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Future of Business

July 2023  
VOL.22 NO.6

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## Reliance Retail's *Big Plans* for Apparel Wholesale, Targeting *Mom-and-pop* Stores

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# IMAGES RETAIL

Editor's Note / July 2023 / VOL.22 NO.6

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## Speaking About Change

Retailers witnessed a modest growth of 7% in the month of June 2023, as per a survey conducted by the Retailers Association of India (RAI). The modest growth is a reflection of the economy which is straining under the growing inflation.

The revenge shopping spree has ended and consumers are now tightening their purse strings for non-discretionary spending.

The bright side is that although moderate, the growth is there. Food, grocery, and footwear showed a growth of 15% while the jewellery category showed a 14% growth. Retail business[es] across regions have indicated growth in sales as compared to the June 2022 sales level with South India signaling growth of 8%, while East India and West India indicate a growth of 7% and 6% respectively followed by North India at 5%.

While surveys help to give us an idea of how the market is moving, they are inadequate in terms of giving the whole picture. If you speak to new-age businesses, you'll realize that consumer spending has not shrunk as much as we believe, it has shifted. Consumers today are gravitating towards D2C brands.

India houses more than 800 D2C brands, and the count is only increasing. This market segment is estimated to touch the 100\$ billion marks by 2025. And there is a lot of innovation and opportunity in this space as was evident at the India D2C Summit and Awards that were held in Mumbai last month.

The July edition of IMAGES Retail talks about the Summit and the recent shifts in retail, with advice on how retailers can adapt to the change.

Speaking about change, we will be launching the next edition of IMAGES Retail in a totally new format. Stay tuned.

Until then, log on to <https://www.indiaretailing.com> for the best and latest insights and updates on retail in India.



Amitabh Taneja

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*Archies, India's oldest gifting company, is going to expand more into quick commerce, with 10 minutes-20 minutes deliveries.*

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*House of Chikankari, Plum Goodness, Accessorize London, Lavie and T.A.C among those felicitated at IMAGES India D2C Awards 2023.*



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*Tech enabled retail design and visual merchandising with the intent to deliver enhanced and intelligent customer experience is seeing the light of day across different retail categories.*

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### Tumbledry to Launch 2000 Live Stores by 2026

*Gaurav Nigam, Founder & CEO, Tumbledry in an exclusive interaction talks about growth through a chain of franchise stores across the country*



## D-Mart's Q1 Net Profit Rises 2.5% to ₹659 Crore

Retail chain D-Mart operator Avenue Supermarts Ltd. reported a 2.46% rise in its consolidated net profit at ₹658.71 crore in April-June 2023 quarter, as lower sales of apparel and general merchandise impacted margins. The company had posted a net profit of ₹642.89 crore in the corresponding quarter a year ago, said Avenue Supermarts in a BSE filing.

Its revenue from operations was up 18.20% to ₹11,865.44 crore during the quarter under review as against ₹10,038.07 crore in the same quarter last fiscal. Avenue Supermarts' total expenses were at ₹11,006.92 crore, up 19.74% in first quarter of FY24. The total income of Avenue Supermarts in the June quarter was at ₹11,904.18 crore, up 18.24%.

Avenue Supermarts CEO & Managing Director Neville Noronha said, "Overall gross margins are lower compared to the same period in the previous year, primarily due to lower sales contribution of apparel and general merchandise.

"However, general merchandise contribution is recovering and

trending towards pre-pandemic levels," he added.

During the June quarter, D-Mart opened three new stores, taking the total count to 327 with a retail business area of 13.5 million square feet. D-Mart operates across Maharashtra, Gujarat, Daman, Andhra Pradesh, Karnataka, Telangana, Tamil Nadu, Madhya Pradesh, Rajasthan, NCR, Chhattisgarh and Punjab.

“Overall gross margins are lower compared to the same period in the previous year, primarily due to lower sales contribution of apparel and general merchandise.”

– Neville Noronha, Avenue Supermarts CEO & MD



## Citykart Pvt. Ltd. Launches Store in Uttar Pradesh

Value fashion retailer Citykart Pvt. Ltd. has inaugurated its latest store in Sultanpur, Uttar Pradesh, the company announced in a press release. Spread across 11,274 sq. ft. on three floors, the store is located opposite the District Hospital in Sultanpur. This is Citykart's 93rd store in India and its second in Sultanpur.

