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MAGAZINES INTO 1

July 2024
VOL.23 NO.7



**SHOPPING
CENTRE
News**
DEVELOPING RETAIL
SPACES IN INDIA

*Focusing on Delivering
Meeting Places that Can
Make a Difference*

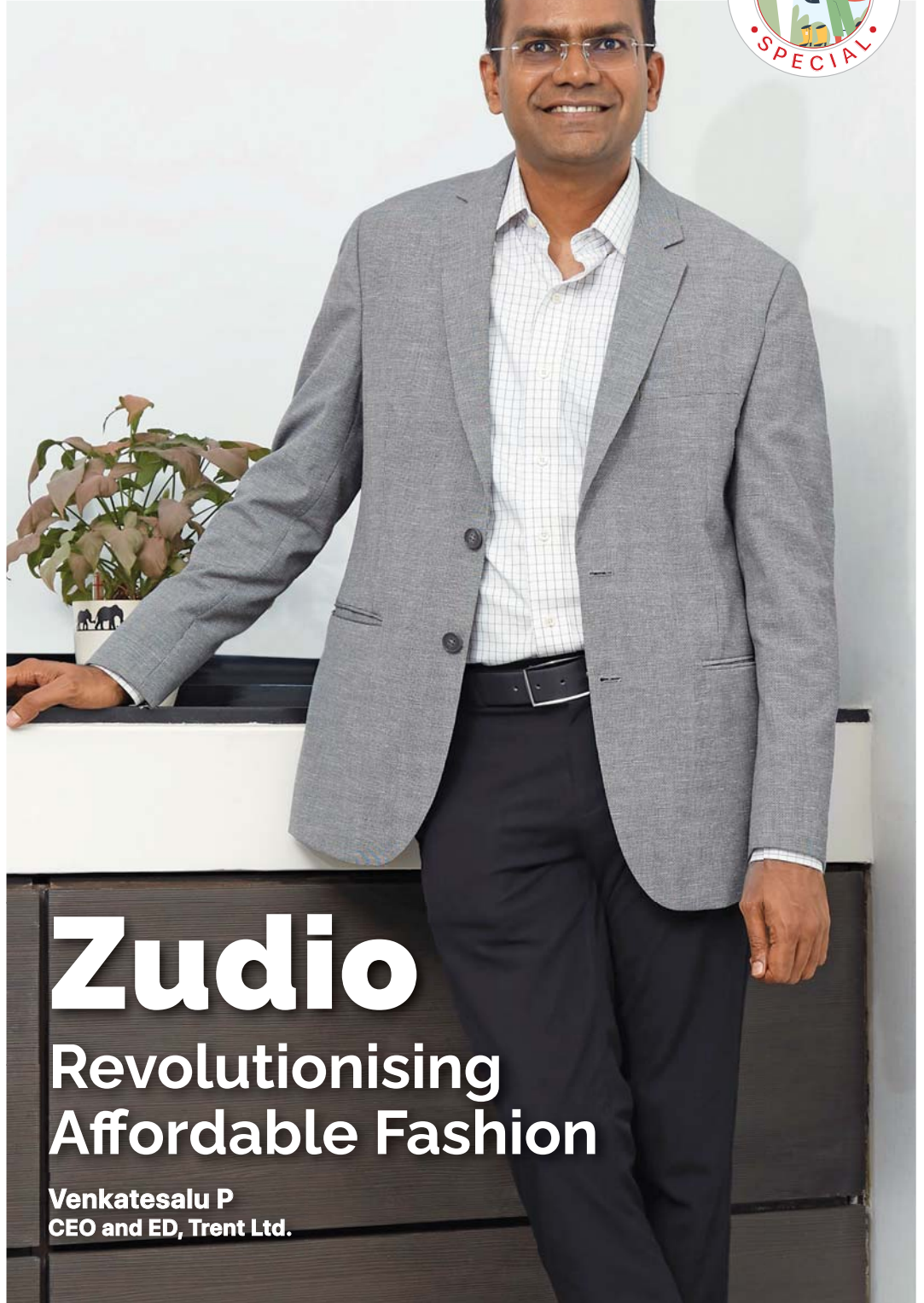
– Vasco Santos, Ingka Centres



CONVERGENCE OF PHYSICAL AND DIGITAL BUSINESS
PHYGITAL

*Pepe Jeans to Focus
on Smart Technology
Solutions*

– Satish Karunakaran, Pepe
Jeans India Ltd.



Zudio
Revolutionising
Affordable Fashion

Venkatesalu P
CEO and ED, Trent Ltd.

IMAGES RETAIL

Editor's Note / July 2024 / VOL.23 NO.7

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The Value of Value Retail

Indians are value-conscious people. We seek value in anything we purchase, and this has driven the growth of value retail in the country not just in the hinterlands but also in the metros.

Backed by our voracious appetite for value, the country's value retail market, which is currently valued at US\$112 billion, is forecasted to surge to US\$170 billion by 2026, at a robust compound annual growth rate (CAGR) of 15%, which far outpaces the broader retail sector's expected CAGR of 10%, underscoring the sector's resilience and potential.

