

Igniting Thoughts of Tomorrow

RETAIL SECTOR

WeChat

Mr. Nandadeep Jayakar
Director, Retail
Adidas



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**Current Trend in the Retail
Sector - Rise of e-Commerce
Players**



Featured

The Rising Need of
Digital Advertising
in Retail Sector

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May 2014



OUR VISION

“To nurture thought leaders and practitioners through inventive education”

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

“The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.” - Alvin Toffler

At WeSchool, we are deeply inspired by these words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities need a new approach both in terms of thought as well as action. Cross disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy-the mind's eye needs to be nurtured and differently so.

WeSchool has chosen the ‘design thinking’ approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

Dear Readers,

It gives me great pride to introduce Samvad issues every month. Our Samvad team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone. I sincerely hope that Samvad will reach new heights with the unmatched enthusiasm and talent of the entire Samvad Team.



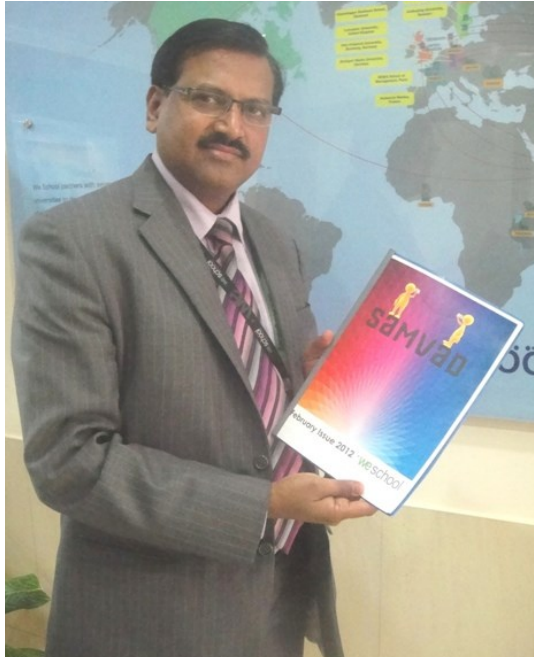
**Prof. Dr. Uday Salunkhe,
Group Director**

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

Samvad is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Prof. Dr. Uday Salunkhe,
Group Director



Prof. Dr. Uday Salunkhe introducing the first issue of Samvad

OUR VISION

“To facilitate exchange of ideas that inspire innovative thought culture”

MISSION

To Dialogue

To Deliberate

To Develop

To Differentiate

As the student magazine of WeSchool, Samvad is greatly inspired by the words of Alvin Toffler backed by a strong vision of facilitating exchange of ideas that inspire innovative thought culture. Samvad is a platform for the next generation leaders to bring forth their perspective on management to the world and gives the readers an opportunity to learn, unlearn and relearn on a continuous basis.

The team of Samvad is driven by a set of strong WeSchool values which enable us to create a dialogue leading to knowledge gaining and sharing, to deliberate on the information, to develop a sense of creativity and differentiate our minds with innovative thoughts of tomorrow; today.

Dear Readers,

Greetings from Team Samvad!

It gives us immense satisfaction to bring to you the latest issue of Samvad on the theme “Retail”.

In this month's issue we focus on the Retail Sector. The retail sector is one of the fastest growing in India over the last few years. The Indian retail industry, which comprises of organised and unorganised retail, is currently estimated at US\$ 490 billion. It has experienced high growth over the last decade with a noticeable shift towards organised retailing formats.

Giving you more insights on this sector we have Mr Nandadeep Jayakar who is a Welingkar Alumnus and currently the Director of Retail at Adidas. We hope that the interview adds a lot of value to your reading. With the excessive inclusion of Internet in our lives due to smart phones, the need for digital advertising has increased in almost every sector. Our featured article talks about the same with respect to the retail sector.

We are always thankful for all the wonderful comments, compliments and suggestions for improvisation by you. This pushes us more to give our best and present you a better issue each time.

We hope that with this issue we provide you with different perspectives on this sector. We will be happy to hear if you personally wish to enter this sector or have a vision to bring about a disruptive change at the grassroots level. It's time we ignite our thoughts into actions for a better tomorrow.

Hope you enjoy this issue. Feel free to give us your feedback. The team will continue to strive to make your reading experience more worthwhile.

Read Better to know Better!

Best Regards,
Vaishali Soni
Joint Editor
Samvad - Igniting Thoughts of Tomorrow

Team Samvad would like to extend its heartfelt thanks to certain key members of the WeSchool family for their special efforts towards the making of this magazine.

We deeply appreciate the constant motivation & encouragement that our beloved **Group Director Prof. Dr. Uday Salunkhe** has always given us. His vision & result orientation has been the driving force in creating brilliant leaders and making WeSchool a name to reckon with, not only in India but also globally. His focus on the core values of Passion, We Link & Care, Result Oriented Process Driven Work Ethic and Breakthrough Thinking has formed the foundation of all the activities that we undertake as students of this esteemed institute.

We deeply appreciate the help and support given to us by both **Prof. Amarkant Jain** and **Prof. Deepa Dixit**. Their insight and expertise is our driving force to ensure the sustainability of our magazine.