Sudhanshu Agarwal, Founder and Chief Executive Officer, Citykart, said, "We are thrilled by the overwhelming response to our newest store in Sultanpur. The love and appreciation

that the people have shown us is testimony to the fact that customers always appreciate quality products at reasonable rates."

The store offers an array of menswear, womenswear and kidwear collection. The store also boasts a general merchandise section offering a wide range of footwear, lifestyle products, sports equipment, toys and games, stationery, home furnishing,



and household essentials.

Established in 2016, Citykart Pvt. Ltd. has an established presence across 7 states and 77 cities in North India the company is also looking forward to opening 250 more stores in the next 3 years.

# Unwrapping the Archies' Reinvention Plan

*From tie-ups with q-commerce players and special gift hampers in partnership with category leaders to opening stores in the Middle East, here's what India's oldest gifting company Archies has on the cards to help revive its past glory.*

By Shiv Joshi

**A**rchies—a name that the Gen Y and millennials from India would instantly connect with. Back in the 1990s and early 2000s, if you had to say something to someone, chances are that you did it with an Archies card. Be it a birthday, an anniversary or even a break-up, Archies had a card and an appropriate gift for every occasion.

“Loved the unforgettable experience of discovering a novel gift when browsing in the store – a cute mug, a framed witty quote or a unique guitar shaped CD stand to impress someone,” said Surender Gnanaolivua, a retail experience design curator and an Archies’ customer. The brand was the favourite hangout for youngsters who wanted to express or impress with the help of a present, especially during Valentine’s Day.

“You could say Archies was instrumental in introducing Indians to concepts like Valentine’s Day, Mother’s Day and Father’s Day with their cards and innovative gifts,” said architect Anuja Pradhan, an Archies customer.

“Most people from my generation came to know about such days by visiting an Archies store, which used to be full of life size teddy bears with hearts, massive greetings cards and other fancy stuff for such occasions,” she added.



## The Archies Era

Archies Ltd. shot to fame because of its Greeting cards, which it launched in 1980.

“From cute little teddy bears professing undying devotion to sassy cats with sarcastic wit, there was an Archies card for every personality and occasion,” said Ranjit Satyanath, Chief Technology Officer at Hippo Stores an old Archies’ customer.

The first Archies Gallery came up at Delhi’s Kamala Nagar in 1987 stocking a lot more than greeting cards—soft toys, figurines, stationery, chocolates and perfumes among other articles.

“Walking into an Archies store was like entering a wonderland of love and friendship,” said Satyanath.

In 2007, Archies sold about 1 crore physical greeting cards. At the time, Archies commanded over 50% share of the approximately ₹200

**▲**  
**Varun**  
**Moolchandani,**  
Executive Director,  
Archies

**●●● ARCHIES LTD. SHOT TO FAME BECAUSE OF ITS GREETING CARDS, WHICH IT LAUNCHED IN 1980 ●●●**



# Tech-Powered Commerce: Innovating Product and Technology Strategies for India's E-commerce Future



***The e-commerce sector's expansion has spawned a vibrant economy for aspiring online merchants and business owners, as well as for digital financial services, web designers, online marketers, and a whole lot more. Compared to how it appeared a little just over two years ago, the e-commerce industry is essentially unrecognisable today.***

By Parv Sondhi

**T**he e-commerce industry has experienced significant growth in the last two years, with global sales projected to reach 21.8% of all retail sales by 2024, according to a Statista report by Daniela Coppola. Based on information by A. Minhas in his reports on retail e-commerce sales in India, the Indian e-commerce market is estimated to rise to US\$ 188 billion by 2025 and is anticipated to reach US\$ 350 billion by 2030. As per data released by InGovern Research Services, the e-commerce sector in India is expected to grow to 200 billion US dollars by 2026.

As more businesses enter the online marketplace, it's becoming increasingly challenging to stand out and appeal to Indian customers.

It's vital to note that online sales increased by over 5% annually before the pandemic. Naturally, established firms have concentrated on their capacity to digitise processes and integrate an e-commerce counterpart to their business during the past two years.

