

CONVERGENCE OF PHYSICAL AND DIGITAL BUSINESS

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## LEVERAGING INDIA'S BUSINESS LANDSCAPE WITH D2C PUSH!

Bringing some of the notable brands of the D2C industry under the spotlight & decoding some tips on 'how to make your business grow' from experts.

| COVER STORY |

### PILLARS OF STRENGTH:

The podium of growth for D2C

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## FROM THE CEO'S DESK

### Land of opportunities: The D2C sector in India will be worth \$100 billion by 2025

Currently standing at \$44.6 billion at the end of the fiscal year 2021, the direct to consumer segment in India is a big universe of opportunities and it is only getting better from here. D2C as a business model allows brands to engage, market, and sell to consumers directly; where brands have a majority of their revenue or customer acquisition coming in from direct-to-consumer online channels or have started with online-first distribution before going omnichannel.

This framework is a blessing and can bring in a lot of ROI in terms of not only sales, but also customer growth. This is the biggest strength that small businesses, innovative players, new-age frontrunners are cashing on. Once you make a customer loyal, you have them with you and the brand for life. This is what makes the segment grow voluptuously and we are seeing a marked change in business models, approaches, and technology adaptation.

All I can say is these are exciting times and a lot of learning is being garnered through this universe. Retail is revising the ways of doing business and D2C is certainly leading the way. What better theme to roll out the first issue of this year and thus, we present to you the D2C special. I would like to add here that we are also organizing the D2C Summit & Awards, a first-of-its kind event to celebrate the D2C landscape and its opportunities. It will be a power-packed 2 days on 6th and 7th April, as we welcome 200+ speakers, 500+ delegates under one roof. We invite you to come be a part of this summit to witness the varied facets of D2C ecosystem and its rise in India, in-person! Don't miss the Awards, which is a first of its kind awards for excellence in D2C segment covering all aspects of business, branding, innovations, and so much more.

Let's fuel the growth of this sector with the right vision and action.

**Bhavesh Pitroda**



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## LAST WORD



### Bending the curve to create a difference

Retail is no more just about the traditional mechanism. It is more about changing dynamics, approaches, and the biggest thing is 'idea'. The D2C landscape in this regard emerges as a breeding ground for opportunities and presents a big scope for businesses to tap the right audience for their products. Innovation is at the heart of everything these brands are doing and today they are taking the centrestage with innovative concepts, packaging, marketing strategies, and much more.

It is worth celebrating these brands based on the 3 essential pillars: business operations, product development, and innovation. Thus, we have dedicatedly brought this issue focusing on an array of brands that makes it significant in these aspects, having fought odds in their own way to offer the market something unique. Every story is an inspiration in itself, every product a story and it has been a humbling experience talking to these passionate new-age entrepreneurs.

Let's all turn our attention to the new-age retailers to see how they along with their technology partners and enablers are building a new chapter in India's retail story!

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Enrich is a prominent 24-year-old beauty brand with the largest chain of company-owned and company-operated hair & beauty services in the country. From being one of the leading salon chains in India with over 80 salon

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India is one of the most attractive retail markets globally, and it is expected to surpass \$1.7 trillion by 2026. With increased internet penetration fuelled by over 700 million internet users and changing consumer behavior, the country was already experiencing increased online shopping. And then came the global pandemic in India in 2020 that expedited this trend further.

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It is now time to move ahead into the new normal and adapt the newer trends to make it up to the online customers. But unfortunately owing to the rise in online shopping demands and the high proliferation of brands into this growing space, the domain has become heavily crowded. This is where differentiation and product innovation comes to play.

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Snapdeal, taking a big step towards technology integration is partnering with GoKwik, a Gurugram-based e-commerce enablement company to use GoKwik's AI & Machine learning

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Technology and innovation is constantly changing the dimensions of retail. It is altering shopping experiences and is ready to add a lot of new avenues to the notion of retail. There is endless possibilities awaiting at the end of the tunnel and waiting for us to discover and implement.



**76. FOCUS**

**Strengthening ROI with digital marketing**

The D2C space has the biggest advantage when it comes to their market presence, which is their direct to consumer identity. These brands, unlike traditional retail, are always ready to innovate practices and operations to make their conversation with customers more focused. Marketing, especially digital marketing in this case plays a huge role.

## SNAPSHOTS



### LULU GROUP PLANS TO SET UP FOOD PARK IN KERALA

The UAE-based retail major Lulu Group official statement highlighted that they will invest ₹400 crore to set up a food park in Kerala. The announcement was made by Lulu group Chairman Yusuffali MA during the food sector exhibition, Gulfood'22 being held in Dubai World Trade Centre. "As part of strengthening its own food processing centres in India, Lulu will invest ₹400 crore for setting up a state-of-the-art food park in Kalalmassery in Kerala," Lulu said in a statement.

