

SAMVAD

OCTOBER 2012

Retail Industry

Inside!

- ▶ Multi-channel attribution for GenX consumers in India
- ▶ HR in retail in India

finally

END IN INDIAN RETAIL

About Us



OUR VISION

To nurture thought leaders and practitioners through inventive education

CORE VALUES

Passion

We Link and Care

Result Oriented, Process Driven Work Ethic

Breakthrough Thinking and Breakthrough Execution

“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.

We school 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.

Message from the Group Director

Dear Readers,

It gives me immense pride to introduce Samvad's issue every month. The interest that readers have shown in Samvad is an illustration of Team Samvad's efforts. At WeSchool, we believe in acquisition and sharing of knowledge to the best of our capability.

As we move into the month of November, the first year students would be planning for the round tables in order to get acquainted with the corporate world and the second year students are absorbed in the rigor of placements and I am confident that most of them would not only be securing a job of their choice but would also be carving for themselves their dream careers, taking forward the legacy of WeSchool.

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

Our new batch of students has started to get a feel of the management world. I feel proud to have them join us this year. This batch has had a promising start. In our institute, we aspire to be unique, and we expect nothing but the best from our students. From the point of view of our magazine, we look forward to reaching out to a wider reader-base.

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

In a continuation of this pursuit, I wish you all the best!

Prof. Dr. Uday Salunkhe,
Group Director



Prof. Dr. Uday Salunkhe,
Group Director

From the Editor's Desk

Dear Readers,

Welcome to the October Issue of Samvad!

Samvad has successfully published eight issues, and we are proud to say that it has lived up to the expectations of all. The response to Samvad has been overwhelming, and the support and appreciation that we have received has truly encouraged and motivated us.

We now have our eyes set on higher targets and more ambitious goals. Being one of the few magazines in the country which invites articles from all spheres of management, it makes us feel very proud to be able to gathered such following and interest.

With renewed vigor and passion, we bring to you the October issue of Samvad which revolves around the theme of "Retail Industry".

The India Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry.

A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working women population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized Retail sector in India. The growth pattern in organized retailing and in the consumption made by the Indian population will follow a rising graph helping the newer businessmen to enter the India Retail Industry.

The creation of Samvad has been the result of the contributions of many key individuals. We wish to thank everyone who has been a part of the inception and development of this magazine. We thank our Group Director Professor Dr. Uday Salunkhe for his constant motivation and support. We thank our friends and colleagues for their valuable suggestions. Above all, we thank all the students of the various MBA colleges who have sent their articles for this issue. Without your excellent contributions, this issue could not have been successful.

We hope you stay with us, read with us, share with us and grow with us!

Hope you have a great time reading Samvad!

Best Wishes,
Team Samvad.

Acknowledgments

Team Samvad likes to extend their heartfelt thanks to certain key members of the We School 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. Jyoti Kulkarni** for her help in selecting the best Marketing articles. Her readiness to help for the magazine's cause is highly commendable. She ensured that all the articles were graded on common parameters in line with the theme of the month.

We extend our heartfelt appreciation and thanks to **Prof. Vijayan Pankajakshan** for evaluating the articles for the HR domain. **Prof. Vijayan** has many years of field experience in the field of HR.



We are also thankful to **Prof. Sapna Mallya** to help us with the Finance section. The sheer excellence of our Finance articles is thanks to her.

We are grateful for the help and support lent to us by **Prof. Chitralekha Kumar** during the making of our magazine. Her readiness to help and encouragement went a long way in the successful completion of this issue.

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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Quality Conclave 2012

The conference was held on 20th October 2012 at Welingkar Institute of Management and the theme was- 'Excellence through Quality Initiatives.' The speakers at the conference included eminent persons from the service and manufacturing sectors heading either the business excellence or quality control divisions.

These are the people who have made a difference by initiating the quality concepts movement with the involvement of the work-force and achieved substantial improvement in the overall performance of the organization including the bottom line.

The conclave highlighted their journey towards excellence including the resistance and hurdles they faced in their endeavors. It also dwelled upon how they overcame the same. Some of the eminent speakers included the following:

- Dr S. Gondhalekar, Chief, Kaizen Institute
- Mr. Nitin Tikle, Sr GM, Strategic Sourcing M&M
- Prof Dr. VH Iyer, Dean Operations, WeSchool
- Mr. PN Balkrishnan, Vice President, Emami Ltd.



Seminar on Business Management for Legal Professionals

With the growing numbers and sizes of legal firms and the role of Corporate Counsel becoming more important and diverse, it is imperative to have management skills to fulfil the duties for marketing, negotiations, serving clients, and managing the team.

It will also help the legal professionals to understand the needs of the business and will help them advice as a legal-business manager.

To address this very need, WeSchool has taken the initiative to offer an 11 month, weekend course in Business Management for Legal Professionals; where the lawyers will be exposed to the entire gamut of management functions. The seminar for the same was held in September and eminent guests included

Anand Desai, Managing Partner, DSK Legal,
Nilanjan Sinha, General Counsel, GE Capital India
Girish Gokhale, President, Legal & Group General Counsel, JWE Steel.



An Interview with Mr. Saurabh Dey

By: Avinash Srivastava and Aniket Sawant, MMS(2012-2014), WeSchool

Mr. Saurabh Dey is the Senior Store Manager, Vijay Sales, Lokhandwala, Mumbai

Q1. What are the essential traits for being a successful retail store manager?

Store manager needs to be a great leader. In addition to that, following are the inevitable traits that a retail manager must possess:

- Must be able to make quick decisions
- Must be able to train and develop an efficient staff
- Must be able to motivate the entire team time-to-time
- Must be able to drive the sales
- Must be able to gain the respect of the subordinates

Apart from these, one important trait that is obligatory is that he must be patient. This is one field where you have to leave aside your ego and be prepared for the worst of the scenarios both from the customer's end and the corporate end.



Mr. Saurabh Dey
Senior Store Manager, Vijay Sales

Q2. After FDI in multi-brand retail, how are Indian Retail giants including Vijay Sales planning to face stronger competition in the time to come?

The Indian retail industry is now worth about \$250bn per year. The advent of foreign multi-brand stores is surely going to affect the business of the existing Indian stores. One of the biggest concerns will of course be the predatory pricing strangulating the domestic retailers. I am sure all the giants including ours will develop an action plan to tackle the same. There are also advantages underlying our side. We have an established infrastructure and supply chain. We have already acquired primary locations and for our stores and have already established ourselves as a mark of quality sales and service. We will be enhancing our infrastructure, logistics and inventory as and when required.

Q3. Talking of the inventory, how do you handle the difference in inventory during regular days and festive seasons?

At Vijay Sales, being in the electronics domain, Deepawali is what we consider as the main festive season. During these days we follow the Vendor Managed Inventory (VMI) system.

Vendor Managed Inventory is a continuous replenishment program that uses the exchange of information between the retailer and the supplier to allow the supplier to manage and replenish stock at the store or warehouse level.

