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Future of Businesses

[COVER STORY]

ONBOARD THE DIGITAL WAVE

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Age 35

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With the second wave of the pandemic, India's retail sector has had to face a double whammy, even as businesses and consumers were beginning to hope for some light at the end of the tunnel. On a happier note, the nationwide vaccination drive is helping one stay hopeful and look at the times ahead with optimism. Lockdowns all across the nation are slowly getting eased. While retailers are preparing to get started with offline business, they are more than confident about retailing within the digital domain. Shopper-centric approach, assortment & space planning have emerged as the key pillars for retailers to improve retail experience, sales and loyalty.

The June edition of IMAGES Retail highlights these shifting paradigms exclusively. However, there is no denying the future of retail is digital. Why future, retail at present is steering towards digitalisation and we have had prominent retailers all across industry tell us that.

Retailers, irrespective of their segment or customer base is taking new efforts and reviewing existing processes to update them and walk ahead on the digital transformation road. Digitalisation is indeed a vast arena and it covers every function and varies across domains. However, with retailers embarking on this journey to digitalisation, it does paint a hopeful picture and it shows the resilience with which we have prepared ourselves counting in the devastating effects of the pandemic.

The edition further presents our readers, some exclusive earmarked insightful reports that specifically present the depth of the market. These reports/analysis presents the ground realities of retail and statistically establishes the trends that we can expect to witness in the days to follow. We are also equally hopeful that the remaining half of 2021 will bring a lot of hope & value to the retailers. Retail is better prepared this time around and is all set to be reborn like a phoenix.

As always, we hope you find the issue informative and useful. Log on to our website <https://www.indiaretailing.com/> for more features, analysis and expert opinions.



Amitabh Taneja

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ONBOARD THE DIGITAL WAVE

The pandemic has accelerated digital transformation all across industries and retail is no different. From adaption of the right tools to changing the internal policies and working style to budget, there is a lot of consideration and over the last year and a half these transformations have been a part of every retailer's journey. How has the industry responded to digitalisation?

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Effective localisation of assortment and space planning can be a very challenging task, and most retailers often fall short of harnessing the true potential of technologies such as AI and modern approaches in ML and DS, often called "operations research," which is applied mathematics

Indian Retail Sector Adopts Customer-First, Technology Focused Approach



As the lockdown is being lifted in a phased manner across all the marketplaces in the country, brands are coming out of their funk, focusing on adapting to changing needs amid the 'new normal' and working to 'co-exist' with the virus.

By IMAGES Retail Bureau

IKEA TO OPEN 4 LAKH SQ.FT BENGALURU STORE THIS YEAR



Home furnishing retailer IKEA has announced the launch of its e-commerce services and mobile shopping app in Bengaluru.

This announcement comes close after opening the retailer's second India store in Navi Mumbai in December 2020, and its recent online entry into Gujarat. IKEA's Bengaluru entry is the first step in entering the market and marks a significant milestone in the Swedish retailer's new retail direction which aims to bring it closer to where people are, with new touchpoints and services, focusing on both digital and physical formats with an omnichannel approach, the company said in a statement.

IKEA already has online presence in Hyderabad, Mumbai, Pune, Ahmedabad, Surat, and Vadodara. The IKEA online store will provide solutions, inspiration and ideas which reflect the home furnishing needs of the many people in Bengaluru. The newly launched mobile shopping app features product recommendations, ratings, and reviews, along with easier searching and browsing experience. Customers can also find

a built-in barcode scanner which will help them learn more details about the products, including materials and dimensions.

Peter Betzel, CEO & CSO (Chief Sustainability Officer), IKEA India said, "Bengaluru is one of the largest home furnishing markets in India. We will bring a complete Omnichannel offer to the market and are excited to take the first step now with the launch of our e-commerce channel."

"We will also open a big store, close to 400,000 sq. ft. in Nagasandra within a year. The store will be connected to the Nagasandra metro station, supporting faster and greener commute for the many people to the store. Over time, we will also open a city centre store within Bengaluru to be even more accessible and connect with many more people," he added.

Over the next five years, across different IKEA businesses in Bengaluru, the company plans to engage around 2500 coworkers directly with 50 per cent diversity across all levels and will generate close to 1200 indirect jobs linked with its business operations.



IKEA works with nine Home Furnishing suppliers in Karnataka, including a social entrepreneur engaging 1200 local artisans, thereby increasing its local sourcing footprint in the state.

In May, the retailer announced expansion plans with an Omnichannel approach, focusing on giving more options to consumers across India with both online and physical formats. The expansion will be through a combination of large format IKEA stores, smaller city-center stores, and online platforms. The company has been talking about building stronger digital capabilities to meet 100 million people in the coming years.