We appreciate **Prof. Indu Mehta** for her help in selecting the best Marketing articles. She is a part of our core Marketing faculty at WeSchool.

The Finance articles were scrutinized by **Prof. Sapna Malliya** and we thank her for choosing the most relevant and informative articles.









We appreciate the efforts of **Prof. Jyoti Kulkarni** for selecting the most interesting articles in General Management domain.

The Human Resources articles were scrutinized by **Prof. Anjali Joshi** and Operations Section by **Prof. Kavita**. We thank them for choosing the best articles

We would like to thank **Ms. Yashodhara Katkar**, General Manager - Liaison, WeSchool and her PR team for helping us to reach out to our readers. Also, we thank **Ms. Prachi Shah** and her team for helping us out in the PR activities of Samvad

We are indebted to **Prof. Jalpa Thakker** for all her help and guidance in the making of Samvad. Her insight and suggestions have been of tremendous benefit to us. The Samvad Team would truly be incomplete without her.



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An Interview with Mr. Nandadeep Jayakar

By: Team Samvad

Mr. Jayakar is a Welingkar Alumnus having more than 20 years of work experience in the Retail Sector. Currently He is the Director, Retail at Adidas.

1. Could you please take us through your professional journey right from the start of your career until becoming the Director Retail at Adidas?

To put 21 years of my working career in a nutshell there are three highlights worth mentioning.

Firstly, all my assignments have been with blue-chip organizations like Tata's, Bajaj-Auto, Adidas, Sony & Future group. This has helped me in cementing my approach to target leadership positions in every aspect of business.

Secondly, I have been exposed to multiple industries as is evident from the above point. So be it Retail, Consumer Durables or Automobile each one has a unique way of functioning both operationally & culturally, this has helped me in being flexible & open-minded in my day to day work which is imperative to be successful in different environments.

Thirdly, most of my responsibilities have been market-facing which has helped in understanding the consumer very well which in turn has facilitated me in figuring out the right commercial & brand solution for the organization.

Major milestones for me started with a stint at Voltas in Nagpur where I got exposed to running an area independently and got to handle a team quite early in my career. We did very well as a team and I got promoted in the second year itself and got transferred to Mumbai branch.



Next milestone was in adidas where I joined the set-up team as a Sales Coordinator and quickly established the Retail network for adidas in Western India. I was there for 7 years and left them as Regional Manager for West in 2003. Apart from working for a passionate brand, the true exposure of setting-up and handling a Retail driven set-up was the biggest value add I got here.

Subsequently got a leap in my career on joining SONY for their music division. Initially was responsible for West & South business regions and subsequently got opportunity to set-up and run the Distribution Business for a new revenue model. This is where I got exposure to run an independent business which has held me in good stead till now.

My hardcore Retail P&L management acquaintance came from working in Future Group where I was instrumental in setting-up and leading the Sports Business for the group. Further on I was given a larger assignment to look after the Category Business for Pantaloons. I was handling 50 % of their business and a key member in turning- around Pantaloons

Department Store into a profitable unit for the group. There-after I re-joined adidas as their Retail Director handling the entire Exclusive Store business for the brand. The main responsibility was to drive the 4 wall profitability of 600+ stores for adidas. The biggest exposure here was to handle a huge team & drive them towards achieving organization's objective. Currently after integration of adidas and Reebok into adidas Group, I head Operations for both brands. Hence my current job is to take care of entire Supply Chain Function for the group in India.

2. Supply chain management in Indian retail is not perceived to be among the most efficient in the world. How much of a role can SCM play in improving the scenario for retailers in India?

Retail is all about serving the consumer. To that extent "Right Product to the Right Store, at the Right time with minimum cost" is a critical part for any retail driven business to be successful. Here SCM plays a pivotal role. Hence I feel Supply Chain is a key factor in not only supporting the business but in fact driving it to be successful.

Currently in India SCM has a lot of catching-up to do. A big indicator of this is the rampant End Of Season Sale in fashion retail where a lot of merchandise is left over post the season ending. One big reason is that the right product has not reached the right store at the correct time. This is leading to poor sell-through & hence heavy discounting (which is a net loss to the company).

Given that pathetic infra-structure & business un-friendly inter-state regulations complicates things in India. But I think the key reason why SCM in India lags behind international benchmark is lack of planning & putting right processes in place.

3. What according to you will be the impact of the current macroeconomic downturn on the retail sector in India? Would this speed up the adoption of efficient SCM practices?

In my opinion the biggest impact of current situation should be correction in the retail rentals. Its way off sink against the volume/value of business we are able to generate from our shops. Having said that at an overall level the share of organized retailing is very small compared to overall retail market in India. Hence the scope for growth remains high as the mix between organized v/s un-organized retail is correcting year on year.

SCM will surely have to play its part in a challenging environment where it's not only about the overall economy but also on the competition front there is a lot of action expected. Efficiency driven out of processes & IT/infrastructure support is going to be the mantra for now.

4. With the coming of global retail giants like Walmart in India, is a significant change expected in Indian retail practices? To what extent are their successful models replicable in India?