We also lay emphasis on the products that are in demand as per online and other surveys, say television sets, laptops, music systems, refrigerators, washing machines etc during Deepawali. This helps us in implementing supply chain optimization process that reduces our costs, reduce inventory levels and increase profits. Even in the regular days we tend to do the same but the volume is substantially downsized.

Q4. Which electronic gadgets are currently creating a buzz in the market? How are you using it to your advantage?

Different products from different genres are creating a buzz.

Smart phones: Samsung Galaxy S3, Note2, Galaxy Tab2 in higher range to Galaxy Y in the lower range. Others include Sony Xperia S, Xperia P and HTC Desire series.

LED and LCD TV: Samsung, LG, Sony Bravia.

Other products include Nikon Coolpix, Sony cyber-shot digital cams etc.

As far as using the buzz to our benefit is concerned, we go about that by having attractive price model. Also internally we design an attractive counter for such products. We deploy best of our staff and maintain a good stock of various models and color options so that no customer is left unsatisfied.

Q5. How do you manage to have an upper hand on your competitors?

Vijay Sales has its stores in few cities compared to other electronic giants like Croma etc. At Vijay Sales, what we believe in most is customer satisfaction. We try to give the shoppers an overall experience of shopping with us. This includes having super-trained staff who are polite and well acquainted with the details of the products. Also we provide the best available prices and other offers time-to-time. The after-sale service provided by us is one of the best. We not only say but follow the phrase “One call away”. In addition to this, we try to maintain a detailed stock of products as I talked about in the previous question.

Q6. How has the advent of e-commerce companies like flipkart.com, ebay.in etc affected your business and how do you plan to tackle it?

E-commerce companies have affected our sales to a certain level. They enjoy the liberty of not having an infrastructure and staff and hence are able to offer competitive prices. But, we as Indians have a mindset which forces us to physically see and operate a product before purchasing it. Also the shopping experience as I talked about earlier has a role to play.

Vijay Sales

In the festive seasons, as it is, people do wish to visit different stores, have a look at the products and then decide about it. All this is not possible through the e-commerce companies.

I agree that there are some sections like the smart-phones where we have lost a considerable cut of customers but in the other macro products genre we do have a huge edge over these companies. Also we do offer good deal of discounts and best prices to attract customers.

Q7. Suppose a prospective customer has become arrogant in his way of talking, how do you deal with it as a retail store manager?

Such instances do keep occurring every now and then in our field. We have a variety of people visiting our stores. Being into this field over the years, we develop an eye to find out a potential customer. We have people visiting to buy, some to negotiate, some to have a look and to be frank enough some just come to spend a 15 minutes waiting time for a movie, dinner etc. But as per our policy, we treat every customer with due respect.

In event of a customer getting arrogant, we try to listen to his grievances and address to it as per the intensity of the situation. If there is a way to handle the situation, we try all possibilities to find it. In case the person goes overly arrogant, we politely persuade the person to leave the store and feel happy enough to serve him in the future.

Q8. What has been the biggest challenge for you in your span at Vijay Sales?

Catering the retail industry in itself is an everyday challenge. :smiles: We do come across different challenges at different levels of the business. So I frankly can't point out any particular instance. Generalizing the same, the major challenges include handling a situation like the one you mentioned before. Technically maintaining an inventory, the shelf arrangement, the recruitment and training of the staff members, the maintenance of the stores, designing various offers and plans keeping the competition under consideration are some of the major challenges.

Q9. How do you make changes in the stores during festive seasons like Deepawali, say the work force etc?

During the festive seasons, we generally try hiring sales interns for serving our purpose. Also these are the people who are highly enthusiastic. They all undergo a fast track training about the department they are put to work in and then deployed on floors. Other changes include interiors of the stores, maintaining a stock of festival-relevant products as I explained earlier. We also tend to have more billing counters to keep the process quick and smooth. We also design certain offers for the festive season which include the ones like scratch coupons, free gifts etc.

WeChat

Q10. Any advice that you would like to give to people who want to get into the retail sector?

I would like to say that, apart from technicalities try to learn the generalities of the retail sector. Here you need to work on the customer level and hence your impromptu intellect is going to help you over your bookish knowledge. Also get rid of your ego as soon as possible. Get accustomed to working hard and devoting hours to the job. Soft skill training, negotiation skills, good communication skills and a friendly nature is what you initially need to develop and leverage over the period of time.



Image source: Google Images

—O—

Retailing in India

HR In Retail in India: An Overview

By: Niharika Adukia, PGDM (2012-2014), WeSchool

The Indian Retail Industry stood at a value of a whopping US \$330 billion in 2007, with the likes of Reliance Retail and Wal-mart joining the conglomerates from inside and outside the country. It is estimated that the retail sector will reach around US \$600 billion by the turn of this decade. The retail industry contributes about 10% to the GDP of India, and it is the largest source of employment after agriculture in the country.

It is small wonder then that retail sector has opened the floodgates of employment opportunities to the Indian youth. Statistics reveal that the organized retail sector has increasing employee base burgeoning from 5.4 lakh to an astounding 16 lakh over the past couple of years. About 11.5 lakh jobs in the organized retail sector and 2 million jobs in the unorganized retail sector were thrown open in 2010 by key players including Pantaloon India, RPG Retail, Lifestyle, Wills lifestyle, Shoppers shop, Trent Ltd, Crosswords Bookstores Ltd., Ebony Retail Ltd. and Reliance Retail Ltd.

HR practices in some of the most successful retail verticals in India:

-Apparels: Pantaloon India: This retail giant hires at least 250 MBAs for operations and merchandising profiles. The candidates go through an induction period and a short training thereon. Individuals are allotted projects for the next five months under the supervision of project guides. They are placed in suitable positions thereafter, with plenty of scope for career growth and development.



Image Source: www.smartrecruiter.com

-Food and grocery: It is estimated that the food and grocery market in India is an astounding \$236 billion, and it is the sixth largest grocery market in the world today. No doubt that human resources are an important asset in this food and grocery retail industry. Many top companies have made HR a strategic partner in their operations. One famous example is Nestle, the global giant in consumer packaged goods. Nestle has a strong internally developed employee backing which gives a major push to the company's leading position in the retail industry.

Attrition rates and retention of personnel:

According to a recent study, there seems to be a high level of attrition in the retail sector which is almost 40%. Front end jobs are facing an attrition rate as high as even 80%.

Human Resources

Under the present circumstances, retention and motivation of personnel has become the major concern of HR. A congenial working atmosphere, learning and training facilities, a highly competitive pay structure are some of the effective retention practices followed by the retail sector in India.

While salary is the main attraction for freshers and starters, career satisfaction is the main reason with experienced personnel. Assigning the "right project to the right person" is the organizational motto these days with companies setting up Manpower Allocation Cells (MAC) to carry out this agenda.