The e-commerce sector's expansion has spawned a vibrant economy for aspiring online merchants and business owners, as well as for digital financial services, web designers, online marketers, and a whole lot more. Compared to how it appeared a little just over two



# Reliance Retail's Big Plans for Apparel Wholesale, Targeting Mom-and-pop Stores

*Reliance Retail aims to on-board mom- and-pop stores into their ecosystem, ensuring them as partners. The intent is to become the entire backend for these stores, providing an assortment of products, logistics, partners etc. and hence helping in improving the stores, customers, data analytics and customer service.*

By Rasul Bailay

▲ Akhilesh Prasad,  
President & CEO – Fashion and Lifestyle, Reliance Retail

**R**eliance has started a B2B2C pilot in Pondicherry to provide the entire backend for mom-and-pops including product assortment, logistics, store design, data analytics and customer service among a host of other services that the company will soon take nationwide.

In an exclusive interaction with IMAGES Retail, **Akhilesh Prasad, President and Chief Executive Officer – Fashion and Lifestyle, Reliance Retail** talks about the new strategies, categories and market, the brand is expanding into. Edited excerpts:

***Fashion and lifestyle contributes a major chunk to Reliance retail revenues. Going forward, what are the plans for Reliance Retail's fashion and lifestyle category?***

The plan is to scale, scale, and scale, because Indian retail market is still 70% unorganised, and there is a huge scope and opportunities across categories. We are not looking to eliminate

# Towards a Greener Future

*Sustainability is the buzzword today. Each brand is working towards offering sustainable option to its customers – be it in the product offering itself or at least when it comes to packaging. A lot many national brands today have a separate line of sustainable clothing and they have managed to win over a considerable amount of patronage as well.*

By Zainab S. Kazi



**A** customer today is actively looking for eco-friendly products and is also vocal about engaging with brands that adopt responsible business practices. Industry leaders and experts unanimously agreed that the future belongs to brands that are moving ahead with leaving a minimum carbon footprint. The need of the hour is to ensure that retail expansion and consumerism is not at the cost of burdening Mother Nature.

On the retail real estate front, it isn't uncommon today to witness retailers and mall developers adopting energy-efficient technologies and means to reduce energy consumption. We are

witnessing more and more retailers resort to optimized store layouts that allow natural lighting. A case in point here would be the recently opened Apple Store in Mumbai. Majority of the malls too have rooftop allowing natural light to seep in. R City mall recently collaborated with Tata Power to install eight EV chargers, including super fast 60 KW charging points, throughout the premises, a step towards achieving their sustainability goals.

Talking about packaging, recycled packaging is being preferred by brands – big and small. The D2C brands, especially, take pride in announcing their commitment to sustainability by ensuring zero plastic packaging.

In a recent move, Aditya Birla

Fashion and Retail Limited (ABFRL), one of India's leading fashion companies, and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) announced the launch of the 'Circularity Innovation Challenge 2023'. This initiative, in collaboration with Centre for Environment Education (CEE) and GIZ Leverist, aims to create a platform for innovators in the textile and apparel industry to develop innovative solutions. **Dr. Naresh Tyagi, Chief Sustainability Officer, ABFRL** shared, "At ABFRL we aim to collaborate, contribute, and co-create a new movement in the Indian textile sector. Our goal is to create a platform for innovators, to introduce sustainable and impactful solutions and raise awareness about





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# India D2C Summit & Awards 2023 Honours Trailblazing Brands and Professionals

*House of Chikankari, Plum Goodness, Accessorize London, Lavie and T.A.C among the those felicitated at IMAGES India D2C Awards 2023*

By IMAGES Retail Bureau

The second edition of the highly anticipated India D2C Summit and Awards 2023 (D2C 2023) presented by DHL and powered by GreenHonchos concluded on a high note, recognizing and celebrating the outstanding achievements of D2C brands and professionals.

The event, held on June 7-8, 2023 at The Westin Powai, Mumbai, witnessed industry leaders, experts, and visionaries coming together

to acknowledge and applaud the achievements of the awardees.

