

CONVERGENCE OF PHYSICAL AND DIGITAL BUSINESS

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| COVER STORY |

AND NOW IS THE
TIME TO GO
O2O
ONLINE TO
OFFLINE

PAGE 16



| FROM THE CEO'S DESK |



Embracing the retail revolution

The dynamics of retail have witnessed a tremendous movement in the last two decades. When we look back, it was only yesterday that we were talking about ways and means to keep the local mom and pop stores relevant with the onset of modern retail practices. The fear was of them losing their share in the market. Before we knew, the online surge swept the existing retail formats – both traditional and modern. This eventually led all those in the business of retail to pull up their socks and offer their patrons the convenience to shop in a format they preferred – offline and online. For those small brands that did not have the bandwidth to go online full-fledged on their own, they took support from online market places. The retail pundits foresaw the eventual death of offline retail with more and more customers preferring to shop online. The Covid-19 wave accentuated this prediction but today, here we are standing witnessing a surge in O2O retail – Online to Offline.

A few bold online players began their offline journey soon after their online venture but what we are witnessing now is majority of the online retailers eyeing prime offline retail space – be it on the high street or malls. This issue of Phygital unearths the nuances of operating in the O2O space and we have experts share their take on what it takes to truly offer a seamless shopping experience to customers.

Bhavesh Pitroda

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Designated Partner
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Publisher
Bhavesh Pitroda

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COO, Technology
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MUMBAI:
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For advertising queries, please write to
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Senior Manager: **Priti Kapil**, pridikapil@imagesgroup.in

Retail Advising Services LLP

LLPIN-AAJ-1907
(Group company of Images Multimedia Pvt. Ltd.)

Registered Office:

S-61 A, Okhla Industrial Area Phase 2, New Delhi 110 020
T: +91 11 40525000 | **F:** +91 11 40525001

E: info@imagesgroup.in | URL: www.imagesgroup.in

Mumbai: E 519, Floral Deck Plaza, Central MIDC Road, Opp SEEPZ, Andheri East, Mumbai 400 093

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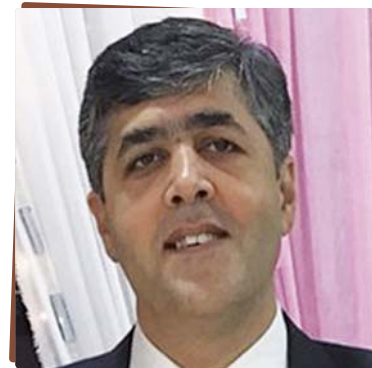
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LAST WORD

If one thing that remains constant, it is change. This applies to everything personal and professional. Little wonder we see immense amounts

of dynamism in retail taking place all around us. A look around – be it online or offline, we have customers looking at laying their hands on anything that catches their fancy. This implies that retailers – big and small keep reinventing themselves. The current wave is that of touch and feel. Customers, even those who are hooked to online shopping are keen to experience the product firsthand in an offline retail environment. This has led to majority of the pure online retail brands entering the offline space. This brings us to accept that as believed earlier, the fight between online and offline retail truly does not stand ground as long as the retailer has his focus entirely on the ‘consumer’. Customer centricity has been the mantra for success in retail. Making the customer feel special, pampered, heard and seen is what scores big – be it in online or offline retail.

This issue of Phygital touch-bases on the nuances of online to offline retail. We also have an interesting line up of articles covering niche brand stories along with experts sharing their views on the importance of story-telling in building a brand, keeping a brand alive in its mid-lifecycle and more.

Just as in retail, for us at Phygital too, our customers – that is you the reader remains our focal point. We invite your feedback to ensure that our content is in line with what you wish to learn and read.

Zainab S Kazi
Consulting Editor

CONTENTS

REGULARS

8.

Snapshots

Latest happenings in the Indian market.



16. COVER STORY

Online to offline – Tracking down the dynamics of O2O in India

Online to offline retail has gained considerable traction in the past couple of years and today we are witnessing an upsurge of online brands, especially the D2C brands vying for offline space either through their own stores or through formats ranging from kiosks to shop-in-shops.