Looking at the current scenario, it could be said that there is an acute shortage of middle level management professionals in the Indian Retail Industry. The current trend is to hire from a smaller organization, luring the employee with a better pay package. It is imperative that suitable talent be hired in various areas such as technology, supply chain, logistics, product development and marketing in order to stay abreast of the hectic race for success among MNCs.



Image source: www.iqmsglobal.com

To conclude, this quote from Kishore Biyani could provide great insight to HR professionals about manpower requirements and training in the retail sector- "Retail is not seen as a sector where one expects to get high salaries at entry level. However, there is an acute shortage of experienced people. There are instances when even graduates have gone up to the level of regional head ."

—O—

Breather

Top 3 Retailers



Image source: <http://www.google.com>

WALMART

- Walmart has more employees—2.1 million — than the population of Houston.
- Wal-Mart registered more sales in 2012 — \$443 billion — than Norway's GDP. If Walmart were a country, it would be the 25th largest economy in the world.
- In 2010, CEO Michael Duke's annual salary of \$35 million earned him more in an hour than his employees earned in an entire year working for \$8.75/hour.

CARREFOUR (FRANCE)

- The Carrefour group currently has over 9,500 stores, either company-operated or franchises.

- On FDI in retail in India:

“We believe this is a very positive move that will benefit the Indian farmers and consumers effectively in the long run,” wrote Jean Noel Bironeau, managing director of Carrefour in his letter to commerce and industry minister Anand Sharma.

- With over 410,000 employees, 110,000 of them in France, the Carrefour group ranks among the top 13 private employers in the world.



Image source: <http://www.google.com>

Breather

METRO GROUP (GERMANY)

- Has some 280,00 employees worldwide.
- It is the first German retail company with clear nutritional labeling. An important component of the initiative is new labeling that allows consumers to quickly and easily learn about the nutritional value of food.
- According to a CISCO report, Innovation differentiates Metro across all business divisions.



Image source: <http://www.google.com>

Top 5 Global Retail Websites

The Amazon.com logo, featuring the word 'amazon.com' in a black sans-serif font with a registered trademark symbol, and a curved orange arrow underneath it.The Alibaba.com logo, featuring a stylized red 'A' with a white swoosh, followed by the text 'Alibaba.com' in a red sans-serif font.The Walmart logo, featuring the word 'Walmart' in a blue sans-serif font, followed by a yellow six-pointed starburst icon, and the tagline 'Save money. Live better.' in a smaller blue font below it.

Multi-channel Attribution for GenX Consumer in India

By: Trupti Lohar and Swapnil Dashora, PGP(2011-2013), IIM-Lucknow

Last two decades have marked their presence on technological front, pre-dominantly the scope and reach, which has led the consumer market to a wider horizon. Phenomenon of 'Online shopping' is not a mere convenience over offline shopping for a consumer now. With increased competition in the market and emergence of hundreds of online/offline retailers, both offline and online streams of shopping behavior has been impacted by the technological evolution.

Buying procedure for today's consumer has gone beyond traditional three step process of Awareness-Evaluation-Trial attributed to the seamless experience provided by evolved Integrated marketing. Now he/she becomes aware about a new product/service from POS display while roaming in mall, watch an advertisement for the product on television while having breakfast, discuss and learn more about it from social media sites, search about it on laptop in office, check out the referral sites on smartphone while stuck in traffic and finally place a purchase order from an iPad after purchase decision has been made. Realistically, consumers' purchase decisions are influenced by a number of factors than just a simple message in the current internet era.



Image source: <http://www.google.com>

As a % of total population, internet penetration in India now stands at 10% (65 million of whom are expected to be active internet users), social network penetration is at 3%, mobile penetration is at 71% and internet via mobile device usage is at 59 % where majority of users fall in the age range of 15 to 35 years. Increasing internet penetration has helped to expand the potential customer pool for e-commerce.

Analysts put the size of India's e-commerce retail market at about \$10 billion currently. India's Internet economy growth rate of 23 per cent places it as the second fastest across the G-20 making expected internet economy \$196 billion and interactive marketing budgets projected to reach \$76 billion by 2016. With 35% of population below 20 years of age and expected working population of 325 million by 2020, India represents an opportunity with a wider consumer base.

Marketing

Marketing expenditure for companies in India ranges from 10% to 50% of sales, based on level of market turbulence and company's strategic position. With the inexpensive cost to reach ratio and ability to measure impact of campaign effectively, Online marketing now ranks ahead of TV, Radio and Print as the preferred marketing method. Companies are coming up with more integrated marketing communication mix that let all aspects of communication media work together as a unified force, rather than permitting each to work in isolation and maximize their cost effectiveness.

In today's media-driven world where consumers are exposed to a myriad of marketing messages, it is difficult to figure out exactly which messages affect final purchasing decisions. Analyzing these channel contributions and conversion path allows marketer to measure the return on the marketing investment and optimize the marketing expenses. The technology that can help in understanding this impact is Web Analytics and Internet modeling. Web analytics helps marketer in taking this decision about expenditure on each touch point by tracking the conversion path i.e. clicks/referrals that led up to each conversion and transaction.

Currently available web analytics models rely mostly on simple attribution models like the "last click attribution" i.e. attributing more importance to last channel that led to final conversion than the intermediate channels in the purchase decision process than the intermediate channels in the purchase decision process. But giving credit to just the last click undermines the fact that only this link was not responsible for the consumer awareness, the starting of purchase decision purchase. Similarly, entire credit to the first click in "first click attribution" model would also be unfair, as it did not directly convert in purchase like last click did. While "customized attribution" model can be a better method which attribute different weightage to each of the touch points, starting from the source, the assistants, the referrals and finally the last click, efficient algorithms to assign weightage to each channel would bear the responsibility of success.



Image source: <http://www.google.com>

Apart from these models, few other models like linear (equal weightage to each channel used by consumer in decision making process), time decay (more weightage to the channel nearest to the time of conversion into final purchase) and position based or U model (hybrid model with more weightage to the first and the last click while intermediate channel with lesser weightage) are also used now-a-days by a few companies.

First and Last Click

Though these models have been successful in understanding digital attribution to a certain level, they fail to measure the combined impact of both offline as well as online channels due to technological restrictions.

Even in the case of digital attribution, these models can be a reliable the consumer is using same machine and browser. The moment consumer moves to other machine like from laptop to Smartphone or Internet explorer to Firefox, he/she is out of the conversion path in above models. These problems are classified according to the consumer exposure to the marketing channels.