More than coming into India currently a few of retail giants are actually looking at existing India because of the policy paralysis of our political system. Having said that India offers to global retailers a green-field opportunity to grow in near future. So hopeful it's a matter of time before they start operating full-throttle.

Successful retail practices are determined by consumer choices both demographic & cultural. So when Mc Donald & KFC came they had to tailor their offering to local consumer. Likewise MNC retailer will have to ensure that he understands the preferences & choice of the local population in order to be successful.

Yes in terms of use of general best-practices of systems, processes & technology the Indian market will benefit from the global learnings of these MNCs. And many of these practises especially in the field of product merchandising & VM are replicable in India in my opinion.

5. There are reports of online retailing growing rapidly in India. What will be the impact of online retailing on the retail sector as a whole?

Online retailing is here to stay. Especially in a country like India Tier 3 & Tier 4 markets can really be tapped by online marketing like never before. At an overall level on-line retailing will only help in expanding the size of the pie. So the transition from un-organized to organized retailing will only accelerate with this. Again going back to my favourite mantra “it’s all about the consumer”. He/She will definitely benefit and that in itself is good for the industry.

6. How do you see the scenario of Sports Brand retail in India and how does Adidas differentiate from its competitors like Nike, Reebok etc.?

Sport goods retailing has a great opportunity to grow exponentially in India. It’s not only about the overall growth potential of India as a market but also the current penetration of sports goods with the consumer. So currently the share of sports goods spending of a consumer as a percentage of this total retail spending is one of the lowest in the world. With the advent of sports & fitness culture this is expected to change very fast. So also as the income level of the average Indian rises it is expected that more consumer will start using our products soon. Adidas along with Reebok (which is a part of the same company) totally dominates this market as far as India is concerned. The focus for us has always been to associate with the next generation young consumer.

We believe in tapping him early thought grass-root level sports development.

At the same time we have heavy-duty sports icons like Sachin Tendulkar, Virat Kohli , Dhoni etc through which we built connect with our brands. Finally by offering the best quality of products in a premium retail environment we are able to seal the market-share in our favour.

7. Lastly, please share the one advice that you would like to give the young budding managers who will soon be stepping in to the corporate world?

As Zig Ziglar says “It’s your attitude more than your aptitude which will determine your altitude”. Have a positive and open-minded attitude towards your day-to-day work. Be “an owner” in your mind while completing an assignment. Don’t be desperate to get to the outcome at any cost, stick to the right process and outcome will come.

Further-on in life when you take charge of teams always remember “the best workers are volunteers” so inculcate a sense of inner willingness within your team for best results.

And above all be your-self and try to enjoy every day at office, ultimately we are not fighting a battle to save our nation or saving some lives when it comes to our day to day life...so take it easy!

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The Rising Need of Digital Advertising in Retail Sector

By: Roshan Nepal, PGDM(2013-2015), TAPMI, Manipal

Introduction

Imagine a situation, way back in the early 2000's. It's summer time and the heat is unbearable. You are watching TV sitting in your couch and you see an Ad of a particular Brand of AC. Well, you have been contemplating of buying one since the time you saw a Print Ad in the newspaper but the one on the TV is of a different brand. You make up your mind to visit the store and on the way you see an attractive billboard of yet another brand of AC. All these products look equally buyable. You finally reach the showroom and you are even more confused with the varieties. The sales guy tries to reason out about the one that is ideal for you, but you don't trust the sales guy. You go back home, contact your relatives, friends and colleagues, get the reviews, add in the budget factor, finalize on your buy, go back to the showroom a week later and purchase the AC.

Fast-forward to 2014. You are in the same situation. But this time you see a Print Ad of an AC in newspaper reminding you of the heat. You take out your phone or reach to a nearby laptop. Search for AC's on the internet. You get thousands of search results. You check for the ones with best rating. Look for the reviews, compare them, finalize the product, go to an e-commerce site, choose the seller who gives the best deal in terms of warranty, price, mode of payment, delivery date, etc., pay via credit card and 'Voila!', you are getting an AC in your house the next day. Next time when you are watching the TV, the AC Ad comes up; you chuckle and switch the channel. And chances are there that you don't notice the Billboard Ad on the road either.

Rise of devices and Internet

Affordable smart-phones, tablets and laptops coupled with easy accessibility of internet have changed the way consumers behave. According to Gartner Inc., out of 1.8 billion mobile phones sold around the globe in 2013, 968 million or 53.6% were smart-phones.