THOUGHT BUBBLE

26. Imbibing digitization to omni-channel strategy

From offering a seamless shopping experience to embracing the revolution set by digitization, omni-channel in retail has been witnessing a consistent momentum. Digitization is bringing in fresh features at a lightning speed.

QUICK READ

30. Tier 2-4 cities score higher than tier 1 on online shopping: IIMA Report

Highlights from a recently held survey report titled – Digital Retail Platforms and Consumer Emotions: An Indian Perspective conducted by the Indian Institute of Management Ahmedabad (IIMA), reveal a lot many interesting facts on online shopping trends in India

OMNI-CHANNEL

32. Omni-channel wave at IFF 2023

No retail discussion remains complete without the mention of omni-channel and its role in shaping a foolproof customer centric retail approach. Experts reiterate this at the recently held IFF 2023.

| CONTENTS |

32



DEEP DIVE

34. The business of q-commerce and celebration

The business of q-commerce remains steadfast in India even though we have witnessed a few shutting shop. The players who have stood ground are the ones who tap on every given opportunity to offer their customers an assortment of products not just for their daily use but also for special occasions.

E-COMMERCE

37. Joom Marketplace offers a global window for sellers from India

Joom Marketplace, a global mobile marketplace launched in 2016 in Latvia, Europe has been actively on-boarding Indian sellers, helping them reach out to international buyers.

PERSPECTIVE

40. It's all about your story

The art of story-telling is as important for a brand as its other marketing and customer reach initiatives.

HUMAN RESOURCE

43. Understanding the life of gig delivery partners

The gig economy has drastically changed the way people work and earn a livelihood. A survey by Borzo delves into the world of Gig Delivery Workers and sheds interesting insights on their life.

BUSINESS OPERATIONS

46. Unlocking efficiencies in distribution

The importance of distribution cannot be understated. With 10+ million retail outlets in India, distribution plays a critical role in making products reach the point of sale and also in extending credit, expanding retail reach, on-ground sales and carrying market feedback.

BUSINESS INSIGHTS

48. Washing dirty linen gets technology boost with UClean

Building a 100cr+ company by just washing dirty linen! The story of an IITian creating a niche in an age old profession of washing using the marvels of technology and networking

D2C DIVE

52. From factory to the end consumer - Indo Count Industries D2C journey with Boutique Living

Rajiv Merchant, president - domestic retail - Boutique Living, Indo Count Industries Ltd. shares how his company is making inroads in the D2C space thus reaching directly to its end consumer with its brand Boutique Living.

START-UP STUDY-BOOK

56. Surviving the mid lifecycle phase

Subhashis Kar discuss the top mistakes every start-up should be aware of in their mid-lifecycle phase.

REPORT

58. Advanced analytics and AI will help Indian retailers unlock a Rs. 400 bn EBITDA Opportunity: BCG-RAI Report

TRENDS

62. Q-Commerce leads the Truecaller's Mobile Growth Trends Report 2022

The use of mobile to find out key trends is prevalent has been wonderfully articulated in this report by Truecaller