This is over and above the recent investments of ₹1,100 crore in Noida, Srinagar and Kochi. The project is expected to be operational by the fourth quarter of 2023. Lulu also said it has imported the first consignment of Indian eggs, which was banned for the past 15 years in the UAE. Four containers of Indian eggs have reached Lulu stores after the ban was lifted recently.

Last month, the Lulu group invested ₹200 crore in Jammu and Kashmir to set up a food processing and logistics hub. In December, the Lulu group announced an investment of ₹2,000 crore near Ahmedabad to set up a modern shopping mall. It has also announced an investment of ₹500 crore to set up a food processing plant in Greater Noida, Uttar Pradesh.

In India, the Lulu group already has four operational shopping malls at Kochi, Thrissur, Trivandrum and Bengaluru. The mall at Bengaluru is not owned by the Lulu group but it is managing and operating the property.

The Lulu group, headquartered in Abu Dhabi, posted an annual turnover of USD 7.4 billion in 2020. The Lulu group currently has 220 hypermarkets and shopping malls in the Middle East, Egypt, India, Malaysia and Indonesia with a global workforce of over 57,000 employees.

### CLOUD TAILOR RAISES FUNDING FROM 35NORTH VENTURES AND MERGERDOMO

Cloud Tailor, a D2C platform that enables personalized women's fashion announced that 35North Ventures along with Mergerdomo has led the Pre Series A fund raise, pegged at USD 1.0 million to build the brand as the topmost option for convenient fashion for women globally, an official statement highlighted. Two of Cloud Tailor's existing HNI customers (Neema Rani from US and Nirupa Reddy from Hyderabad) also participated in the current funding round.

The raised funds will be allocated towards expansion of personalized fashion fulfillment centres across 8 cities in India (Hyderabad, Bengaluru, Delhi NCR, Kolkata, Pune, Chennai, Patna and Mumbai) and growth of its technology team and the marketplace business models for Cloud Tailor. Cloud Tailor founded in December 2020 is the brainchild of Hyderabad based Wife and Husband duo of Susmitha and Rudra (BITS, Pilani & IIM Kolkata alumni) who, during the pandemic induced lockdown faced tailoring related woes but they used their engineering background to turn this woe into an opportunity. The idea was to iron out the challenges and bring in convenience, efficiency and ease to the current need in the existing ladies customized offline tailoring model that was further accelerated during lockdown. This led to the curation of the world's first homegrown online app based tailoring solution called 'Cloud Tailor' based on a 'low operational cost - high quality personalized fashion' business model. In a span of one year the company added more strength by bringing on board industry veterans who contributed to the brand strategy and growth immensely and paved the path for pan-India expansion and stronger penetration, both online and offline.

Cloud Tailor will be operationalised across 20 cities in the coming two quarters. They will grow their customer base to more than 15 countries across the world, for their D2C personalized fashion orders.

### LIVSPACE TURNS UNICORN WITH \$180 MILLION FRESH INFUSION OF FUNDING

Livspace has announced that they have crossed the billion dollar valuation mark after raising a funding of \$180 million in a late-stage funding round led by KKR & Co. The round also saw investment from Ikea, among early backers Jungle Ventures, Venturi Partners and Peugeot Investments.

Till now, the company has raised a round of about \$450 million. The company's statement announced that with this funding round, the company will double down its international expansion and take on local competitors. According to a report by Venture Intelligence Unicorn Tracker, the platform is the 86th 'unicorn' from India.



| COVER STORY |



● The online domain was growing in its own pace, but all predictions went for a toss the moment pandemic hit. ● The pandemic took the online space for a ride and accelerated the pace of online adaption for brands all across categories. The direct to consumer brands got the advantage in this regard, given their digital first approaches. Today, as we step ahead a few months into the new normal, we are experiencing digital commerce penetration like never before and this is the space that is allowing the brands to get closer to the customer even more than before. It is more about knowing your customer up, close, and personal and thereby using data and insights to keep reinventing the existing brand's product line to suit the evolving needs of the customer base.

**The winning strategy**

A list of new brands and retailers have started to grab their market share from long-standing traditional players, basis their direct to consumer (D2C) model. They are doing this by creating a direct relationship with their audiences piggybacking on innovation, new

# Pillars of strength: The podium of growth for D2C

The D2C space offers brands and retailers a chance to create an intimate and resilient relationship with their customers. This in return allows the ecosystem to create more insightful and effective brand experiences that sets them apart from their competitors. This space has been growing strength to strength over the last few years standing tall on the pillars of growth. Let's look at the space a little closely, basis the markers of change.