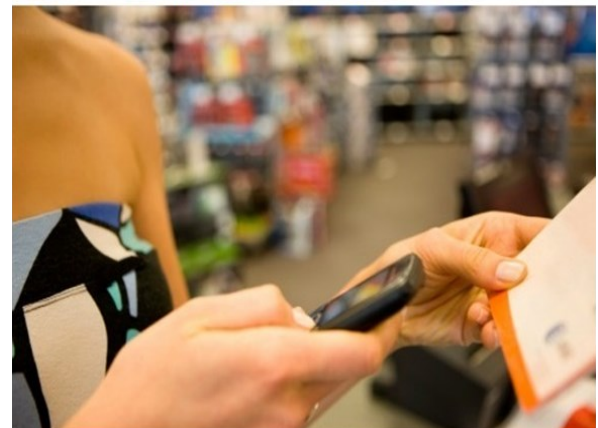


Image source: www.hothouse.com.au/blog/2012/02/21/mobile-key-to-retail-success

Overall smart-phone sales in India grew by 105% YOY in 2013 to a tune of 41 to 43 million units. Statistics reveal that internet usage has surged tremendously in the recent past especially with the advent of smart-phones. The total number internet users in the world stand at 2.9million+ including its usage in mobiles, tablets and laptops.

The user-base in India is at a mind-boggling 24.3 Crores, which roughly contributes 8.33% to the global internet users. And as far as the ranking with respect to the number of users is concerned, India currently ranks third after China and USA.

The need to go online

When the usage of Internet on various devices is growing at such a tremendous rate and the meaning of accessibility has been completely redefined, it becomes imminent for businesses to be as much visible on the internet as possible. There are numerous platforms available for that purpose, some of which are social media, blogs, Ad Displays, etc. There also are various webhosting and domain registration platforms which help businesses and giant retail houses setup their own websites. One doesn't need to be a marketing pundit to realise that a Facebook page, Twitter account, YouTube posts and Google plus account are some of the 'must have's' for retail businesses today.

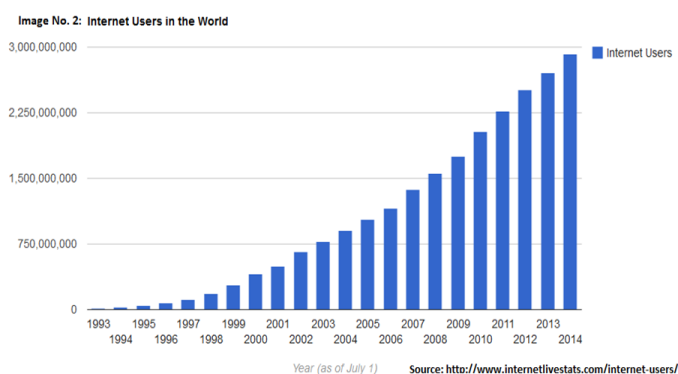


Image source: www.internetlivestats.com/internet-users/

The Moments of Truth

Finally the question remains, is it absolutely necessary to go online? Well, when a customer decides to purchase something, he encounters three checkpoints that shape his purchase decision; when he sees an ad, when he sees the product on the shelf and when he uses it. When he sees an ad, this checkpoint is called the '*stimulus*'. It determines his initial decision to check the product out. The subsequent checkpoint is the visibility of the product on the shelf; P&G has coined the name for this checkpoint as the '*First Moment of truth*', i.e. it is the time when the consumer actually sees the product. The final checkpoint is when the consumer uses the product. This checkpoint is termed as the '*Second moment of truth*'. Although it does not influence the current buying behaviour, it is very important for further

purchases. The purchase cycle largely represents a funnel where a consumer has a lot to choose from but narrows down to the product that he buys. This had been the sequence of events for a long time. Not anymore.

There is one more checkpoint that has become a part of the system ever since Internet gained prominence. Google terms it '*Zero Moment Of Truth*'. This occurs after the *stimulus* and before the *first moment of truth*. It is the checkpoint where a consumer after encountering the stimulus, goes online to research more about the product. This stage can change the entire purchase decision. The reviews and ratings received by the product have a huge impact on his buying behaviour. And this is the main reason for the existence of the very concept of Digital Marketing. It is not just about online research about the product. It is also about the tendency of a consumer to voice his opinion online if he likes the product. His one review or rating about the product he is satisfied, or dissatisfied, goes a long way in affecting the decisions of other prospective buyers. Hence the consumer behaviour no longer represents a funnel but a wave where a single satisfied usage of the *Second Moment Of Truth* spawns multiple purchase decisions in the *Zero Moment Of Truth*.

Conclusion

The bottom-line for the Business: *Be visible when the customer searches for you*. One cannot rely on the traditional advertisement methods anymore. When a customer walks up to an aisle to buy a *high involvement* product, there are chances that he reaches for his cell-phone to look for reviews and price for the same. If he gets a better deal he might just walk off the store to buy the product elsewhere. This is what I call the power of Digital Marketing. With the advent of high speed internet in portable devices, infinite amount of information is available on fingertips. And this has changed the entire demography of the consumer behaviour especially in retail sector.

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Organized Retail in Rural India

By: Ambika Gupta & Girish Hemnani, PGDM, TAPMI, Manipal

Rural Retail in India

What comes into our mind when we think of 'consumers'- a rich person ready to try new products, an average salaried employee who looks out for super saver packs in a supermarket or a labour who picks up soap to be used as a shampoo. Today the Indian consumers are more aspirational about their needs. They do not want to compromise on what they want. This holds true for both urban as well as rural market. Retail market in India is not just divided by the nature, earning and the society of the consumers. It is also about the region they belong to. Rural retail market in India is catching up its pace. The market has understood the strength of the rural sector.