43



48



56



| COVER STORY |

Online to offline

Tracking the Dynamics of O2O in India

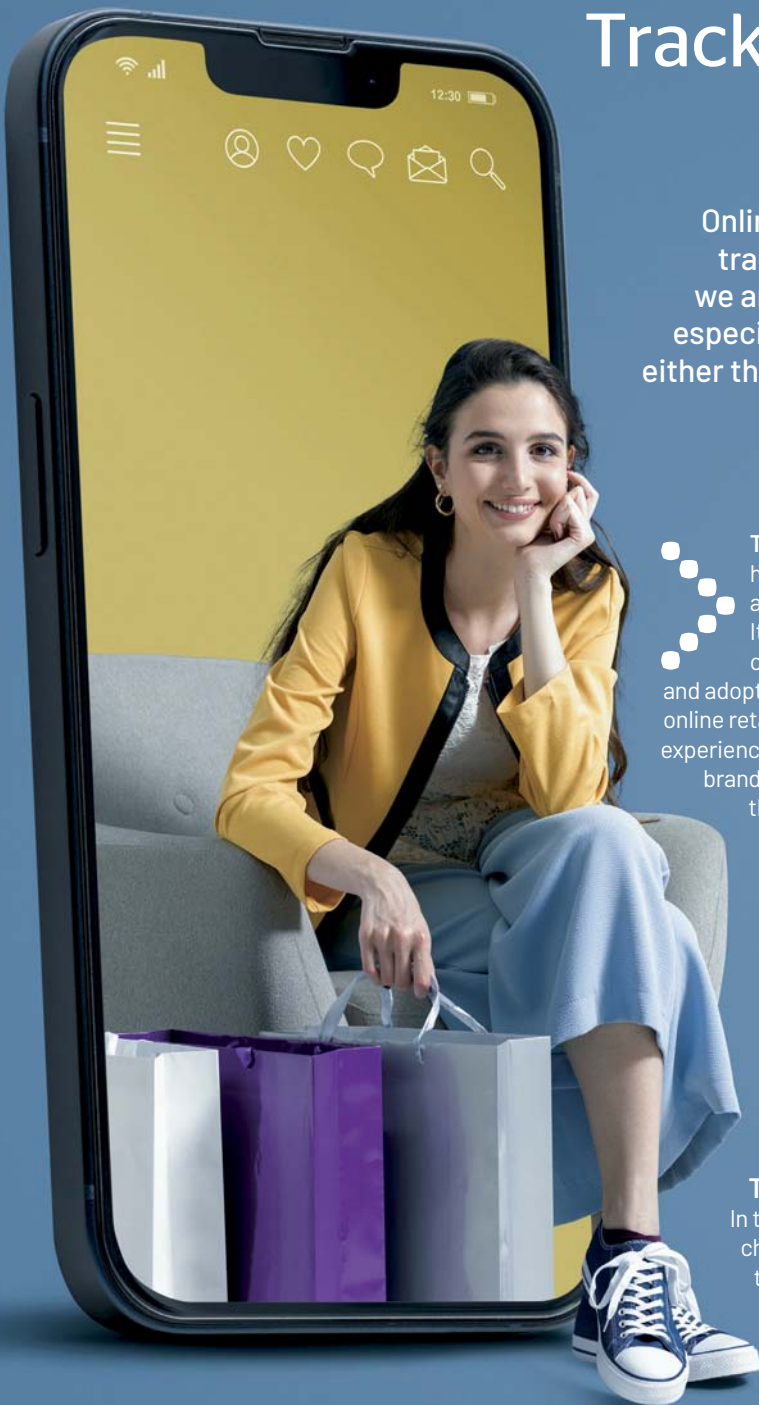
Online to offline retail has gained considerable traction in the past couple of years and today we are witnessing an upsurge of online brands, especially the D2C brands vying for offline space either through their own stores or through formats ranging from kiosks to shop-in-shops.

By Nehal Gautam and Zainab S. Kazi

The dynamics of retail revolution over the last two years have kept retailers on their toes thus forcing them to adapt to the ever changing demands of their patrons. It all began from the emergence of modern retail thus compelling traditional mom and pop stores to buckle up and adopt modern retail measures. Then we witnessed the onset of online retail which pushed offline retailers to offer online shopping experience to their customers. Gradually it led way to a lot many brands and entities to simply have online presence serving thousands of pincodes across India without the need to having a physical store. Though today the retail dynamics seems to have come a full circle with each of the format being required to having an all-round presence - both offline and online. As against the prediction of retail pundits, who were quick to point out the eventual phasing out of physical stores, what we are observing today is the bridging of gap between online and offline retail with the online players setting offline stores. And this trend is being observed across the globe, including India.

Tracking the dynamics

In the current retail scenario where developing an omni-channel identity is a must for brick-and-mortar retailers, the rationale for online retailers for adopting the reverse strategy (online-to-offline) holds equal relevance. Take for example America's e-commerce giant, Amazon, who made headlines in the year 2015. After over two decades of existence as the online major, the company decided to blur the lines between online and offline world with its first-ever brick-and-mortar retail store



| THOUGHT BUBBLE |



Imbibing digitization to omni-channel strategy

From offering a seamless shopping experience to embracing the revolution set by digitization, omni-channel in retail has been witnessing a consistent momentum. Digitization is bringing in fresh features at a lightning speed but having said that, retailers need to keep in mind that each step of their still need to be dominated by the age old adage – customer is the King.