The IMAGES India D2C Awards 2023, powered by DHL, was the grand finale of the esteemed event, recognizing and honouring exceptional achievements of D2C players. The prestigious awards highlighted the remarkable success stories and innovations within the D2C industry in India.

“D2C innovation has disrupted and transformed retailing in India like never before. The agility, flexibility

and responsiveness that D2C brands have brought to the value chain are now defining the new standards of retailing. IMAGES India D2C Summit 2023 hosted the most exciting conversations and debates on the future of this phenomenon, which has taken India by storm and completely changed retail business models,” said Bhavesh Pitroda, Convenor, IMAGES India D2C Summit, and Group CEO & Director, IMAGES Group.

The awards recognised excellence



# Reshaping Indian Retail with Digital Transformation

*With digitally mature markets, comes along the fact that brands and retailers generate major chunk of their revenue from their own ecommerce stores than the marketplaces. In India, around 70-80% revenue comes from marketplaces for retailers and brands, while in the UK, being a digitally mature market, 70-80% revenue comes from D2C.*

By Vipul Aggarwal



**C**ovid has been done and dusted in India! While many countries are still in the alert mode and trying to fill the voids left by Covid, India is far ahead we can say! The pandemic reshaped the retail landscape globally and pushed it towards an unprecedented digital maturity. When many thought of adapting to tech for their retail in the coming years, the pandemic

necessitated it whether they liked it or not. While some countries like the UK are some years ahead in terms of Digital Maturity, India is showing upward trend for the same.

Such maturity requires brands and retailers to level up their tech to handle scenarios at scale and offer customers experiences beyond their already increased expectations. This has been made possible with Composable Commerce.

## Need for Composable Commerce

When brands move towards D2C, it becomes hard to scale after a certain level as the monolithic systems are bound to make the revenues stagnant. There's only so much we can do with them in terms of meeting customer expectations, managing huge catalogs etc. They are not flexible and cannot adapt to scale as they are reluctant to integrations of ever-changing tech.

So, scaling businesses require a levelled-up tech stack that is adaptable and flexible to keep improvising which is now possible with composable commerce.

The innovative concept of Composable commerce involves breaking down traditional monolithic e-commerce platforms into modular components, allowing retailers to customize, replace, and combine them to create a truly unique shopping experience for customers.

The need for adaptable technology that can seamlessly integrate with omnichannel retail environments is essential for brands at scale. While some D2C brands in India have resorted to makeshift solutions to meet these demands, staying ahead of the competition requires constant innovation to retain customers and maximize lifetime value.

## The Road Ahead

According to our prediction, 40-50% revenue for brands will be generated from the D2C in the coming 3 years which is only 10-20% on an average as of now. The D2C trend in India is showing a budding trend which will only rise. While this paradigm shift takes place, brands in India will require to come in terms with technology that is capable to support the scale.

For mid-market and above the minimum elements required to create a connected commerce experience is a robust tech stack that includes a PIM, e-commerce platform, CMS, OMS and analytics.

# Retail Analytics: 3 Myths and Mantras

*We all, as retailers, deploy BI and Analytics in our daily work processes. While doing this, we do few things very well, while some others can be improved. Over the decades of my learnings from the retail industry, I have compiled the top three Myths and Mantras around Retail Analytics.*

By Niraj Jaipuria

**B**efore I jump into these Myths and Mantras, it would help to contextualize the definition of “Data Analytics”.

Data Analytics is the art and science of deriving tangible business value from data. It should lead to making data-driven decisions, which then eventually lead to improving business.



## **MYTH #1: DATA IS THE MOST VALUABLE RESOURCE IN YOUR COMPANY**



**F**or a Data Analytics evangelist like me, calling this a myth may sound paradoxical! However, I believe many retailers give excessive importance to their data, unwittingly cannibalizing the core fundamentals of retail as a business.

For many, BI begins with a consolidated excel dump of all types of transaction data (sales, purchase, transfers, inventory, etc) spanning 30-40 columns, and 5000-50000 rows. Then, they look at the millions of cells on this excel for red flags, which they believe they should be solving! This is a classic case of putting the cart before the horse.

Let me elucidate this with an anecdote from an age-old classic, “Alice in Wonderland”. Alice has fallen down the rabbit-hole and is completely lost, when she bumps



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