Private Retail Consumption

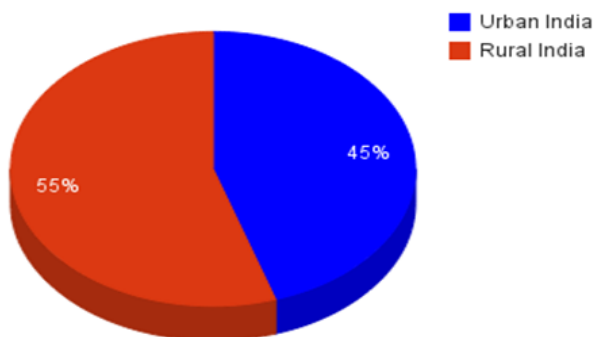


Image Source: www.dnb.co.in

A range of the retailers is trying to cater to the needs of the 'new' Indian consumer. Now that the urban market is near its saturation point with global players coming into picture, the retailers have started to target the rural sectors. The rural population of India constitutes of over 720 million consumers that is approximately 70% of the total population. Boom in the rural sector, would tremendously increase the sale of the products.

According to Indian retail report 2013, the rural segment is 55% of the private retail consumption in the country. India's rural retail is majorly dependent upon the local stores, which have created a large network with the population living nearby their area. Some companies like ITC, HUL, Procter & Gamble, and Colgate-Palmolive have spread their wings in rural market, yet organized market is not completely established. They have understood the need of the rural market and found out the means through which they can offer the best prices. Here are some companies and their marketing plans in the rural sector.

About the Various Programmes

There have been many initiatives taken in past decade by some companies to tap the rural market. Tata KisanSansar, E-chaupal and Sublabh had started almost a decade ago. The most important success factor in rural market

is the ability of an organization to connect with the farmers.



Image Source: www.beyondprofit.com

One of the success stories is that of e-Chaupal, a rural hypermarket where farmers can sell their commodities and buy almost everything. The

motive behind launch of e-Chaupal was to bypass the inefficiency caused by intermediaries and hence achieve an effective vertical integration. They planned to address the whole not just one part. They offered a mix of clubbed service that created a vicious cycle of exploitative dependency of the farmer on ITC. The farmer who got associated with ITC remained their supplier and customer at the same time. ITC provided them with a system that gave them access to real time prices of mandis. Farmers are able to buy seeds, fertilizers and other products at prices lower than that available through village traders. The farmers also help in reducing the logistic cost of ITC by supporting ITC in delivering their goods at lower costs to their villages. This initiative also helped farmers in learning about the ways to improve their productivity and quality of crops. A farmer faces mainly three types of risk – price, quality and quantity. All the three risks were reduced by the initiative of ITC. E-Chaupal not only gives them best prices but also gives them bonus on quality of crops. Both ITC and farmers have benefitted from this initiative.



Image Source: www.exchange4media.com

Another business model in rural India, which made an attempt to adopt this business model of trust, was Hariyalikisan bazaar. But, Haryali failed as a business model as it was not able to sustain in the rural market. Haryalikisan bazaar, a business unit of DCM Shriram was in retailing of Agricultural inputs like pesticides, seeds and fertilizers. It had further diversified into consumer durables to service the Indian rural market through Hariyali retail chain. Haryali had a good intent of giving right information and help

farmers adopt new technologies, help build trust and thus grow their business.

But Hariyali incurred higher cost of distribution in remote villages coupled with higher supply chain cost. The whole value chain cost was going haywire. The company through its depot was not able to service the distributors that resulted in different stock levels at different places. This led to increase in holding cost at some centers while managing the cost of sales force was also cumbersome. The rural income fluctuates throughout the year that reduces the purchasing power of farmers during off seasons. The farmer faces a huge risk of environment. In this case consumer is dependent on weather, which is unpredictable. Hariyali was unable to provide goods at lower prices and thus had fluctuating volumes at different locations.

Conclusion

With some success and failure stories, companies are trying to understand the requirement of the rural market. If we compare the two models of business, we may conclude that the ability of a company to reduce cost and sharing information are the keys to success in rural market. This is only possible if the retailer has a strong supply chain and distribution system.

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Current Trends in Retail - Rise Of E-Commerce Players

By: Sneha Srivastava, PGP(2013- 2015), Indian Institute of Management, Raipur

Background:

Aftermath of dot-com bubble had a huge impact on the online retailers of the industry. However, few e-commerce players like **Amazon** and **eBay** were able to survive over that fiasco. Today, they are amongst the world's largest retailers. Moreover, after the economic recession of 2008, there has been a phenomenal growth of the e-commerce sector. And since then the world has seen a large number of local players entering the market.

This has completely changed the state of the retail sector. Now consumers can save their time and effort by shopping online. With the increased popularity and reach of internet, the brick and mortar retailers are facing a major challenge.

And this in turn has increased the stretch of e-commerce players.

The graph below shows how there has been a tremendous increase in the number of internet users per 100 people, over the years.