By Zainab S. Kazi

Setting the context for understanding the essence of omni-channel, **Neeraj Manoria**, assistant vice-president and head, Digital Strategy, Bangalore International Airport rightly emphasises that technology is disrupting fashion industry very rapidly. Technology that is relevant today may not be relevant next year. Customers are more demanding, supply chain is shrinking, delivery is expected to be almost instant where the customers expect their orders to be delivered today or maximum tomorrow. They don't want to wait. He shares, "Omni-channel retail is a major shift in the mindset, it needs time, investment and omni-channel dynamics are changing very rapidly."

The above truly explains the soul of what omni-channel entails. It is simply more than just offering the customer a seamless experience. Omni-channel in its truest form is offering the customer what she wants, in a way she wants and when she wants. As Manoria rightly puts it across, "One size approach does not work – what does that mean – that we cannot put customers in a segment, we need to have customer specific offering wherever we do."

| QUICK READ |

Tier 2-4 cities score higher than tier 1 on online shopping: IIMA Report

A recently held survey report titled – Digital Retail Platforms and Consumer Emotions: An Indian Perspective that was conducted by the Indian Institute of Management Ahmedabad (IIMA), a lot many interesting facts have come to foray. Tier 2 to tier 4 cities spent up to 77% more than tier 1 cities in their last online shopping transaction.



The report offers crucial insights into digital retail adoption across India and how it has transformed into a ubiquitous shopping option for many, both in urban and rural India. It also suggests that consumers visit multiple websites, comparing deals, refund policies, payment security, and the estimated time of arrival of products before deciding on a purchase. Fashion, clothing, and electronics are the major product categories in which consumers made their last online purchases.

Some of the key findings of the report are:

➤ Consumers from smaller cities (tier 2 to tier 4 cities) spent up to 77% more than those from tier 1 cities in their last online order.

- Browsing online has now become a favourite pastime for consumers, with one-third of consumers reported visiting digital retail platforms every two to three days,
- Doing these activities, consumers invested an average of 34 to 35 minutes in their last online shopping.
- Nearly 72% of consumers started shopping online in the last one to three years, hinting at a surge during the COVID-19 pandemic.

Spending on online shopping

- More than 90% of consumers reported spending less than ₹10,000 in their last online shopping transaction.
- Male consumers spent 36% more money than female consumers in their last online shopping transaction

As against the commonly perceived notion that women spend more when it comes to online shopping, the report highlights that male consumers spent 36% more money than female consumers online in their last online shopping transaction.

| OMNICHANNEL |

The Omni-channel wave at IFF 2023

No retail discussion remains complete without the mention of omni-channel and its role in shaping a foolproof customer centric retail approach. All the experts present at the IFF 2023 minced no words in highlighting the importance of omni-channel retail being greater than ever before in the face of ever changing customer behaviour dynamics.



The central factor of every company is consumers. It is vital to consider and understand customer needs, challenges, emotions, and preferences before confirming the right merchandising platform. Customers, especially Gen-Z and millennials, rely mostly on social media platforms for shopping.

According to **Amit Arora, chief information officer of SHR Lifestyle**, "Wherever the customers are available, like Facebook, Instagram or WhatsApp, we should use it. Listening to the customers is important for brand development and it builds credibility and faith in the brand. India has 9% more people active on social media than globally. A piece of advice I would like to give to the brands pursuing social media is that you should follow what your customers are talking about. Because nowadays it is not the product they are buying, but the experience."

Speaking about the vision behind

NNNOW.com the virtual high street by Arvind Fashions that showcases every brand under Arvind, **Satish Panchapakesan, senior vice president of Arvind Fashions** said, "The core idea and initial thought process of nnnow.com was to bring the whole franchise of Arvind Lifestyle Brands onto a single marketplace. Traditionally, we have sold each of these products through EBOs (exclusive brand outlets) and they were merchandised as single units. It is also a place where customers can experience the products and choose affordable items." He added that the platform now contributes almost 24% to its revenues.

