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IMAGES Retail™

Future of Businesses

NOVEMBER 2019

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[COVER STORY]

FRANCHISING MODEL OF RETAIL CONTINUES TO SHINE DESPITE ECONOMIC SLOWDOWN

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FRANCHISING

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The business of franchising has been referred to as one of the greatest ever developed. It is a key arrow in the quiver of retail, with the maximum success guarantee. It is an operating model which never goes out of fashion, one of the most fruitful motivating business opportunities that can lead to the foundation of successful retail empire. When done correctly, franchising allows the retailer to achieve the expansion of the business and brand through able franchisee partners in a more systematic way. However, like every business model, franchising also requires capital, investment and proper planning and marketing strategy.

IMAGES Retail's November edition brings its readers the pros and cons of franchising in retail. It also explains how franchising model in retail continues to shine despite economic slowdown in last one year. The issue talks about the investment required, guidelines and other aspects related to build a successful franchising empire. Experts and retailers from the industry outline the challenges they have faced trying to establish a franchise business and the parameters of choosing the right franchiser and franchisee.

Aside from this, we also bring a special feature on the fashion accessories market in India. The fashion accessory market has grown manifold over the past few years and is swarming with a vast range and variety of products. The jewellery, leather and footwear sector has also been flourishing like never before. The introduction of new players, on both Indian and international platforms have brought a continuous and sustained shift in consumer demand pattern. Shoppers today are not scared to spend money on costly lifestyle products. The November edition will bring the readers an in-depth analysis of each of this segment.

As always, I hope you find the issue informative and beneficial. Do log on to our website, 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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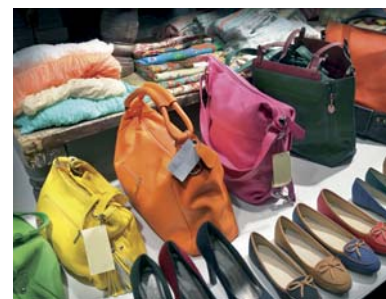
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FRANCHISING MODEL OF RETAIL CONTINUES TO SHINE DESPITE ECONOMIC SLOWDOWN

FRANCHISE

Despite the economic slowdown and the gross domestic product (GDP) at its slowest stage in the last six years, the franchising model continues to witness growth in both urban and rural regions. 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

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DIWALI BRINGS CHEER TO INDIAN RETAIL AS CONSUMERS GO ON A BUYING SPREE

Diwali is still the biggest revenue generator for retailers in India, but its impact on overall annual sales has been waning over the years. Despite this gloomy statistic, offline retailers and e-commerce platforms are doing all they can to make the most of this season...

By IMAGES Retail Bureau

SNAPDEAL RECORDS 52 PERCENT RISE IN DIWALI SALES VOLUMES



Driven by a rise in orders from non-metro towns across India, e-commerce platform Snapdeal's first Diwali sales volumes of this year saw a growth of 52 percent over last year. Nine out of every 10 orders received on the platform were from non-metro towns in the country. Snapdeal's first Diwali sale ran for eight days — from September 29 to October 6.



While the increase in volumes from smaller cities was a pan-India trend, cities like Nagpur, Surat, Vijayawada, Chandigarh, Panaji, Jamshedpur, Shimla and Guwahati emerged as the new e-commerce hotspots of India, with orders surging at least four-fold over the previous year. Over 120 cities and towns across the country registered at least 2x volumes compared to last Diwali

sales. These include cities like Satara, Anand, Bharuch & Pali (West India), Malerkotla, Roorkee, Jhansi & Hardwar (North India), Hazaribagh, Raniganj & Paradip (East India), Tezpur, Itanagar & Majuli (North-East India) and Khammam, Hassan, Miryalaguda and Bhimavaram (South India).

"All the sellers on Snapdeal are independent, third-party sellers and hence the growing volumes on our marketplace translate directly into greater opportunities for India's small and medium businesses," Kunal Bahl, CEO & Co-Founder, Snapdeal, said in a statement.

The most popular items in the sale were everyday apparel, with both men and women shoppers preferring track pants, t-shirts and shorts over formal wear. In fashion accessories, casual shoes, flip flops, belts and artificial jewellery were the top selling items. Personal care products continued their recent trend of rising sales with shaving and grooming products for men and epilators for women amongst the most bought products. The home category best sellers included multi-function kitchen gadgets, kitchen storage, towels and home linen. Bedsheets from Jaipur were the single largest selling items that received orders from over 180 cities across India.