## | TREND REPORT |

# Gartner reveals the TOP TECHNOLOGY TRENDS of 2022



Like every year, through exclusive analysis and survey with CEOs of top technology companies, Gartner has brought to the front a list of technology trends for 2022. These trends according to them will redefine the way we look at business and make it more futuristic and ready to serve a necessarily global audience.



**Metaverse** is the buzzword of the moment and this trend is changing the face of social space like never before.

This is basically a virtual world created by combining different technologies, including virtual and augmented reality. While it doesn't technically exist yet, companies like Facebook hope the metaverse will become a place where we go to meet, work, play, study and shop.

This 'extended reality' is foretold to be the next progression of the internet and will blur the lines between physical and digital life. The power of the metaverse and a new reality in itself shows the power of technology and how it is changing the world around us.

Every aspect of the reality as we know it is changing and thus, like every year Gartner brings the technology trends report for 2022, citing the trends that will be highly dominant this year.

#### **TREND 1:** **Data Fabric**

Data fabric provides a flexible, resilient integration of data sources across platforms and business users, making data available everywhere it's needed regardless where the data lives.

Data fabric can use analytics to learn and actively recommend where data should be used and changed. This can reduce data management efforts by up to 70%.

#### **TREND 2:** **Cybersecurity Mesh**

Cybersecurity mesh is a flexible, composable architecture that integrates widely distributed and disparate security services.

Cybersecurity mesh enables best-of-breed, stand-alone security solutions to work together to improve overall security while moving control points closer to the assets they're designed to protect. It can quickly and reliably verify identity, context and policy adherence across cloud and noncloud environments.

#### **TREND 3:** **Privacy-Enhancing Computation** Privacy-enhancing computation

## | BRAND FOCUS |

# GREEN EATING

Plant Based industry is touted to be the next big thing in the food and beverage category. It is projected that within this century we would see massive change in our food system to such an extent that more meat & dairy is expected to come from plants than animals in the coming times. Since Kunal Mutha, Founder, Only Earth launched his brand in mid of 2021, he has been leveraging the tailwinds with this Industry and expanding their operations at quite a rapid pace.

**When Kunal Mutha, Founder, Only Earth** conceptualized the idea of setting up a business in this fast growing industry, he saw a huge gap as a vegan consumer. In spite of the presence of many reputed brands in the market with dairy alternative offerings, the taste and quality of the product was nowhere near to what was available in the western markets. Oat Milk and Coconut Milk as products did not really have a play in India as Soy and Almond Milk dominate the non dairy category. Coconut milk as a product was only available for culinary use and not a beverage. "We decided to build and expand both the Oat and Coconut milk category in India. Through various digital and in store marketing initiatives combined with aggressive sampling we have managed to have a fair bit of success in doing so," Kunal mentions.



## | EXPERT SPEAK |



## India's D2C Brands: What's Driving Their Growth?

India is one of the most attractive retail markets globally, and it is expected to surpass \$1.7 trillion by 2026. With increased internet penetration fuelled by over 700 million internet users and changing consumer behavior, the country was already experiencing increased online shopping. And then came the global pandemic in India in 2020 that expedited this trend further.

By **SAAHIL GOEL**, CEO & CO-FOUNDER, SHIPROCKET

While the pandemic decimated global industries, the D2C sector emerged and beamed under the mainstream spotlight. With social distancing becoming the new normal and the absence of brick-and-mortar stores, more and more consumers shifted towards online shopping to meet their needs.

Therefore, it is evident that India is witnessing a transformation in terms of online shopping and e-retail brands and platforms.

### **D2C Brands Becoming Popular**

In addition to the internet becoming popular in the country, there has been a swift change in customer behavior. The

new-age customers are now seeking customized and niche products. The brands are leveraging D2C channels to offer a personalized connection with their customers. As a result, the D2C brands are able to meet this evolved demand by developing customer-specific products, keeping in mind the customer needs. There is no doubt that the D2C sector is growing and

| DEEP DIVE |

# Beauty takes the centrestage

It is now time to move ahead into the new normal and adapt the newer trends to make it up to the online customers. But unfortunately owing to the rise in online shopping demands and the high proliferation of brands into this growing space, the domain has become heavily crowded. This is where differentiation and product innovation comes to play.