"Going forward, all our new launches would have an online component in perspective. Also, we are hoping to increase seller positions in the brand itself, to increase the footprint and have a better visibility of consumers which will lead to an improved customer experience," added Panchapakesan.

Speaking about the online foray of Raymond Group that owns over

10 brands including Park Avenue, ColorPlus, Raymond RTW, Parx and Ethnix, through over 700 retail outlets across India, **Bidyut Bhanjdeo, chief business officer of Ethnix and head of sales at Raymond Apparel** said, "We started MyRaymond.com as a small website in 2020 and promoted MyRaymond.com through our own stores. Then we realized it's necessary to get into marketplaces, D2C and D2B. The pandemic left us with no option, and we had to be as e-commerce as we can be. Today, we still have MyRaymond.com connecting all our stores as well as data sources."

Unlike Raymond, for Fossil India, digital foray was not reactive but proactive. "Fossil is known for its digital-first approach. It was not an aftereffect of Covid because Fossil started focusing on technology way before the pandemic and we explored digital opportunities like social commerce and commercial commerce. The company follows the 4P strategy: product, price, place, and

| DEEP DIVE |

The business of q-commerce and celebration

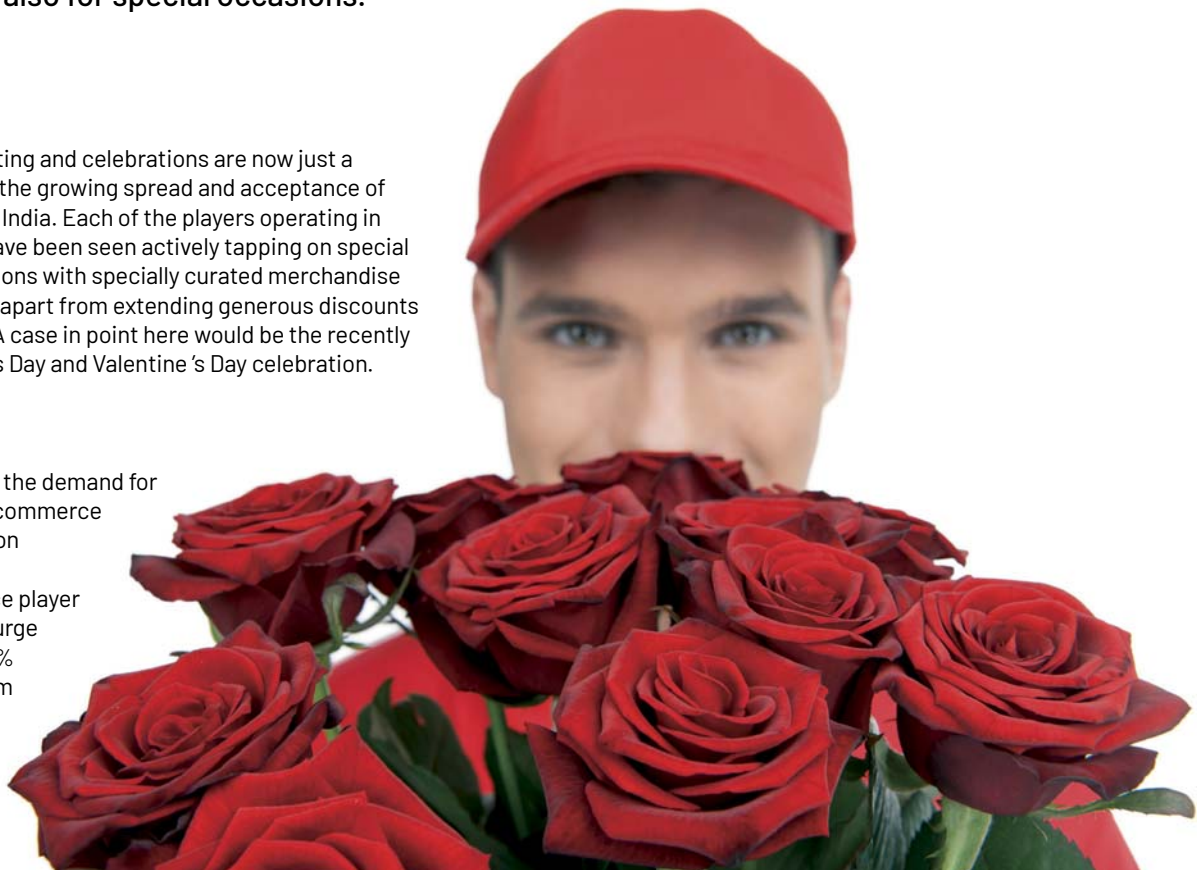
The business of q-commerce remains steadfast in India even though we have witnessed a few shutting shop. What makes this space a challenge is having a deep understanding of the customers last minute needs. Players who have stood ground are the ones who tap on every given opportunity to offer their customers an assortment of products not just for their daily use but also for special occasions.