TELEFUNKEN, MI, BOAT TARGETS INDIAN CONSUMER THIS FESTIVE SEASON



Having partnered with top e-commerce portals such as Flipkart and Amazon for delivering after-sales services on a pan-India level, 247around has recently revealed a 900 percent month-on-month business growth within first of the ongoing festive sale season.

Nitin Malhotra, CEO and Co-Founder, 247around, said, "In first edition of the online mega festive sale, 247around has registered stellar growth. While we have received maximum traction from metro cities like New Delhi, Bangalore, Pune and Hyderabad while Tier-II towns like Jaipur, Lucknow and Ahmedabad are not far behind."

"Telefunken has entered the Indian TV Markets successfully. We believe



“Men’s Accessories Segment Poised for High Growth in India”

The growing need among young urban customers to express their uniqueness has set the stage for the entrance of many international as well as homegrown companies into the evolving world of fashion accessories...

By Charu Lamba

Accessories are no longer a need-based purchase. Nowadays, customers accessorise to make a fashion statement. The growing need among young urban customers to express their uniqueness has set the stage for the entrance of many international as well as home-grown Indian companies into the evolving world of fashion accessories. Along with this, many existing brands are expanding their range of accessories to meet the mounting demands of customers.

The various ongoing developments in the fashion retail industry reflect the optimism of the market and indicate immense potential for growth and innovation. Due to the impact of global fashion trends and blurring lines between well-defined styles for men and women, accessories are no longer just limited to women. Indian men too have embraced world fashion and have begun to wear more colourful clothes and prints in different styles and have started demonstrating higher fashion-consciousness and awareness.

To match the increasing demand from consumers, Raymond, the men’s wear brand, is expanding its accessory segment.

Elaborating on the drivers propelling the

demand of men’s accessory segment in India, **Srikanth Ram, Business Head – Innerwear and Accessories, Raymond** shares, “Accessories is now a leading lifestyle product as the fashion quotient of men is on a rise. There is an availability of a wide range of accessories for men to choose from. They are now exposed to various international trends and also to social media along with this, media personalities are great influencers propelling the demand for men’s accessories.”

“The men’s accessories segment is poised for a high growth in India. Accessories will be an important element in men’s wardrobe as it accentuates style quotient in their dressing. The advent of stylists, catalogues help in decision-making of coordinating the clothing with accessories today,” he adds.

Accessories is a natural extension to the apparel brands of Raymond. The company saw the immense potential in the accessory segment and decided to set up a separate vertical in 2016.

Endless Options

Currently, Raymond offers silk neckties (from regular to ultra slim, to 10 cm broad), pocket



“THERE IS AN AVAILABILITY OF A WIDE RANGE OF ACCESSORIES FOR MEN TO CHOOSE FROM. THEY ARE NOW EXPOSED TO VARIOUS INTERNATIONAL TRENDS AND ALSO TO SOCIAL MEDIA. ALONG WITH THIS, MEDIA PERSONALITIES ARE GREAT INFLUENCERS PROPELLING THE DEMAND FOR MEN’S ACCESSORIES”

– SRIKANTH RAM





Franchising Model of Retail Continues to Shine Despite Economic Slowdown

India is 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. Despite the economic slowdown and the gross domestic product (GDP) at its slowest stage in the last six years, the franchising model continues to witness growth in both urban and rural regions. 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...

By Sandeep Kumar



You've opened a store and have established a clientele. You're making profits, investing in the correct technology and attracting more consumers – growing much more than anticipated in the first month. Now you must expand, but is sole proprietorship always the way forward?

Sole proprietorships have a number of risks involved – a business owner must come up with a location, strategy, hire workers and market his wares a several times over, as many times as he plans on opening a new store. Each store then has to face the risks of failure, demanding the complete attention of the owner. This divided attention between stores is not for everyone.

For those who want to open more stores but are at a loss of how to do it, there are several ways to own and operate a successful business – the most popular of them being the franchise model.

According to Shopify.in, in its most basic terms, franchising is a model for expanding a business and distributing goods and services through a licensing relationship. A franchisee (the location owner) pays an initial fee and ongoing royalties to a franchisor (the brand or corporate) in order to use an existing company's trademark, logo, and system of business, as well as the right to sell its products and have constant support from the franchisor.

