WANG, REGIONAL DIRECTOR, B2B BUSINESS



Alibaba.com established its India operations in 2008 and has since served millions of buyers and sellers. According to an analysis by the group, India ranks second in the top-20 buyer distribution list and first in the top-10 global seller distribution. Currently, Alibaba.com operates with a global network of 150 million registered members, connecting Indian SMEs with buyers across the world...

By Charu Lamba

Founded in 1999 as the first business of Alibaba Group, Alibaba.com is a leading wholesale marketplace for global trade committed to facilitating 'Global Buy, Global Sell.' Through the platform, millions of buyers and sellers across 200 countries and regions – trade agents, wholesalers, retailers, SMEs – can trade in over 40 major categories ranging from raw materials to component parts and even finished goods.

Alibaba.com established its India operations in 2008 and has since served millions of buyers and sellers. According to an analysis by the group, India ranks second in the top-20 buyer distribution list and first in the top-10 global seller distribution. Currently, Alibaba.com operates with a global network of 150 million registered members, connecting Indian SMEs with buyers across the world.

Alibaba plans to expand its Indian merchant-user base and create a powerful local e-commerce ecosystem for SMEs.

The focus on B2B in India is for businesses from India to do more for themselves outside of the local market. As a part of a deepening commitment towards India and in line with its partnership approach, the B2B platform, Alibaba.com, has introduced a successful reseller strategy in the country. By working with resellers, it's localising its approach in the Indian market. The brand believes that by going through resellers, it will be able to tap their resources, networks and knowledge in order to more, efficiently and serve a burgeoning Indian SME community.

Its key focus is to introduce Indian merchants to the world, starting with China and then Southeast Asia. It is bringing products from Indian SMEs and brands on its platform to consumers not only in India but in China and then SE Asia.

In a freewheeling chat with IMAGES Retail, **Denny Wang, Regional Director, B2B Business, South Asia, Alibaba.com** explains how Alibaba is helping retailers in India grow.



zhu difeng / Shutterstock.com

Imagine walking into a store, choosing a product, standing in a long line to pay and then getting into an argument with a cashier. Now, imagine walking into a store and getting personalised attention, choosing products that are customised to your needs and finally no queues while checking yourself out in a frictionless environment. Which one would you visit again? The answer is obvious.

There is a world of opportunity for brands to cash in on, expanding on the information they have and potentially changing the entire experience for shoppers. While e-commerce retailers are working towards seamless payment gateways complete with last minute customised offers, there is an even bigger opportunity for brick-and-mortar retailers here.

Though offline stores are still far ahead in terms of generating revenue as compared to e-commerce, online sales are growing at a much faster rate than sales in physical stores. In USA, the online sale still accounts for 11.1 percent of the total sales, whereas in India the percentage is even lower. With the majority of online growth driven by pure-play e-commerce brands, most retailers still rely more on in-store purchases than online sales. Services like self-checkout and cashier-less payment systems then make a huge impact here. Couple this technology – the buzzword for today's Millennial shopper – with loyalty programs and traditional retailers have a winning system.



SCAN & GO: SEAMLESS PAYMENTS, SELF-CHECKOUTS DISRUPT CONSUMER EXPERIENCE

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By IMAGES Retail Bureau





'Fashion is Among the Top Three Categories for Amazon'

At present, the e-commerce giant has about 86,000 sellers who list close to 8.7 million different fashion styles across categories. In the past one year, Amazon has added 22,000 new sellers listing 2 million new products...

By Charu Lamba

The festive season that begins with Onam, peaks at Diwali and culminates with Christmas and New Year celebrations is a period of hectic activities for retailers and e-tailers alike as they aspire to offer the most interesting products to attract the maximum number of consumers.

Consumer sentiments are also high during this season and one category on which customers don't feel shy about splurging is fashion. To make the most of

this season of sale, brands like Amazon start preparing for the festive season months before it begins.

Highlighting what Amazon has introduced this year in a run up to the festive season, **Mayank Shivam, Director - Category Management, Amazon Fashion India** shares, "Fashion is among one of the top three categories for Amazon. One out of every three new customers to Amazon comes through fashion. To attract more customers this festive season, we have introduced a Plus

"Fashion is among one of the top three categories for Amazon. One out of every three new customers to Amazon comes through fashion. To attract more customers this festive season, we have introduced a Plus Size Store, a Designer Store and Premium Watches and along with this, we have entered into a strategic partnership with Max Fashion."

- MAYANK SHIVAM

Size Store, a Designer Store and Premium Watches and along with this, we have entered into a strategic partnership with Max Fashion."