Another major evolution was brought by the **smart phones**, which substantially revolutionized the e-commerce industry. In due course, the mobile technology became cheaper and affordable. Eventually it reached to the masses and now has a huge impact on the commercialization of dot-com players. According to the statistics published in the Business Insider, there is a global increase in the number of smart phone users from 5% in 2009 to 22% in 2013. And the trend is expected to continue in future.

Emergence of social media:

While the world was getting acquainted with the internet and smart phones, there was an analogous increase in the popularity of social media. Further, companies have now started using social networking channels to market their products. They have started giving online offers to boost their sales. Their popularity is increasing with the number of likes and tweets on their pages. Transmission of information is just a click away. This facilitated the two way exchange of information and brought the market players and consumers closer, where the exchange of information was faster and more convenient. Facebook brought a major revolution in the field of digital marketing, with its concept of like and share. This helps in increasing the visibility and popularity of any brand and acts as an advantage for the e-commerce players. Companies save a huge amount of time and money by promoting their product online.

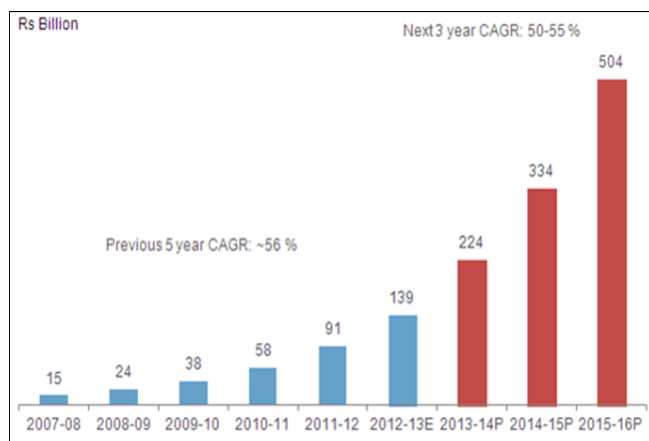


Figure 1: Indian online retail market size and growth

Image Source: CRISIL Research

The impact of technology:

21st century has been blessed with the advancement and the expansion of internet technology in our country. With the passage of time, internet has reached to the two-tier cities of India.

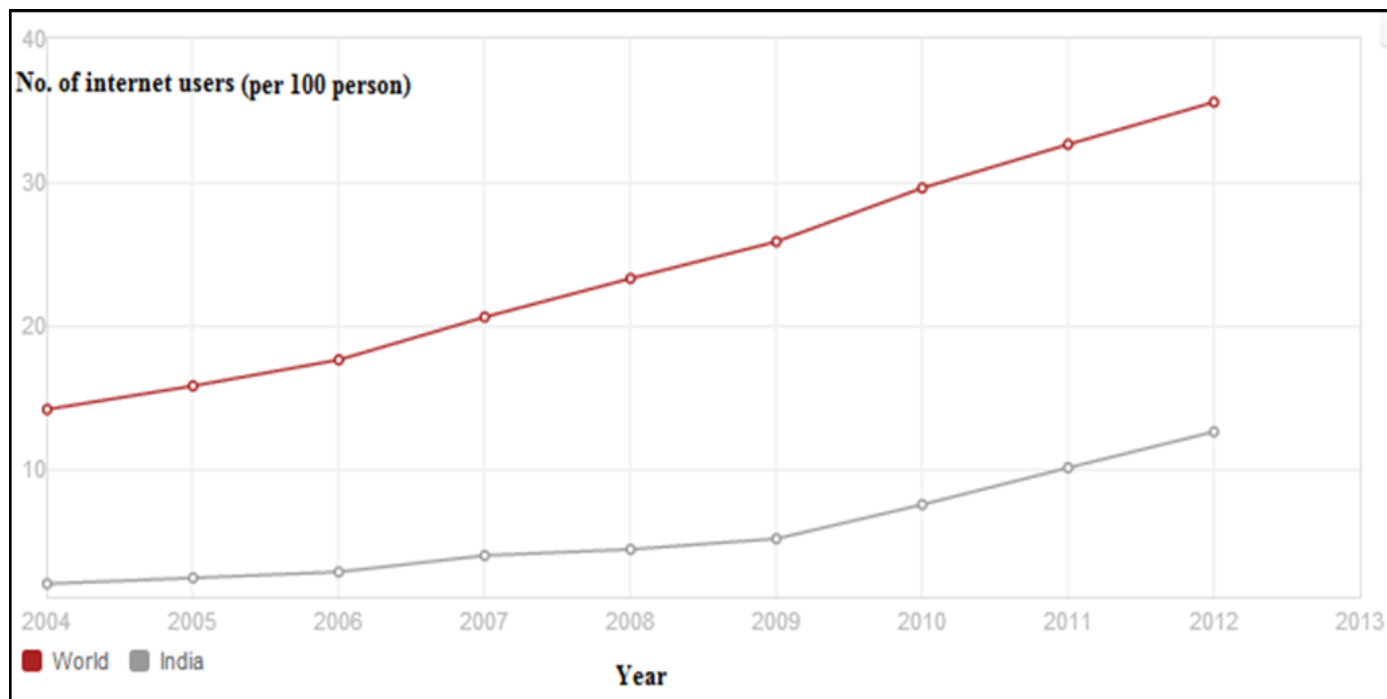


Figure 2: Internet users in India and the world

Image Source: World Bank

Big data and Analytics:

To leverage the increasing popularity of e-commerce, analysts came up with the concept of Big Data. Big data comprises the huge consumer database which includes their demographics and shopping details.