By Sanya Arora

● Last minute gifting and celebrations are now just a click away with the growing spread and acceptance of q-commerce in India. Each of the players operating in this category have been seen actively tapping on special days and occasions with specially curated merchandise specific to the occasion apart from extending generous discounts on affiliated products. A case in point here would be the recently concluded Holi, Women's Day and Valentine's Day celebration.

Gearing up

Armed with a fair idea of the demand for Valentine's Day 2023, q-commerce companies got working on tweaking their inventory accordingly. Q-commerce player Blinkit had expected a surge in demand of at least 20% said a spokesperson from Blinkit, adding, "We started a few weeks in advance." While Blinkit collaborated



Swiggy Instamart's holi 2022 flashback

As shared by the brand, in 2022, Swiggy Instamart sold around 4 lakh packets of gual / colours, with the most popular shades being pink, red, and green. Delhi topped the cities that ordered the most of gual in 2022. This March, the company expected a sale of over 44,000 kilograms of gual. With consumers increasingly preferring herbal and floral gual, Instamart ensured to stock up more than 32,000 kilograms of organic gual. And for those who celebrate holi with flowers, sellers on Instamart went ahead to stock up close to 5000 kilograms of flowers. Moving over to data on water guns / pichkari, the q-commerce platform sold close to 21,000 of them in 2022 and in 2023, the figure was expected to reach 35,000 and a whopping 3 million of water balloons! Holi celebrations remain incomplete with the traditional thandai drink and in 2022, Instamart stated that it sold 25,000 packets of the drink.



| ECOMMERCE |

Joom Marketplace

offers a global window for sellers from India

Joom Marketplace, a global mobile marketplace launched in 2016 in Latvia, Europe has been actively onboarding Indian sellers, helping them reach out to international buyers.

Maxim Belov, head of Asia-Pacific Business Development, in a tete-a-tete with Phygital, shares its journey over the years and opens up about its experience and expectations from the Indian market

By Zainab S. Kazi



Let's begin with understanding the journey of Joom

The company has 400+ million downloads worldwide, speaks 26 languages, is available in almost 200 countries and offers around 30 million products from Europe and Asia. With 95% of its transactions made on mobile, it allows sellers to reach a completely new audience.

We not only provide our customers with relevant and quality products from around the world at attractive prices, but assure their privacy and make their experience fun, easy and flawless at any point. Reliability and accessibility also guide us in developing our services to sellers.

Users can order goods from China, Turkey, South Korea and Japan, as well as from local sellers and brands in Europe, including world-famous ones. Users can also subscribe to brand news and offers, as well as bloggers reviews, and receive personalized recommendations and discounts.

The convenience sellers and customers have on Joom?

For businesses, Joom makes sellers' lives easier and provides them with tools and services nobody else has to offer, such as access to as many markets as possible with one interface, localisation, customer support, advertising & marketing activities, and sociality. Joom Marketplace is mobile first: 80% of our staff are mobile developers, and 95% of all transactions are made via our app. We are also responsible, which is demonstrated by our strict quality control, a reliable rating system, our "Verified by Joom" tag and local CSR projects.

For customers, Joom Marketplace helps make shopping easy and entertaining and gives access to high quality goods from around the world at best possible prices. Our app offers more than just online shopping, it encourages customers to have fun while they browse for products. Customers can be entertained even without making a purchase thanks to Joom Marketplace's quality content and frequent lotteries.

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