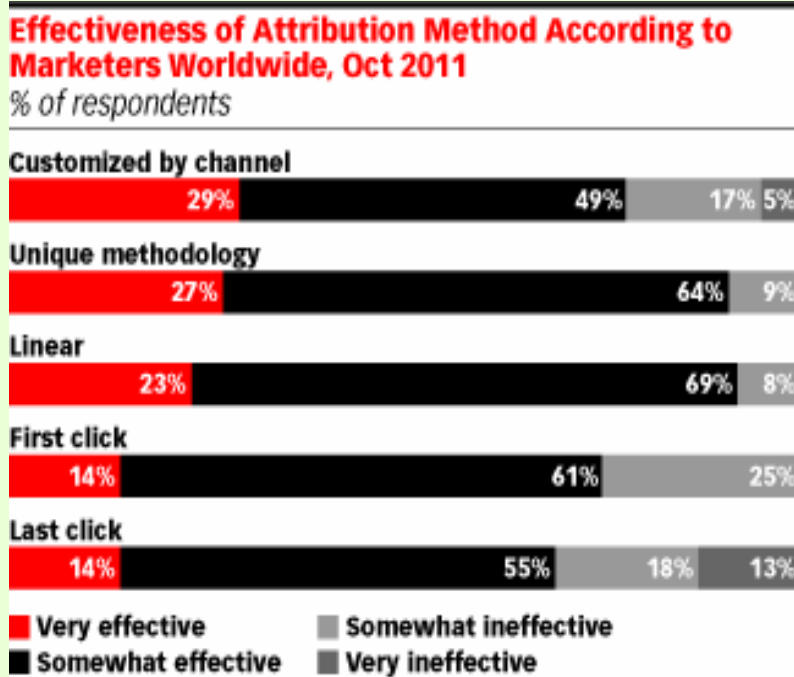


Image Source: <http://www.weboptimeez.com>

Four refined scenarios are possible to include the combined impact of multi-channel marketing on a purchase decision. The working algorithms for these four models are complex and are still under the process of development and are limited in terms of privacy issues, government policies, and technological shortcomings.

Online-to-Store sales model analyzes the offline impact of online marketing. Precisely, the turnaround/footfall and conversion/final purchase at store because of the online marketing. Online marketing including but not restricted to social sites, referrals, paid and organic search, email newsletters etc. which resulted in conversion in store is still not be modeled practically. Using the above attribution models and consumer behavior theories, some of the loose links in this model can be found to attribute the impact to each of the touch points in this scenario.

Offline-to-Online sales model analyzes the online impact of offline marketing. Traditional marketing activities like POS displays, news, TV, radio create the awareness about the product/service and then consumer is led to online activities to get more knowledge about and finally led to the purchase decision. Similar to online-to-store, this model can be analyzed using algorithms and consumer behavior theories to understand attribution in this case.

Marketing

ATTRIBUTION MODELS				
	AD 1	AD 2	AD 3	
LAST CLICK	-	-	100%	\$
EVEN	33%	33%	33%	\$
PATH POSITION	15%	25%	60%	\$
FIRST CLICK	100%	-	-	\$
U CURVE	40%	20%	40%	\$

Image Source: <http://www.pistonagency.com>

Across-Multiple-Screens model analyzes the consumer conversion path over multiple machines as well as browsers. Present consumer, specifically youngsters, are exposed to number of gadgets like smartphones, laptops, tablets for information gathering and processing. Current web analytics models fail to analyze this scenario of multiple screens due to privacy issues and technological restrictions.

Across-Digital-Channels model analyzes the consumer knowledge gain and sharing process over the internet (considering he/she uses same machine and browser) which most of the currently working web analytics companies are focusing on. Consumers these days involve in internet activities like social interactions (Facebook, Twitter), organic search sites (Google, Yahoo), referrals (Journals, forums). Currently available analytics provide with the conversion path for only digital channels undermining the offline impact on online purchase decision.

Despite the shortcomings in terms of offline impact, in current scenario, this model is still beneficial to understand important channels from all the marketing channels involved by company. But attributing these channels with appropriate weightage is still a challenge and customized attribution model revised under controlled environment can give a better solution.

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Retail in India

The Indian Retail Industry

By: Nidhi Walke, M.Mgt (2011-2013), SJMSOM, IIT Bombay

Evolution

The Indian retail industry evolved from the times of retail stores in village fairs or 'melas' and the weekly local markets.

These represent the unorganized format of retail market. Eventually, this format was organized due to the need for convenience by local residents.

With this emerged the convenient brick and mortar stores or the 'Mom and Pop' stores or Kirana stores.



Image source: <http://www.google.com>

Similarly with the ease, popularity and the response from customers, many outlets such as Public Distribution Service Outlets, Cooperative stores were setup. The rise in income and a high standard of living population, different national players came in to setup organized retail stores viz. Hyper or super markets and shopping malls.

Some retailers even refer to this industry as a 'Semi-hospitality industry' due to the skills such as customer relationship management, merchandise mix, logistics and supply chain management, ERP required to deal with consumer behavior.

The retail sector in India since then has flourished since at a phenomenal pace and reports from the Global Retail Development Index 2012 quote that India ranks fifth among the top 30 emerging markets for retail. With a GDP contribution of 22% for 2011, the retail sector has a vast scope for its growth.

Retail Structure in India

- Mom-and-pop or Kirana stores: family owned and individually handled shops for small local customer segment; have a personal touch as they know customers by names and family relations carried on from generations

Marketing

- Departmental stores: general retail merchandisers offering quality products and services
- Convenience stores: stores located in residential areas with slightly higher prices goods due to the convenience offered
- Shopping malls: the biggest form of retail in India offering a blend of all types of products and services including entertainment and food
- E-trailers: retailers providing online buying and selling of products and services
- Discount stores: factory outlets giving discount on the MRP
- Vending: a relatively new entry for convenience of buying beverages, snacks and other small items from vending machines
- Category killers or Multi Brand Outlets (MBOs): small specialty stores which offer a variety of categories such as electronics and sporting goods
- Specialty stores: retail chains dealing in specific categories and provide deep assortment e.g. Crossword Book Store, RPG's Music World, Time's Planet M music store
- Hyper markets or supermarkets: large self-servicing outlets offering products from a variety of categories

Challenges Faced By Indian Retail Industry

The unfavorable tax structure favoring small retail business

- Inadequate infrastructure facilities
- High cost of real estate, investment problems
- Dissimilarity in consumer groups- many types of consumer segments, market risks
- Hindrane to Foreign Direct Investment from local retailers, a matter of national debate
- Political issues
- Narrow scope for study related to Retail Management
- Poor technology used for retail management
- Difficulty in SCM and logistics due to geographical spread out
- Unskilled retail workforce
- Low quality retail management skills
- Inadequate power supply to maintain the posh ambience
- Competition from unorganized retail as majority of population still purchases from local Kira-na stores

Retail in India

- Category killers or Multi Brand Outlets (MBOs): small specialty stores which offer a variety of categories such as electronics and sporting goods
- Specialty stores: retail chains dealing in specific categories and provide deep assortment e.g. Crossword Book Store, RPG's Music World, Time's Planet M music store
- Hyper markets or supermarkets: large self-servicing outlets offering products from a variety of categories



Image source: <http://sbr.sunstone.in/>

Challenges Faced By Indian Retail Industry

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- Inadequate power supply to maintain the posh ambience