Amazon has also expanded its delivery network with a 2-day guarantee delivery to more than 200 cities in India. To bring alive the touch-and-feel factor alive in fashion, Amazon is offering 30-days return guarantee. "Apart from this, we have made lots of improvements in our online fashion experience. For example, we have increased the size of the product



Going Green: Retail Giants Shift Industry Focus Toward Sustainability

The green movement is no longer a fad, but a reality. The need to use and reuse sustainable materials is more important and significant now than ever before. Faced with the alarming prospect that the Earth will begin to run out of natural resources that are imperative for mankind to survive, retail leaders – convinced that the industry has the potential for intervention to integrate sustainable practices – are working towards switching to eco-friendly practices...

By Charu Lamba

Climate, biodiversity and oceans. One might wonder what they have to do with retail, and the answer is: a lot! The Retail Industry worldwide, and especially the fashion retail sector produces enormous amounts of waste, while using an immense amount of resources. Like all manufacturing sectors, producing retail products too has a severe impact on the environment.

Faced with the alarming prospect that the Earth will begin to run out of natural resources that are imperative for mankind to survive, retail leaders – convinced that the industry has the potential for intervention to integrate sustainable practices – are working towards switching to eco-friendly practices. They are working towards taking ecologically responsible decisions which can help protect the environment and sustain natural resources for current and future generations.

For many retailers, the focus has shifted to introducing sustainable products and sustainable ways of producing products. Recently, 16 retail fashion brands signed the Su.Re (sustainability resolution) project launched by the Textile Ministry, IMG Reliance and Clothing Manufacturers Association Of India (CMAI). Brands like Spykar, Westside, Trends, Shoppers Stop, fbb, House of Anita Dogre and Lifestyle and Max have recently joined the movement that aims to develop sustainable sourcing policy for consistent prioritising and utilising certified raw materials that have a positive impact on the environment.

Building Effective Payment Check-out and Loyalty programs

The only mantra that drives retail today is a customer -first approach. If we apply this logic to every aspect of our management, we can effectively be future-proof as well. If we measure our success by our retail offerings in isolation, we may soon smudge ourselves into a non-distinctive space overlapping with 40-50% mall-retail brands being available at multiple touch points.

Hence our true success is driven by constantly answering the question - why patrons would still choose us over others. The only way to differentiate is via two critical factors - building experiences and added conveniences.

From a convenience perspective, we need to be able to offer the freedom to our patrons to offer multiple options of payment check-outs. Post, demonetization, we have seen a spurt in cashless transactions. With the growing number of fintech companies, touchless commerce through contact-less payment methods have increased even in the mall retail space. Net-banking, online cash transfers, mobile wallets, single touch payments, payment through scanning code, etc. have become an integral part of the payment check-out system across vendors in the shopping center. All targeted to build ease and convenience of purchase basis a preferred payment modality for the customer.

We still have ample ATM machines for convenience of withdrawing cash when needed as well. All of our stores offer cashless payment check-outs. Today, one can practically walk in to the mall without their wallet and only their mobile phones and have a complete shopping experience.

From an experience perspective, we invest a lot into building loyalty. At Select CITYWALK we have always positioned ourselves as a friend to the shoppers. Someone they can rely on, interact / experience and come back to for more every time. This loyalty is hard-earned and hence we realize it should also be rewarded. This is our basic ethos behind our loyalty program. Today a customer is bombarded with options and hence the fact that they skim above these options and choose to be loyal to us requires a justified program to cater to them.



GITANJALI SINGH
VICE PRESIDENT -
MARKETING,
SELECT CITYWALK

Traditional loyalty programs which are brand specific are limiting. However, if a shopping center curates a program bringing together more brands and benefits it calls for a more cohesive offering. The main objective is to get a good quality program in place. Simplicity is key here. The program should be easy to access and easy to engage with. The primary medium hence needs to be digital beyond the mall premise to extend the engagement beyond the shopping experience. Mobile loyalty apps are also gaining prominence due to ease and convenience to register and redeem when on the move. The program should also be easy to understand. An over complicated point-based system would not be as effective in this case. The program also needs

to be relevant to a variety of merchants across different categories like fashion, beauty, home and tech as well.

The loyalty program should also be constantly monitored with effective data points in the back end to support analysis. It can't be left to a one-time initiative but rather needs to be constantly tweaked and evolved basis the customers feedback. Making the program dynamic lends to its success.

But just only having such a program is not sufficient. It needs to be effectively communicated and activated for customers to sign on and be aware of the benefits. Online capture and in-mall promotions via posters, kiosks and concierge are essential.

At Select CITYWALK we run a comprehensive rewards program for our patrons. They earn reward points against shopping with partner brands which can be redeemed for gift vouchers. The idea is to shop, show invoices at the Rewards desk and receive rewards in the form of gifts vouchers from brands present in the shopping center. We have also embedded special birthday offers to expand our engagement. The response has been fantastic, and we keep adding new brands and worthy gifts to the scheme.

All these initiatives finally work towards a robust and long-term customer engagement. Understanding the pulse of the consumer is essential in being able to effectively provide comfort and convenience for a holistic mall experience. 