Retail in a Click

COVID19 has forced the retail industry to shift its business model and focus on online capabilities. The pandemic has also altered the consumption volume in the retail sector, with higher consumer preference for home deliveries rather than visiting stores.

By Utkarsh Gupta, Director, Ramagya Mart

The retail market has always been one of the fastest and dynamic sectors in India but the unprecedented situation created by COVID 19 has made quite an impact on this sector. Despite the setbacks, the industry recorded 93 per cent of the pre-COVID sales in February 2021, but the second lockdown during the month of April, derailed the process again..

The pandemic has forced the industry to shift its business model and focus on online capabilities. The second wave has directly affected the production, demand & supply chain, and operations of the Indian retail sector. The disruption involves all the activities of reselling new & used goods primarily to the general public for consumption. The pandemic has also altered the consumption volume in the retail sector, with higher consumer preference for home deliveries rather than visiting stores.

Retailers have been experimenting with a myriad of ways to provide the best services to consumers. But they need to understand how they should use the technology and find new innovative ways to build up the new business model, driving the business digitally along with their traditional methods.

Digitalisation: The New Deliverance

E-commerce has become the new normal, with government restrictions and lockdown, there is a decline in visits to the mall. There are so many brands who unfortunately couldn't survive this situation and had to shut



down their business, while others digitally transformed their businesses for survival. Digital agility created by such transformations is going to improve the service delivery and bring up the satisfaction of the consumers which will enable them to tackle the current and future challenges. The retail industry has



Retailers are Looking Forward to June 2021 for Improvement in Sales: **RAI**

Economic revival is intertwined with the revival of retail businesses especially large formal retail spaces, which are the drivers of consumption. The only way of getting rid of the economic impact of pandemic and saving livelihoods is by everybody participating in sharing of the cost burden and acting to revive retail business activity.

By IMAGES Retail Bureau

The 16th edition of the Retail Business Survey by the Retailers Association of India (RAI) indicates that retail sales in the month of May 2021 stood at -79 per cent of the pre-COVID level of sales on a Y-o-Y comparison with May 2019 as retail businesses across states were closed due to the second wave of the pandemic. With sales at -34 per cent in May

2021 (Y-o-Y), categories such as Food & Grocery fared better than categories like Footwear (-86 per cent), Beauty, Wellness & Personal Care (-87 per cent) and Sports Goods (-80 per cent) as compared to pre-COVID sales levels (May 2019).

Retailers across regions are reflecting a deep fall in sales with Southern India at -73 per cent in May 2021 as compared to May 2019 pre-COVID sales, Eastern

region at -75 per cent, while Western and Northern regions have indicated -83 per cent sales in May 2021 as compared to May 2019.

Many of the states have now slowly begun to open all forms of retail in a calibrated manner. Commenting on the current state of the retail industry, **Kumar Rajagopalan, CEO, Retailers Association of India (RAI)**, said "Retailers are looking forward to some



Onboard the Digital Wave

The pandemic has accelerated digital transformation all across industries and retail is no different. From adaptation of the right tools to changing the internal policies and working style to budget, there is a lot of consideration and over the last year and a half these transformations have been a part of every retailer's journey. How has the industry responded to digitalisation?

By Anurima Das

Digitalisation is no longer an option, and is one of the viable ways to communicate and stay in touch with the customers. Retail has seen many shifts in the past, but with the pandemic the shift to the digital domain has helped brands and retailers to stay in business. It is not just about counting the sales, but also about customer experience. Integrating the virtual space and digital codes within the CMS structure of the DNA of operations has been a new start for some. However, some were already using the digital arena as the base for their business, so for them the digitalisation process meant making their services top-notch.

When talking about the prospects and aspects of digitalisation, **Manish Bansal**, Director Window Magic says, "Going digital requires much contemplation and



Building Asset-Light Retail Through Transformed E-Commerce

A roundtable, powered by OMUNI as part of the 'Omnicom Intelligence Series', discussed the new roadmaps and constraints related to transformed e-commerce and Omnichannel retail, given the constraints brought forth by COVID. Here's a brief overview of the session.

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By IMAGES Retail Bureau

Many brands have been able to fight the tough stress-test of the pandemic by adopting to asset light retail model. Models that are light on inventory, light on logistics cost, light on IT spends, light on working capital, which are made possible through a backend architecture that creates an integrated ecosystem that enables brands to power Omnichannel use cases/ journeys (from store fulfillment of online orders to an endless aisle). Not only that, this adaption allows them to respond quickly and efficiently to changing customer needs and allows them a chance to yield fewer stockouts and markdowns.