Marketing

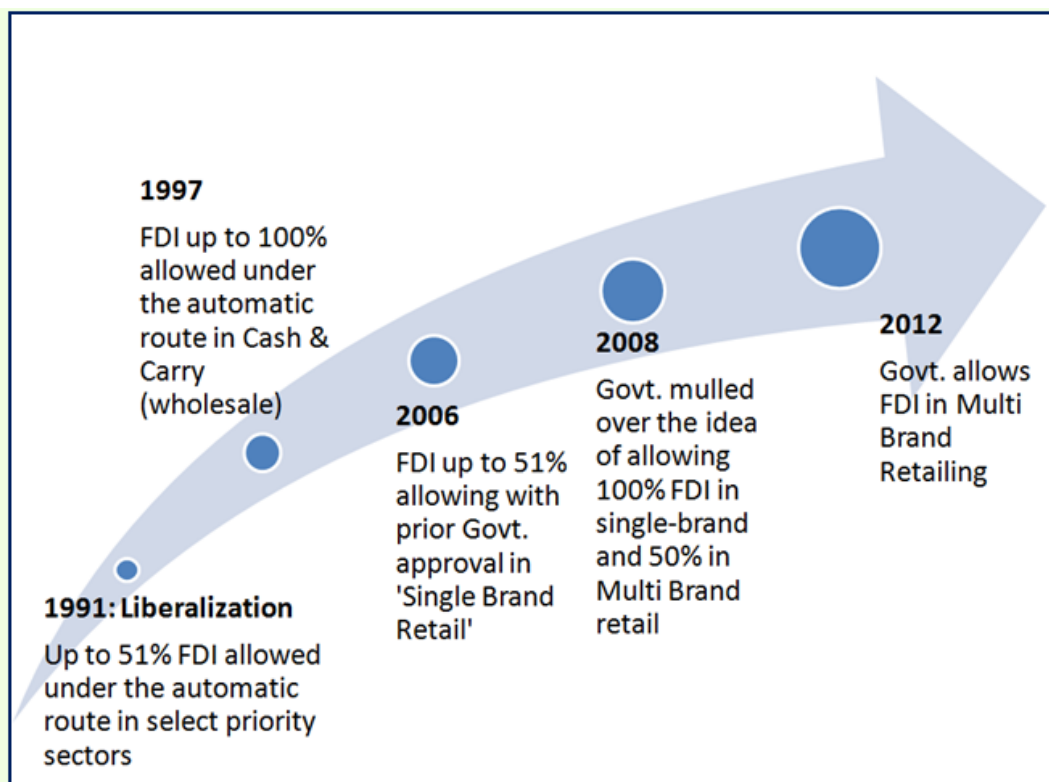


Image source: <http://www.google.com>

Major Retail Players in India

The major domestic players in retail are:

1. Pantaloon- Big Bazaar, Food Bazaar, Home Bazaar
2. Tata Group- Star India Bazaar, Westside
3. AV Birla Group- Birla 'More', apparel brands such as Allen Solly, Van Heusen, Peter England and Louis Phillipe
4. Reliance- Reliance Fresh, Mart, Trends, iStore by Reliance Digital
5. Bharti Retail- Easyday
6. RPG Group- Spencer's

A big dimension to the retail spends and attracts the foreign retailers towards the Indian market. The foreign retailers' target primarily would be on food and grocery, apparel, electronics, e-commerce, fashion and lifestyle but with more focus in providing luxury and ambience.

—O—

FDI in Indian Retail

FDI in Indian Retail: An Inclusive growth opportunity

By: Nimit Selot & Katyayni Kumar, PGPM (2012-2013),
Great Lakes Institute of Management

Traditional theories of Welfare Economics draw our attention to the concept of Inclusive Growth as 'pro-poor' and comprehensive in terms of scope of coverage of population.

Commonly it is talked of in terms of allocation of resources in such a manner so as to result in poverty reduction in the economy.

The holistic development of entire population in India requires an inclusive growth approach which means that equity exists not just in terms of income but also in terms of all opportunities in the sphere of Health, Education and Employment.

To make this possible, just the direct redistribution of income will not deliver desired results of a structural transformation; there is a need for a more impactful approach - an ability to identify and capitalize on the opportunities that translate into social welfare and creating an environment which is conducive to it generating productive employment.

One such avenue that seems to offer all this is Foreign Direct Investment. The inception of FDI in India was with the advent of reforms during Liberalization in 1990's. It led to opening up of market and there has been a significant impact on the economy albeit the limited scope of FDI present. Retail sector has emerged as the most promising sector for FDI.

It is growing at a much faster rate than predicted which is mainly due to rapid urbanization, change in lifestyles and the demographic dividend. The main debate is centred on the destruction of the unorganized sector which as per data from National Sample Survey Organization, accounts for almost 78% employment in retail sector.

Retail in India follows more of an unstructured format as it provides an easy resort for living with minimum capital investment. The agriculture sector is saturated due to paucity of fertile lands and the manufacturing sector is stagnant.



Image Source: <http://img.letmeget.net>

Finance

• Modern format	Hyper Markets Super Markets Malls	• Shopping Experience
• Govt. supported	Co-operatives PDS Outlets	• Low cost
• Pervasive reach	Kirana I & II stores Mom & Pop stores	• Convenience
• Rural/Traditional	Fairs/Haats/Melas	• Rural/Traditional

Image Source: Zenith Research

The services sector is growing but the opportunities are limited to specific areas and the wages are not very attractive. The result is -people opening up their own shops in whatever format they can manage.

It justifies the mushrooming of almost 13 million outlets that India has at present. In most of the cases, these stores are run by families over generations that has culminated in a different culture altogether. These stores cater to an underprivileged section of the society which depends on them for their daily needs.

As per AT Kearny, India has been identified as the second most attractive retail destination among 30 emerging markets globally. This assertion is supported by the fact that global mammoths in retailing like Wal-Mart and Ikea want to set up their operations in the country. But India is ridden with infrastructural inadequacies which are a prime requirement for setting up of these businesses. This type of capital investment would provide employment facilities to all the sections of the society and would also strengthen the existing framework.

The sizeable and world class infrastructural growth of this nature at the back end will take years for the government to make. Take the example of perishable segment of vegetables and fruits where there is dearth of proper warehousing, storage and cold chain facilities throughout the country. This coupled with the existence of several intermediaries, leads to a lot of wastage which directly affects the farmers who don't get their deserved shares.

These big, monopolistic retail stores have huge requirements in terms of land. Their advent threatens the existence of the small retailers which would not be able to cope up, upsetting the delicate fabric holding the underprivileged section together.

FDI in Indian Retail

People would not always run to a large store located far away for petty needs, they would still come to these small and convenient stores.

The Indian retail is not just an industry but a social structure which is embedded deep into the culture. This sector is held together by a very delicate thread of an undefined hierarchy, a totally random yet robust structure.