The July issue of IMAGES Retail magazine, which is a Value Retail Special, presents a compelling narrative of a format poised for exponential growth.

In recent times, Zudio by Trent Ltd. has emerged as the poster boy of the format, achieving unprecedented success and tempting heavyweights like Reliance Retail, Shoppers Stop, and Aditya Birla Fashion and Retail to step into the game with their value formats viz. Yousta, InTune and StyleUp respectively. V-Mart and V2 Retail have been leveraging the format for years.

In the online space, the success of Meesho and Snapdeal has compelled Walmart-backed Flipkart to come up with Shopsy. Once considered among the top 3 in India, online marketplace Snapdeal too has turned to value retail for redemption from its fall from the pedestal.

In the cover interview of IMAGES Retail, Venkatesalu P, CEO and Executive Director of Trent Ltd., offers profound insights into the strategies and innovations driving the success of one of India's leading value retail brands.

The cover interview of the Shopping Centre News section delves into the India plans of global shopping centre player Ingka Centres, which has 35 malls across three continents. Vasco Santos, Global Sales & Leasing Director of Ingka Centres speaks about the Ikea Parent Ingka Group's upcoming malls in Gurugram and Noida.

In the Phytigital section, Satish Karunakaran, Director - Transformation at Pepe Jeans India, gives insights into the brand's digital transformation journey.

The issue has a lot of other informative and insightful content to help you navigate your business through an increasingly digital and competitive world.



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 - 61A Okhla Industrial Area Phase - 2, New Delhi 110 020 Editor: Amitabh Taneja

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Zudio

Revolutionising Affordable Fashion

How Zudio disrupted value fashion in India while adding value to the company as well as the customers it serves

By IMAGES Retail Bureau

What started as a section in Star Bazaar stores has today emerged as the biggest success story of value retail in the country. Encouraged by the overwhelming response it was getting, Zudio was launched as a separate entity in 2016, with its first store on Commercial Street in Bengaluru.

“Zudio is everything about accessibility in terms of fashion, accessibility in terms of price, accessibility in terms of location,” **Venkatesalu P**, Chief Executive Officer and Executive Director of Trent Ltd. said about the brand at the recently-held IMAGES Group’s Phygital Retail Convention 2024.

Few know that until 2019, Zudio was available online. “Zudio is a great online opportunity, but it adds so much complexity. So, we made the choice that we will not be online. We pulled it off in 2019. It reduces complexity enormously,” the veteran added.





Taking Stock of India's Value Retail Market

An overview of the burgeoning value retail segment in India highlighting growth factors and key players

IMAGES Retail Bureau

India's value retail sector has undergone a remarkable transformation over the past decade. Currently pegged at US\$112 billion, the market will likely surge to US\$170 billion by 2026, according to a Wazir Advisors report. This segment is set to grow at a CAGR (Compound and Annual Growth Rate) of 15%, surpassing the overall retail sector's expected 10% CAGR. The overall retail market grew from approximately \$490 billion in 2011 to over \$1 trillion in 2022. Value retail contributed substantially to

this, growing at a CAGR of around 15-20% during this period.

"The rise in digital integration, personalized shopping, and sustainability has evolved the growth of value-retail as a segment," said Vineet Jain, COO, V-Mart.

This evolution has been driven by a surge in consumer demand for affordable yet quality products, rapid urbanisation, and an expanding middle class with rising disposable incomes. As a result, several value retail brands have not only emerged but also thrived,

each employing unique strategies to capture and sustain market share.

Following the success of Zudio from Trent Ltd., many large retailers entered the game. Reliance Retail brought Yousta, Aditya Birla Fashion & Retail Ltd. opened Style-Up, and Shoppers Stop launched InTune all focusing on affordable clothing, footwear, and accessories.

Other players like D-Mart, V-Mart, V-Bazaar and Vishal Mega Mart too expanded their value retail offerings.



Factors

The future of value retail in India looks promising, with continued growth driven by urbanization, increasing disposable incomes, and evolving consumer preferences. To stay competitive, value retailers are focusing on innovation, operational efficiency, and customer-centric strategies. They are embracing technology, such as AI-driven insights and e-commerce integration to understand and meet consumer needs.

Some of the factors associated with the growth of value retail are:

Market Size Expansion: The number of value retail stores has increased exponentially, particularly in tier 2 & 3 cities. The reach has expanded from metropolitan areas to smaller towns and rural regions, capitalizing on the burgeoning demand for affordable products.

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DEVELOPING RETAIL
SPACES IN INDIA

JULY 2024 | VOLUME 17 | NUMBER 6
www.indiaretailing.com

A portrait of Vasco Santos, a man with short brown hair and a friendly smile, wearing a blue button-down shirt. He is standing in front of a blurred background of office shelves. A small black lapel microphone is clipped to his shirt.