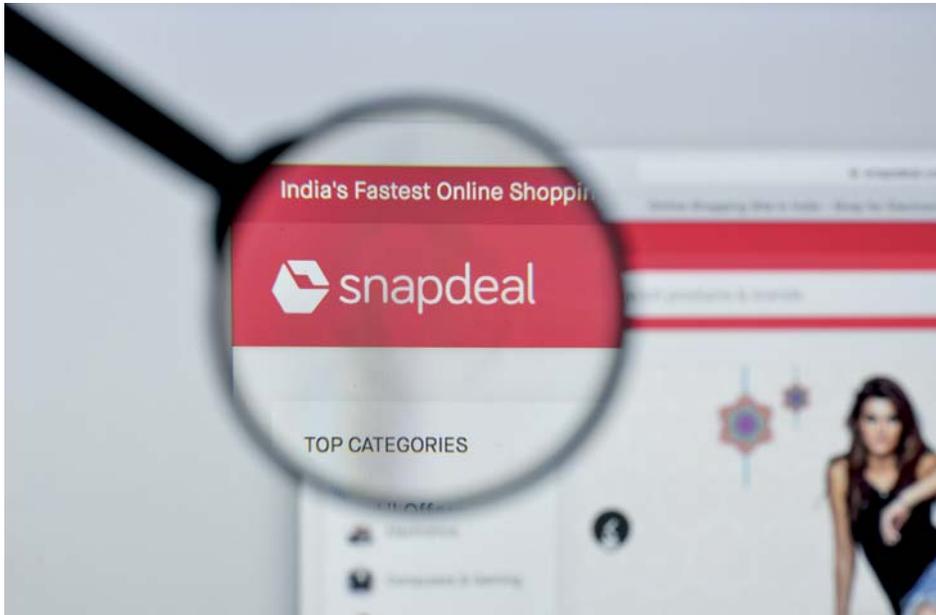
**The** D2C (direct to consumer) market for the beauty and personal care segment is booming all across the globe and India is no different.

Consumers are slowly shifting towards e-commerce to fill their cart and this vast space is helping them discover a slew of new products, get a new experience which has proliferated the brands to foray into the beauty segment. According to a recent research, In FY 2020 there were 25 million online beauty shoppers, which is expected to reach 135 million by FY 2025.

The modern-age brands are overtaking the traditional brands owing to a number of factors. Primarily, customers today want chemical-free natural ingredient rich products. They are keen on taking care of their skin and the environment at the same time. So, the choice they are making is more earth-friendly and that is pushing the growth of a bevy of innovative brands.



## | E COMMERCE |



Snapdeal, taking a big step towards technology integration is partnering with GoKwik, a Gurugram-based e-commerce enablement company to use GoKwik's AI & Machine learning solutions to offer an enhanced, customized shopping experience to its users.

# Snapdeal partners with GoKwik for AI-supported shopping experience

**Snapdeal** will integrate GoKwik's AI-Model that studies customer behavior across various stages of the shopping funnel by analyzing over 200+ parameters, including historical data and customer behavioral patterns etc. **The AI model will assist Snapdeal in gaining useful insights in order to provide customers with relevant and customized shopping experiences.** GoKwik will also help uncover industry insights with the vast network intelligence it has built by analyzing the vast amount of industry-relevant data.

Currently, Snapdeal draws more than 86% of its orders from outside the metro cities, with more than 72% of the orders flowing from buyers living in smaller cities and towns. **Snapdeal**

**will also use GoKwik's automated address correction, which verifies the accuracy of the addresses customers provide and find their exact locations by identifying the nearby area.** This intervention is designed to have a positive impact on package delivery rates and also ensure that returning customers don't have to fill in these details again and complete their shopping quickly and easily.

## Creating a customized approach

Speaking on the partnership, **Sarvartha Kanchan, Vice President - Supply Chain Management and Customer Experience, Snapdeal** said, "With Snapdeal's extensive connect with emerging online buyers, especially

across India's smaller cities and towns, implementation of new digital technologies is an important part of our strategy to enhance user experience. GoKwik's AI/ML-enabled model will help us offer a customized experience that factors in the diversity amidst our user base"

On the partnership, **Chirag Taneja, Founder & CEO, GoKwik** said, "It gives us immense pride to partner with Snapdeal, one of the pioneers in Indian eCommerce space. Snapdeal is today playing a key role in expanding India's e-commerce footing to include a vast set of new buyers, especially from Bharat. GoKwik is aimed at creating customised, robust and effective solutions that will act as the fuel to smoothen the shopping experience for new and regular online shoppers. We look forward to deploying our AI algorithms in support of Snapdeal's mission to go deeper into India's Tier 3 & 4 cities."

# Integrating Digital & Technology

As a leading full-stack D2C enabler, we help brands exponentially grow their exclusive online channel with a Technology driven and Performance oriented approach towards operational ease & enhanced conversions.

Consulting | Technology | Marketing | Analytics | Marketplace