Any unplanned intrusion will upset this juggernaut and the nation as a whole will suffer.

Hence, the following points should be considered while formulating policies regarding the FDI injection in retail for an inclusive growth model.

1. The corporates entering into the organized retail segment should be instructed to build employment, training & skill development facilities for the less privileged unorganized retailers. Soft Skills training and world class management techniques would help them in evolving their businesses while earning a stable income. Corporates would benefit by generating confidence among the people and thus can operate more efficiently.
2. The volume of FDI can be increased but based on the condition that domestic brands are given a substantial share which would promote local sourcing.
3. For stores opening in the suburbs of the metro cities, it can be stipulated that employment should be given to 50% of rural youth.
4. A guideline stating clearly the distance between 2 modern retail outlets should be defined in the policy, this would ensure that opportunity for small retailers is not lost.
5. Stores within the periphery of large outlets and with area less than 500 sq. ft. should be given subsidies and tax relaxations by the government.
6. The subsidy for lower income groups can also be applied to purchases from these stores. Government can allocate proportionate subsidies for low income families so that the economically weaker section can also enjoy the retail revolution.

The above points in the FDI in retail industry would propel the economy towards an Inclusive Growth Trajectory, providing equality of opportunity.

Focusing on an equitable income-distribution view, is of great consequence in a 'pro-poor' approach as this is more targeted and proponents emphasize need for faster growth in this section.

—O—

PVR: The Entertainment Retailer of 2012

By: Supriya Gunthey, PGDM (2012-2014), WeSchool

“We aren't in an information age; we are in an entertainment age.” Anthony Robbins has beyond doubt described the current scenario prevalent in our society. Today, Movie watching is becoming an experience more than just a casual outing with the family.

The lines are blurring between watching a movie for entertainment and watching a movie for leisure. The movie experience goes much beyond just watching a film.

The encouraging growth in the number of multiplexes is making the movie goers, especially in urban India, experience a new way of enjoying movies.

Higher consumption spending and consequent changes in lifestyle are also spurring the growth of the Indian Entertainment sector.

Since the late 90's, distribution has become equally as important as production to the Indian movie industry. Multiplexes were the natural choice for distributing movies in large cities. Space was at a premium and several movies were competing for limited number of screens. Multiplexes not only increased the number of available screens, but also provided them with excellent acoustics and enhanced picture display.



Image Source: www.icicibank.com



Image Source: www.bolliwoodbilli.com

Priya village road show, popularly known as PVR is the pioneer in establishing the theater system in India. PVR started its operations in the year 1998 and redefined the way movie service provided in India. It is the first Indian company that corporatized the theater system. Till then theaters were owned by the individuals. PVR is the first media company to initiate the multiplex system in India.

Multiplexes are the theaters built inside the shopping malls or commercial complexes. PVR knew that establishing multiplexes alone cannot help it to expand.

Therefore it started an innovative idea of holding the theaters and screens. Currently, PVR operates a cinema circuit consisting of 154 screens spread over 20 key cities in India.

PVR: The Entertainment Retailer

Pricing a movie ticket is a complex issue. It plays a pivotal role with respect to Brand Loyalty. Main objectives of PVR have always been to increase profits, to attract new customers, at the same time maintain the current customers.

PVR believed in providing high quality movie experience at an affordable price. But rising input cost like, wage, rent, electricity and others made PVR to rethink its business model. Thus PVR put forward the concept of “high price discrimination” in order to target customers for various segments and thereby increase the revenue.

In order to implement the targeting of customers from varied segments, PVR have come up with many concepts. PVR launched a new brand of cinema called ‘PVR Talkies’ to cater the demand of the cinema viewing public in class B & C cities at a lower price range of Rs. 40 to Rs. 60 for an enhanced movie viewing experience.

PVR came up with ‘PVR Premier Screens’ which would be high end luxury screens with prices beyond Rs.200. These screens mainly targeted the middle upper market and premium location in metros.



Image Source: <http://www.idlebrain.com>



Image Source: <http://www.orangewebsolutions.com>

The tickets available are in two classes’ viz., Prime Normal and Star Normal. Also, they have come up with strategies where in the cost of the ticket is a minimal Rs. 70 or Rs. 80 for all the shows before 1 pm. PVR has also brought to its customers the experience of luxury cinema.

Gold Class Cinemas, which have been introduced for the first time in India, are two ultra luxurious exclusive auditoriums, each equipped with 32 plush and fully reclining seats and generous legroom.

Patrons can also enjoy star like treatment at the exclusive Gold Class lounge which provides an excellent pre cinema experience with scrumptious food and beverages. The price of the tickets for Gold Class goes beyond Rs. 500. Out of Rs. 500 charged, Rs.350 is considered as movie ticket price and Rs.150 is used to provide snacks to these consumers.

Finance

Thus the pricing strategy adopted by PVR is a skimming pricing strategy on weekends and penetrating pricing strategy on weekdays. These strategies have helped PVR very well with respect to profit maximization. The Profit and Loss Statement of PVR exemplifies this.

PROFIT AND LOSS STATEMENT	Mar '12	Mar '11	Mar '10
Income			
Sales Turnover	467.47	391.37	304.77
Other Income	13.97	9.64	3.63
Total Income	481.44	401.01	308.4
Expenditure			
Employee Cost	50.73	40.62	35.12
Other Manufacturing Expenses	161.47	127.69	100.68
Selling and Admin Expenses	0	142.5	118.27
Miscellaneous Expenses	185.42	27.64	21.44
Total Expenses	397.62	338.45	275.51
Operating Profit	69.85	52.92	29.26
PBT	34.91	23.03	0.25
Tax	6.8	6.69	-0.02
Reported Net Profit	28.11	16.34	0.26
Source: www.moneycontrol.com			

The perseverance displayed by PVR has paved its path towards glory, awards and recognitions. PVR has

- Had Highest Box Office Collections in INDIA for 5 Consecutive years.
- Been awarded “The Theatre World Newsmaker of the Year” Award for 2003.
- Been awarded “Retailer of the Year” - 2005
- Won “Franchise Award” - 2005
- Been conferred with the “Retailer of the Year” award by IRF(2007)
- Won “Most Admired Retailer of the Year – Entertainment” award by the IRF for three consecutive years(2010, 2011 and 2012)

Thus by evolving along with emerging changes through efficient utilization of available resources, PVR Cinemas have come a long way. They have achieved this success by acting proactively and by enhancing capabilities to fulfill the future needs. PVR truly follows the mantra – “To forge dauntlessly ahead into the future, to do what was not done before and to succeed.”

—O—

Pick The Brick By a Click

Pick the brick by a click in your own hand (Cell phone)

By: Vaibhav Gumaste, PGDM E-Business (2012-2014), WeSchool

Bricks-and-clicks is a business model by which a company integrates both offline (bricks) and online (clicks) presence. It is also known as click-and-mortar or clicks-and-bricks, as well as bricks, clicks and flips, flips referring to catalogs.