*‘Focusing on Delivering
Meeting Places that Can
Make a Difference’*

Vasco Santos

Global Sales & Leasing Director, Ingka Centres

‘Ingka Centres is Focusing on Delivering Meeting Places that Can Make a Difference in the Indian Retail Landscape’

Vasco Santos is the Global Leasing Director at Ingka Centres, part of Ingka Group, which also includes IKEA Retail. Santos holds 28 years of experience in retail and real estate sectors, having worked for a decade for European retailers like Decathlon, Intersport, and Parfois. He joined the Ingka Group in 2006, where he has been performing different roles within asset management and leasing. Since December 2018, he has led the global leasing department, with teams spreading from Shanghai to San Francisco.

Ingka Group is the parent company of the renowned global furniture brand IKEA. With centres in the US, Europe and China, the Group is now investing ₹7,500 crore to develop two Ingka Centres in the National Capital Region (NCR). The retail-led mixed-use projects would be home to an IKEA store in addition to dozens of other Indian and global brands.

The first Ingka Centre—branded in India as Lykli—is scheduled to open in Gurugram in 2025 and it will be

Vasco Santos, Global Sales & Leasing Director, Ingka Centres, on the global shopping centre company’s plans for India, the country’s significance to its business, building spaces that foster communities

By Rasul Bailay



Strategies to Turn Around Underperforming Malls

By selecting a curated mix of tenants, property owners can create a cohesive and attractive retail experience that drives foot traffic, boosts sales, and enhances the overall value of the property

By Shailesh Yadav, MD, Arya Group



Malls across the country are experiencing a boom. However, not all malls are able to attract footfall and do good business add; some struggle despite many things being in their favour.

Why Malls Struggle

Leadership Approach: Some developers/mall owners have less exposure to retail development, which requires unique expertise, such as understanding consumer behaviours, market trends, and merchandising strategies.

Budget Constraints: Limited funds allocated for crucial marketing initiatives affect footfall.

Inexperienced Team: A mall team's experience, expertise, skills, and professionalism impact leasing,

potentially leading to missed opportunities and revenue losses. Inexperienced staff may struggle to effectively communicate with potential tenants, negotiate lease agreements, and provide valuable insights to attract and retain high-quality tenants, ultimately affecting the overall performance and profitability of the mall.

Lack of Understanding of the Catchment: Understanding the catchment area is crucial, as it helps businesses grasp the local market dynamics, including demographics, preferences, and behaviours. A thorough understanding of the catchment enables businesses to tailor their offerings, marketing strategies, and services to meet the specific needs of their target audience, increasing the chances of success and reducing the risk of failure.

“Our goal is to create a welcoming and vibrant environment that attracts and retains customers, ultimately driving business growth and profitability for our clients.”

– Shailesh Yadav, MD, Arya Group

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PHYGITAL

July
2024

VOL. 6 No. 6

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‘Pepe Jeans to Focus on Smart Technology Solutions,’

Satish Karunakaran, Director - Transformation, Pepe Jeans India Ltd.

‘Pepe Jeans to Focus on Smart Technology Solutions to Improve Customer Experience’

Satish Karunakaran, Director - Transformation, Pepe Jeans, sheds light on the denim brand’s future tech implementations, approaches to data handling, security initiatives, and more

By Mannu Mathew

With over 20 years of experience, Satish Karunakaran has spearheaded transformative initiatives in Supply Chain and Operations across Fashion, Apparel, Retail, and FMCG sectors. His experience spans diverse regions, including India, the USA, and South Asia, where he has delivered significant value through supply chain transformations.

Currently leading digital transformation strategy and execution at Pepe Jeans India, the seasoned tech professional focuses on identifying and implementing



impactful technological interventions to maximise business value. He has a strong track record in developing and implementing supply chain strategies for startups like Fonterra Future Dairy and mid to large-sized companies such as Aditya Birla Fashion Retail and More Retail.

He has led complex, multi-geography projects such as Distribution Network Optimisation (DNO), Integrated Work Systems (IWS) implementations, and warehouse automation initiatives. He is passionate about continuous learning and actively explores disruptive technology trends such as Big Data, Advanced Analytics, IoT, and AI/ML, using them to drive innovation and transformation in supply chain management.

His current organisation, Pepe Jeans India Ltd. plans to expand its retail network by adding 100 stores in the next three years, its India chief executive officer (CEO) Manish Kapoor told news agency PTI. About 35% to 40% of the company’s business in India is expected to come from selling directly to consumers either

3 Key Learnings

- › Be curious, listen, and always be open to learning
- › Have the courage to handle failure and make it a learning process
- › Disproportionately invest in developing digital and analytics skills across the organisation

through physical retail stores or through online marketplaces including Pepe’s own marketplace (pepejeans.in).

Furthermore, the company has set a target to achieve a revenue of ₹2,000 crore.

Supply chain is core to fulfilling these aggressive growth plans, making Satish Karunakaran’s role even more challenging and critical.

In an exclusive interaction with Phygital, the veteran sheds light on how he plans to use technology to help the company achieve its goals and improve operational efficiency across important functions.



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