To understand the new roadmaps and constraints related to transformed e-commerce and Omnichannel retail, the inaugural session of 'Omnicom Intelligence Series', discussed the necessary changes and themes basis a roundtable session. The session titled, **Building Asset-light Retail through Transformed E-Commerce**, was powered by OMUNI (Arvind Internet) and was moderated by **Mukul Bafana, Co-founder & CEO, Omuni (Arvind Internet)**. The esteemed panelists for the session were:

- » **Abhishek Ganguly**, GM – South East Asia & India, Puma
- » **Anupam Bansal**, ED, Liberty
- » **Dhruv Bogra**, Country Manager - India, Southeast Asia, Middle East, Forever New

- » **Tushar Ved**, President, Major Brands
- » **Abdul Razak**, Managing Director, VKC Group

Omuni by Arvind Internet is India's leading omnichannel retail enablement platform built by retail practitioners and industry insiders who understand the complexities of omnichannel retail transformations, both technological and operational.

Mukul Bafana welcomed the panel and after a brief introduction, asked them to highlight the changes they have witnessed in the retail industry during COVID. From initiatives to changes and newer trends that industry is facing currently were brought to the front. How are the retailers utilizing the available assets in the best

Fraud Prevention: Delivering Trust-Based Customer Experience



The reality is that new users are far more likely to be declined at the point of transaction leading to the immediate loss of this revenue, and in many cases these customers never return meaning longer term loss of lifetime value.

By Monica Acree, Vice President, Asia Pacific, Forter

As India continues to battle the pandemic, e-commerce platform, online retailers have become the key elements in making retail sector functional for the essential needs. The second wave of pandemic and lockdown, has spurred a change in consumer behaviour, with almost every individual turning to online sites to buy goods and services they

need. However, as the number of new online buyers surge, a new challenge emerges for the consumer and the retailers, which is an increase in the likelihood of online fraud.

Retailers are already caught in a balancing act of ensuring that they are accurately assessing the legitimacy of these new users, while ensuring that customer experience is not compromised. However, the reality is that new users are

far more likely to be declined at the point of transaction leading to the immediate loss of this revenue, and in many cases these customers never return meaning longer term loss of lifetime value.

We call this phenomenon the New User Missed Opportunity (NUMO), and it is costing retailers a fortune. The longer-term loss of revenue could easily be more than the cost of the occasional fraud loss that an e-commerce business's



SUPPORT



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Bridging the Gap

With consumer movement largely restricted, 50 per cent of consumers are now choosing more locally sourced goods, and a similar number indicate that they trust local products and services more and consider them to be of higher quality than the alternatives.

By IMAGES Retail Bureau

The disruption brought about by the pandemic has reminded both the consumer and the retailer ‘the power of community’. Quinine, an integrated research, strategy and design consultancy, shares a report outlining a series of interventions that demonstrate how retailers are integrating themselves more deeply into the fabric of the community and are making the physical store experience more local.

With consumer movement largely restricted, 50 per cent of consumers are now choosing more locally sourced goods, and a similar number indicate that they trust local products and services more and consider them to be of higher quality than the alternatives. This loyalty is mirrored in people’s relationship with their local community.

The report states that in the UK alone, 60 per cent of residents agree that the lockdowns have enhanced their love for their local area. The consumers have been forced to move away from their reliance on large retailers in urban centres and have



increasingly turned to smaller, independent businesses to support their day to day needs. Data indicates that 22 per cent of people in the UK visited a local convenience store every day during lockdown, which explains the double growth in this sector since 2019. But the most notable shift resulting from this forced repatriation into local retail is that consumer expectations of value have been re-set. No longer are they willing to endure

Shopper-centric Approach, Assortment & Space Planning: Key Pillars for Retailers to Improve Retail Experience, Sales and Loyalty

Strategically trained and designed ML/DS algorithms can be used to analyze store-level data, enabling the age of precision in category management. There is significant incremental value in optimizing assortment at the store level—ensuring product availability is aligned with demand at each store location. In addition, retailers can apply store-level analysis to existing cluster (macro) approaches and dial up or reduce cluster count, as per their requirements.

By IMAGES Retail Bureau

Physical locations are indispensable for brands and retailers in building lasting relationships with their shoppers. In order to meet customer demand and expectations, it is essential for CPG companies and retailers to carry the right product assortment—supplemented with strategically designed planograms and effective merchandising execution.

A shopper-centric approach to assortment and space planning can help retailers improve shopper experience, increase overall sales and



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