The bricks and clicks model has been used by traditional retailers who have extensive logistics and supply chains. Major reason for its success is that it is quite easier for a traditional retailer to establish an online presence than it is for a start-up company to employ a successful pure "dot com" strategy, or the reverse for online retailer.

Diverse market-

This year the number of Internet users worldwide reached 2.27 billion, almost exactly twice what it was in 5 years ago, 1.15 billion. And as the Internet population grows, so does the potential size of online services.

Internet users per 100 inhabitants

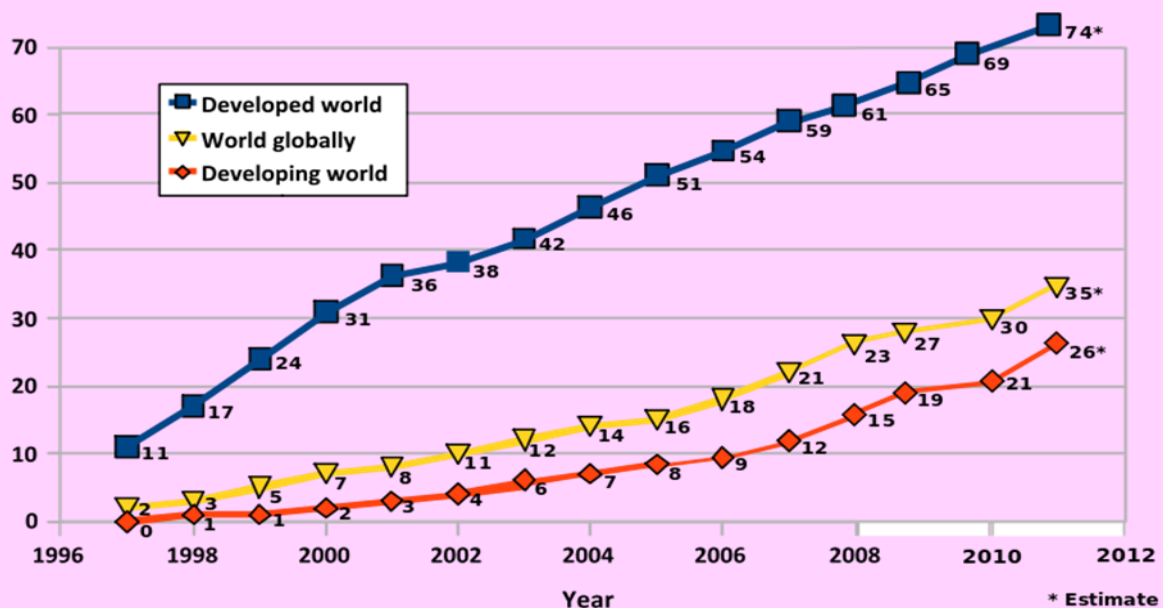


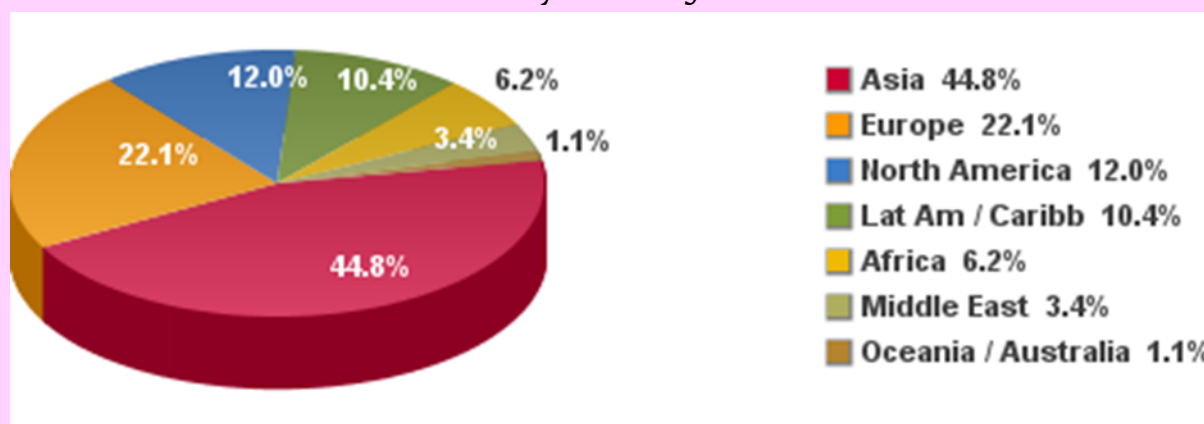
Image source- <http://www.itu.int/itu-d/ict/statistics>

Globally there are 2.25 billion Internet users with a population penetration rate of 32% and 663 million Internet users were added during 2008-2011 recording a 8% YoY growth. Specifically for India, India has added 69 million Internet users during 2008-2011 and now has 121 million

Operations

Internet users with a population penetration rate of 10%, recording a 38% YoY growth. Asia contributes the highest share in web usage all over the world and India acquires around 12.3% share for online users.

*Internet users in the world
Distribution by World regions — 2011*



Source : www.internetworldstats.com/stats.htm

With such an expansive and diverse available market, a number of e-commerce sites are doing brisk business. This has motivated more businesses to join the fray; it has also triggered investments in online commerce. Segments that have caught the imagination of the Indian consumer include travel, financial services, online classifieds and e-tailing.

Advantages for retail industries-

1. Strong brands- Many businesses were able to develop trusted brand names and a reputation that translates well onto the Internet. Often existing firms have invested large sums of money in brand advertising over the years. This equity can be leveraged on-line by using recognized brand names.
2. Supplier networks- The Internet offers retail stores a wider range of suppliers, allowing more orders of new products and equipment, plus more competitive pricing. Existing trust and relationships with suppliers will be in favour.
3. Distribution networks- As same for supplier networks, established relationships with distribution networks also enhance their businesses.
4. Existing customer group- Existing firms will be already having the base of sales.
5. Lower capital- using Bond issues.

Pick The Brick By a Click

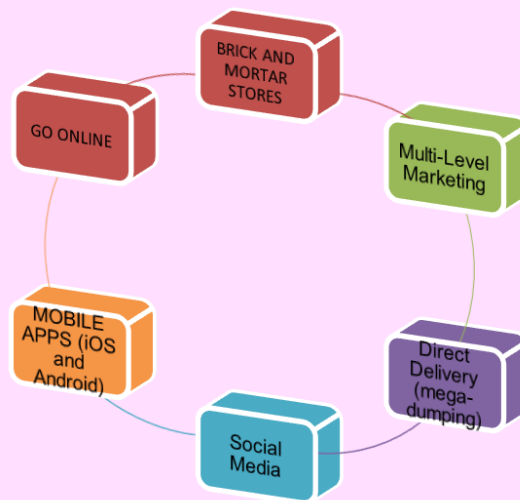
6. Core competency- The industries would use brand equity against core competitors differentially using 'go-online' methods.
7. Awareness- The Web can build such awareness even though the majority of Web surfers do not click on banner ads with cost-efficient ways.
8. Cost- Cost for direct marketing would be much lesser compared with traditional paper, postage and human entries.