India is 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. Despite the economic slowdown



PROMOD Launches First E-Origin Store in India

Focusing on hospitality and attention to detail, this first of its kind outlet ensures that the customer experiences the best styles within the store...

By Charu Lamba

French fashion brand, PROMOD opened its first e-origin concept store in Mumbai's Palladium Mall. Apart from France, India is the first country to experience this store format of the brand. The first PROMOD e-origin store was launched in Paris in March 2019. The new store at Palladium Mall, Mumbai is going to be one of the 15 e-origin stores that have been launched worldwide by the brand and place themselves firmly at the changing face of modern retail.

"Our customers often tell us that we simply feel good when we walk into a PROMOD store. And it is that feeling of comfort mixed with the experience of giving our shoppers a modern retail experience that we are aiming to achieve with the e-origin stores worldwide," says **Roberto Spadaro, Visual Merchandiser, PROMOD International.**

What's New?

Focusing on hospitality and attention to detail, this first of its kind outlet ensures that the customer experiences the best styles within the store. Digital tablets connected to large display screens, a wide and open entrance and free space to navigate the collection are the key features of its new store.

Interiors with an uber modern feel, open façades, modular fixtures and boutique inspired display table units define the new e-origin concept store. With the use of classic French inspired props and artful dashes of greenery, this 1,700 sq. ft. store aims to give shoppers an enchanting and joyful shopping experience.

"The visual merchandising has become more contemporary with the e-origin stores. With the enlargement of store façade and with no shop window, the visual merchandising at the store entrance has become more dynamic



"OUR CUSTOMERS OFTEN TELL US THAT WE SIMPLY FEEL GOOD WHEN WE WALK INTO A PROMOD STORE. AND IT IS THAT FEELING OF COMFORT MIXED WITH THE EXPERIENCE OF GIVING OUR SHOPPERS A MODERN RETAIL EXPERIENCE THAT WE ARE AIMING TO ACHIEVE WITH THE E-ORIGIN STORES WORLDWIDE"

– ROBERTO SPADARO

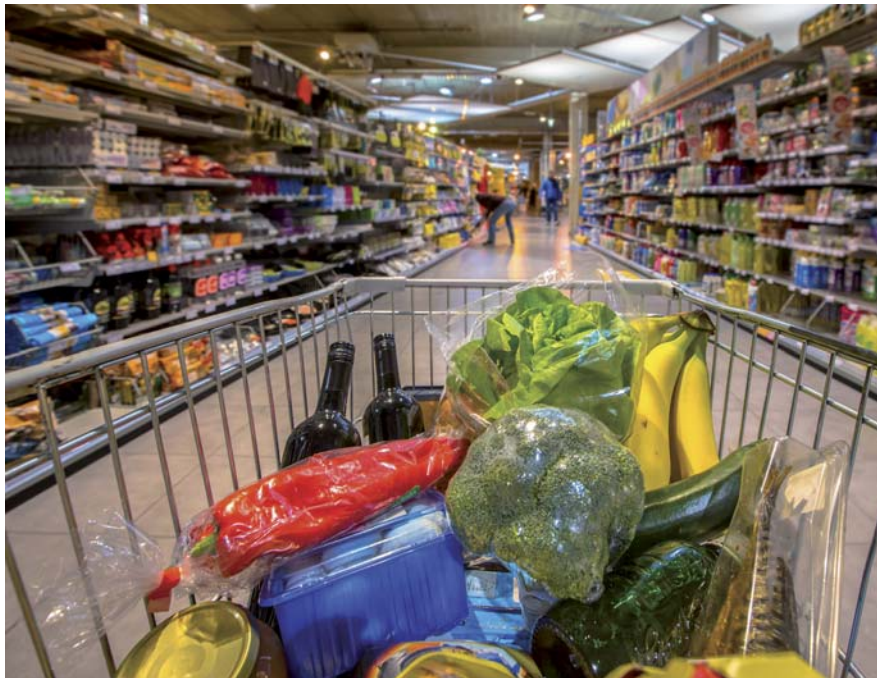


"CONSUMERS TODAY ARE ALSO WELL TRAVELLED AND ARE FAR MORE AWARE OF DESIGNS AND BRAND PHILOSOPHIES. SO, IT'S EASIER TODAY TO SHARE THE BRAND PROMISE AND BUILD LOYALTY WITH THEM AND IN TURN BE A PART OF THEIR GROWTH JOURNEY"

– TUSHAR VED

India's Online Packaged Food, Beverages, Personal Care and Home Utilities Consumer Goods Compendium

RedSeer Consulting, a leading consulting firm across digital internet eco-system, and bigbasket, India's largest online groceries platform, partner to bring you India's first compendium for online food and grocery...