With the increasing popularity of e-commerce, the consumer base was also increasing. And it was difficult to handle such huge data and make sense out of it.

So to help the companies in knowing their customers better analysts take the help of big data analytics. This helps in predicting the customers' behavior and their choice of products. Based on the analysis, the companies choose their target market and segment them based on the relevant factors. Accordingly they customize their strategy to entice and convince the chosen set of customers. And the end result is the increase in sales.

A challenge to the brick and mortar retailers

With the increase in the popularity of e-commerce it is expected that the sales via physical stores would drop. The consumers are getting what they want at their door step, which saves their time and add to their convenience. Online shopping websites like **Flipkart, Jabong, Myntra, Snapdeal** etc. has got competitive advantage and are creating pressure on brands

to compete with the e-commerce websites. This in turn is negatively impacting the traditional way of business which is done in the shops. Attractive discounts and promotions done by these websites offer more to the consumers and they prefer to shop online. Apart from this they offer discount coupons for making account on their website and for being a loyal shopper.

Moreover, with the busy and hectic life style in metro cities, popularity of e-commerce has increased exponentially and the trend is going to continue further. This creates a dilemma for the traditional shop-keepers.

However, **consumer behavior** differs a lot based on their **persona**. Some people are not satisfied with the virtual look of the product. And they need the real look and feel of the product before making a purchase. So they might prefer to compare the prices and features of the product online and buy the product from a shop after getting the satisfaction about the authenticity of the product. Further, some people are not comfortable with the idea of online transactions.

However, the current trend shows that this picture is going to change in the near future.

Future prospects:

Technology has changed the face of modern business. With the advent of internet, smart phones and social media, the scope of business and the size of the market have increased. In near future, the new players entering this sector would leverage the technology to gain competitive advantage. To survive in the red ocean with the dominant players, e-commerce sector offers a more promising and less risky option of starting a new business.

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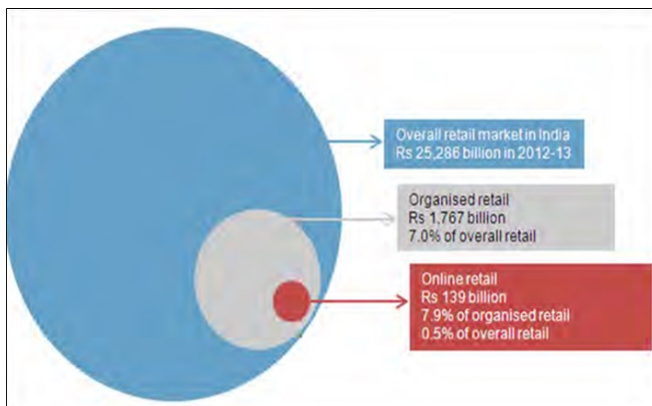


Figure 3: Comparison of organized, unorganized and online retail industry

Image Source: CRISIL Research



Image Source: <http://www.optimum7.com/internet->

Moreover, reach of internet facility to the smaller towns and villages is limited. And this has helped the brick and mortar retailers in maintaining their presence. The analysis done above gives a clear picture that the retail sector is still dominated by the brick and mortar retailers. Here, the unorganized retailers are in majority, followed by the organized retailers. Presence of online retailers is still in minority.

An HR with gaining external business knowledge can add up to the profit in an organization by increasing human abilities and organizational capabilities in order to achieve the desired targets of the company.

It can be seen a drastic shift from unorganized to organized retail in India but at the same time there is difficulty in offering a structured succession plan for employees. This leads to the demotivation among the employees and lack of interest in work, wherein an HR can act a catalyst to motivate people by developing a growing career path for the employees. HR needs to deploy various initiatives in training, employee engagement, performance management, talent management, talent acquisition and talent development. An HR can bring up various skills development activities for the betterment of the employees. Along with new initiatives, it should come up with a proper framework to measure the effectiveness of the existing programs and continuously improvise them, so as to meet the employee and company's expectations.

skill an employee has and company expects from him/her.

The need of the day is attracting talent pool along with retaining the existing one with respect to the changing trends of the industry. No doubt there will be upcoming challenges for HR in retail but to identify them at the correct time and having a focused approach and unique way to deal with those challenges will make a mark for HR in industry.