RedSeer Consulting & bigbasket, have come out with a first of its kind Food & Grocery Consumption report. The report predicts that the retail market will touch \$1,385 Billion by 2023. Consumers who are loyal adopters of online platforms reflect high levels of engagement. A worthwhile

observation is that this high engagement metric is witnessed across city type: metro-centric and Tier I & II Indian cities alike and not restricted to the Metro cities. The evolved Tier I city consumers reflects the fastest growth of increasing spend. Tier I cities are marked by low modern retail penetration vis-à-vis Metro and Mini Metro cities and these modern retail stores

are mostly located in the central region of these cities. Online channel has marked its presence across multiple catchments owing to wide product assortment and convenience offered by online platform.

Commenting on the report, **Hari Menon, Co-Founder and CEO, bigbasket** said, "The online grocery segment has been one of the fastest-growing e-commerce verticals in India and will continue to flourish in both metro and non-metro cities in the years to come. Given the lack of concrete data around user patterns, growth trends and consumer preferences related to online as well as offline grocery retail, we decided to partner with RedSeer Consulting to launch this report. It is a comprehensive study that delves into various customer segments, online shopping trends, city-wise penetration and price elasticity displayed by the consumers across different retail channels. It will serve as a comprehensive compilation of the Indian online grocery retail market that can act as a reference to existing as well as upcoming players in the arena."

Commenting on the report, **Anil Kumar, Founder RedSeer Consulting**, share of modern retail segment will jump from 3.5 percent now to 6.7 percent in 2023 and of the online channel will witness 55 percent growth leading to a sizable \$10.5 Billion market by 2023.

"This retail food & grocery report offers comprehensive coverage across 40 categories marking key consumption sectors of a typical grocery basket. Unique insights garnered cover how online platform facilitate creation of niche sub-categories as well as evolution of challenger brands," adds **Pakhi Saxena, Head – Retail & CPG, RedSeer Consulting**. The





Accessories Market Moves from the Fringes of Fashion to Become a Main Category

The growing demand and exposure among young urban customers have set the stage for entry for many international as well as home-grown accessory brands into the evolving world of fashion...

By Charu Lamba

The fashion accessory market has grown manifold over the past few years and is swarming with a vast range and variety of products. There has been a continuous and sustained shift in consumer demand pattern from basic necessities to spending on lifestyle products and services continues, largely due to higher income, increasing literacy levels, increasing exposure and awareness levels, higher adaptability of internet, increasing urbanisation, the changing role of women and children in the decision making process, increased demand for better shopping experience, impulsive purchase behavior among youngsters, changing fashion trends and increased consciousness.

"India's fashion accessory space has seen tremendous change in the past one decade owing to entrance of multiple fashion brands in India. The fashion sensibilities of Indian customers have made headway while the fashion influencers market has evolved significantly resulting in rapid increase in demand for accessories," shares **Vijay Pal Singh Johal, Director, Truffle Collection.**

Accessories, as an 'investment' add to the overall customer look and don't break the bank, have become an integral part of the Indian wardrobe.

"They are no longer need-based purchases but give customers the opportunity to make a personal statement. The growing demand and exposure among young urban customers have set the stage for entry for many international as well as home-grown

COSTUME JEWELLERY: The New Penchant of Jewellery Buyers in India

Costume jewellery is the fastest-growing category in India which is projected to grow at 20 percent CAGR between 2019 and 2024. This segment is benefitting from the growing trend of consumers seeking lightweight, stylish jewellery at affordable prices...

By Anul Sareen, Senior Research Analyst, Euromonitor International



The gems and jewellery market in India is home to more than 300,000 players, with the majority being small players. The sector plays a significant role in the Indian economy as it employs more than 4.64 million workers. The industry is one of the fastest-growing sectors, it is extremely export oriented and labour intensive.

The Indian Market

The Indian jewellery market is a highly fragmented and unorganised. It is classified into fine jewellery and costume jewellery. Under fine jewellery, apart from local players, there are several large nation-wide players such as Tanishq, Kalyan Jewellers, etc. In foreign players, brands such as



A Step in the Right Direction: Customer Centricity Leads to Successful Footwear Retailing

A quick search on any marketplace e-commerce portals and the category of footwear and you will see a new brand every few days. And not just on the internet, even on high streets and in malls, you see not only EBOs of brands like BATA, Metro, Mochi, Clarks etc. but also a plethora of new brands. Footwear retailing has witnessed a dynamic revolution in the past few years. IMAGES Retail Bureau speaks with some prominent footwear players to understand what has led to this transformation and what the future holds...

By Zainab S Kazi

When UK based brands Clarks was launched in India in 2005, many industry experts weren't too optimistic of its survival in the country. The reason was simple – the brand's the price points. There were veterans from the industry who strongly felt that the Indian market wasn't ready to welcome such a high-end footwear brand and rightly so. Around 15 years ago, the brand did face many challenges to establish itself in India. From fighting it out to convincing people on the price points to getting their attention on the salient features of the brand, there was tremendous pressure being faced by them back then.

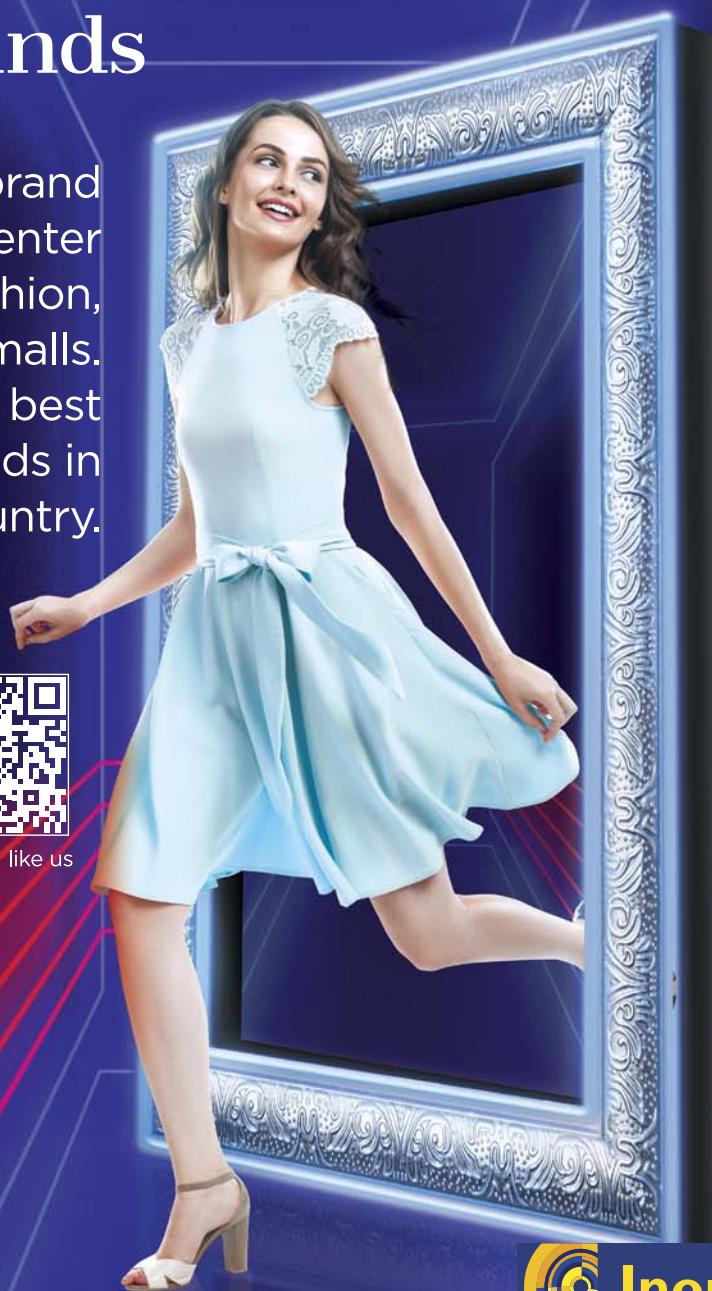
Today, 14 years down the line, the brand is well accepted by Indian shoppers and besides having a strong online presence, is available at all prominent malls across the country. It would not be an exaggeration to say that Clarks led the way for many international high end brands to enter India. Currently, there is a healthy competition between national and international brands, most of which are housed adjacent to each other in malls and on high streets.

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