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Image Source: <http://sysforeretail.com/images/stories/hr.png>

Not forgetting the impact of technology and social media that can bring a super-fast growth in industry, HR can bring up some of such ideas to make work easier. The major challenge lies for HR is to identify skill gaps that are required in today's world and build a bridge between what

Retail Layout Design for specialty stores - An operations approach

By: Seema Devi, Nitin Bighane, PGDIM, NITIE, Mumbai

The modern retail is changing the way retail business used to happen in past. Now the statement “Jo dikhta hai wo bikta hai” is becoming more relevant. With the fashion retail space becoming more and more competitive, retailers are using Layout design and Visual Merchandising tactics as the differentiation strategy. Window display, position of billing counter, category combination—all these help retailers to maximize the customer experience. Also at the time of end of season sale, these display strategies are used to create the merchandising mix of old and the new stock to maximize the revenue.

Retail Layout design is a mix of science and arts. On one hand it uses the scientific approach to allocate the appropriate space for SKUs and on the other hand it uses arts to decide upon the combination of SKUs placed together to tell a story. Brands are trying to develop the environment that tells the story of the brand. In the article we'll be discussing both the science and the arts approach towards layout design.

Arts perspective:

In this approach the store layout is divided into appropriate zones similar to what usually a movie is divided:

Climax	Billing Counter	Climax
Second Half of the movie	Pathway	Second Half of the movie
First Half of the movie		First Half of the movie
Left Window	Entrance	Right Window



Fig 1.Example of Window Display, Image Source: Google Images

The most important part of layout are the window displays. We can choose the left or right window based on the direction from where crowd is coming towards the store. They perform the same task as the movie trailers do. They create the initial momentum for customers to come inside the store. These displays are changed regularly with the new stock.

Once the initial momentum is there, now it's time to start the movie which is done by showing the newest collection. The colors of the seasons are highlighted in the area that is similar to the first half of a movie. The selection of this part of the store also depend on the subcategory the brand have. For example if you have 3 categories as Man, Woman and kids then you may want to keep Women collection in first half of the movie as women are usually decision makers with respect to shopping. You can also keep that subcategory in the first half which generates maximum revenue for your store.

In the second half of the movie we'll be showing the core products of the brand. These are the product that remains on the shelf throughout

the year. These usually includes blue jeans, white shirts etc. whose demand is always there.

In the climax we have to show the items that are meant for Impulse buying. The items like accessories, socks, chocolates are usually placed near the billing counter.

Apart from the above movie telling strategy, Stock rotation is also a VM strategy that is followed in some stores. In this the newest stock will be displayed at the start of the store and it moves to the next slot as the next collection comes. The stock will move till the sale slot and after that it will be sent to the discount stores.



Fig 2. Example of Window Display, Image Source: Google Images

The other important part of the retail display is the choice of display type i.e. Shelf Placement, End caps, pegboards etc. For example consider the footwear industry, there Premium brands like ROUSH, SKETCHERS, PUMA uses shelf placement strategy whereas other brands will prefer pegboard system that actually gives a feeling of discounts to the customer. The other advantage of using different display types is that retailers prefer giving more space to high price items and less space to low price items to increase the overall return on shelf space. So for high price product they may use shelf placement strategy and for low price item they may use pegboard system.

So the layout of specialty retail stores is an important area of study that gives a lot of opportunities to experiment. With these strategies come various challenges as well like unavailability of all the sizes in a particular category, shrinkages, and improper staff training. These challenges can be overcome through proper staff training, high security arrangements and good replenishment model. The implementation of proper layout strategy is also dependent on the local point of contact at the stores i.e. store managers. It's the responsibility of these people to maintain the layout.

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Science Approach

Now comes the science part. There are various theories available related to stock allocation on the shelves. Shelves has limited capacity so stock allocation has to be such that maximizes profit for the company. For example many companies use the profit contribution formula for the same .i.e. if a particular style contributes 30% to the sale in a category and other style contributes 70% then they will get the shelf space in the category in 3:7 ratio. But these strategies are still constrained by many conditions like low space availability, uncertainty with performance of new merchandising, untrained staff etc.

We invite articles for the June 2014 Issue of Samvad.

The Theme for the next month: June 2014 - “E-Commerce Sector”

The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.

Submission Guidelines:

- Word limit: 1000 words or a maximum of 4 pages with relevant images.
- Cover page should include your name, institute name, course details & contact no.
- The references for the images used in the article should be mentioned clearly and explicitly below the images.
- Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com. Deadline for submission of articles : 25th June, 2014**
- Please name your file as: <YourName>_<title>_<section name e.g. Marketing/Finance>
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- Ensure that there is no plagiarism and all references are clearly mentioned.
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Samvad Blog

As said by Ann Morough Lindburg, “Good communication is as stimulating as black coffee and just as hard to sleep after.” Samvad, which means 'to converse' in Hindi, is exactly the motive of our team Samvad. Our readers and writers are of utmost importance to us at Samvad. We don't like to interact with you only once when the issue is released. So, we thought, what next? Then came the idea of a blog - the ideal platform for meaningful discussion on a more regular basis. Hence, we present to you 'The Samvad Blog'. The Samvad Blog, as the name suggests is a blog dedicated to sharing of information, insights and opinions that allow exchange of some valuable ideas by stimulating your intellectual senses. It will include some interesting reads on management gurus, book reviews, and relevant articles among many other varieties of food for thought.

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Don't forget to comment with your opinions. Always have a healthy debate we say! As progression lies not in agreement, but debate!



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