Scope in India-

The lack of physical presence, low technology penetration and usage, also limited payment mechanisms will act as impeding blocks for pure-click retailers to reach a sustainable revenue level quickly. Digital commerce will act as an extension for brick-and-mortar retailers in India, leading to efficiency and lowering the overall costs of operations.

Proposed Model for retailers-

COMPUDED COMMERCE



Compounded Commerce offers the seamless flow of information across channels and hence helps leverage the channel that is best suited for the product category and consumers, to drive a compelling experience. The relevance of compounded commerce increases in a developing country like India, which has large cultural and income diversity, leading to vast preferences for and accessibility across many shopping channels. For example it will be difficult for even the largest retailer to reach the smallest of towns and villages, but that reach is possible through mobile phone as India has 39 million 3G subscriptions as of Q4 2011 with 4% penetration rate and 841% YoY growth.

—O—

Auto Regressive Models Of Retail Management

By: Saurabh Pramanick, PGDM Business Design (2012-2014), WeSchool

The retail management comprises of two Autoregressive models:

1. Autoregressive Model for Ratio of Retail Sales to GDP
2. Autoregressive Model for Ratio of Retail Food Sales to Total Retail Sales

I. Autoregressive Model for Ratio of Retail Sales to GDP

Let S_t denotes the retail sales in year t

Let g_t denote the GDP of India in year t

$$X_t = \ln \left\{ \frac{st}{gt - st} \right\}$$

where $g_t - st$ is difference between GDP and retail sales in year t

x_t is the log-ic transformed value of the ratio of retail sales to GDP.

$$X_t = \ln \left\{ \frac{\frac{st}{gt}}{(1 - st + gt)} \right\}$$

Consumption of which retail purchases are a part has grown at a slower rate than GDP in India.

Consider the first autoregressive model

$$X_t = a_0 + a_1 + a_2 + E_t$$

Where $|a_t| < 1$. The x_{t-1} term on the right hand side of the above equation captures the serial dependence in the values of x_t . As the ratio of retail sales to GDP decreases over time, we expect $a_2 < 0$. The value of Durbin's t -statistic is 2.544 ($p = 0.012$) which suggests the presence of first order autocorrelation in the data.

Use a maximum likelihood procedure to estimate the model parameters. The estimated model is:

$$x_t = 0.7412x_{t-1} - 0.0425t$$

standard error (0.1906) (0.00349)

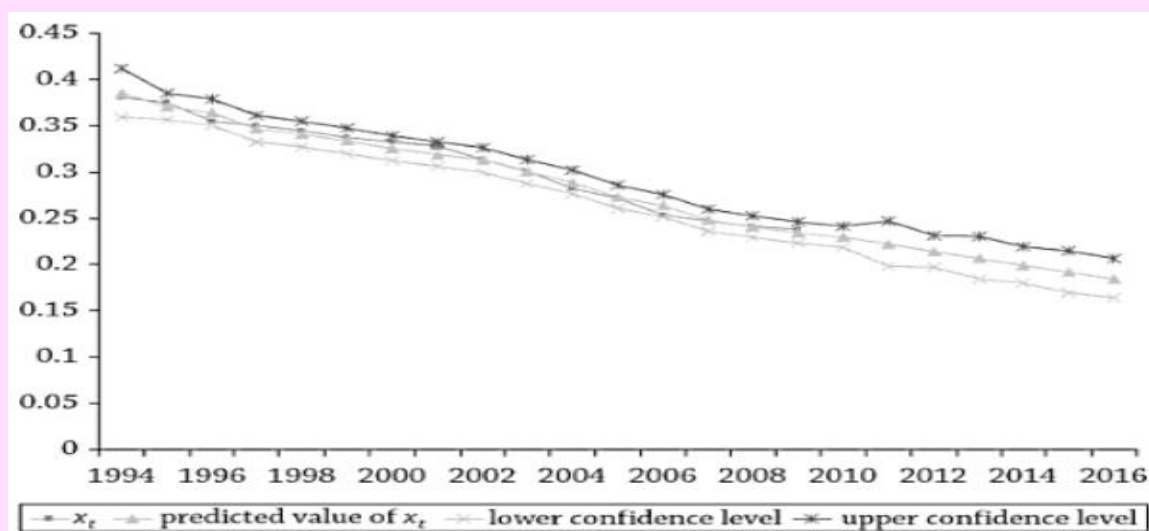
The intercept term is not statistically significant ($p > 0.10$) and is therefore not included in the above equation. The co-efficients a_1 and a_2 are both statistically significant ($p < 0.05$). The estimated model explains almost all of the variance in the data (Total $R^2 = 0.991$).

Auto Regressive Models

The Model predicts $x_t = 0.940$ in 2016, the corresponding 95% confidence interval for x_t is (-1.1413, -0.7384). The predicted value in 2016 is 0.281 (Substitute $x_t = -0.940$).

The Model predicts that retail sales will decline to 28.1% of GDP in 2016. The corresponding 95% confidence interval for st/gt is (0.2421, 0.3234).

To estimate the value of predicted retail sales, we use GDP projections from the IMF, which forecasts real GDP in India will grow at an average annual rate of 6.67% until 2016. This implies that the GDP of India will be \$2043.92 billion in 2016. Thus the model predicts that retail sales in constant 2009 prices will be $st = \$574.2$ billion (0.281×2043.92 billion) in 2016. The corresponding 95% confidence range, in billions of dollars is (\$494.78, \$660.92).



Fit and Predictions from Autoregressive Model of Retail Sales as a fraction of GDP

II. Autoregressive Model for Ratio of Retail Food Sales to Total Retail Sales

Let St denotes the retail sales in year t

Let Ft denote the retail food sales in year

$$\text{Let } Y = \ln \left\{ \frac{ft}{st - ft} \right\}$$

where $st - ft$ is the difference between total retail sales and food retail sales in years t .

Operations

$$Y_t = \ln \left\{ \frac{f_t}{s_t - f_t} \right\} = \ln \left\{ \frac{f_t/s_t}{(1 - f_t/s_t)} \right\}$$

We consider the first regression model:

$$y_t = b_0 + b_1 y_{t-1} + b_2 t + E_t$$

where $|b_1| < 1$. The y_{t-1} on the right side of equation captures the serial dependence in the values of y_t . As the ratio of retail food sales to total retail sales decreases over time, we expect b_2 Medium o. The value of Durbin's t-statistic is 2.544 ($p = 0.012$), which suggests the presence of first order autocorrelation in the data.

We use a maximum-likelihood procedure to eliminate the model parameters. The estimated model is:

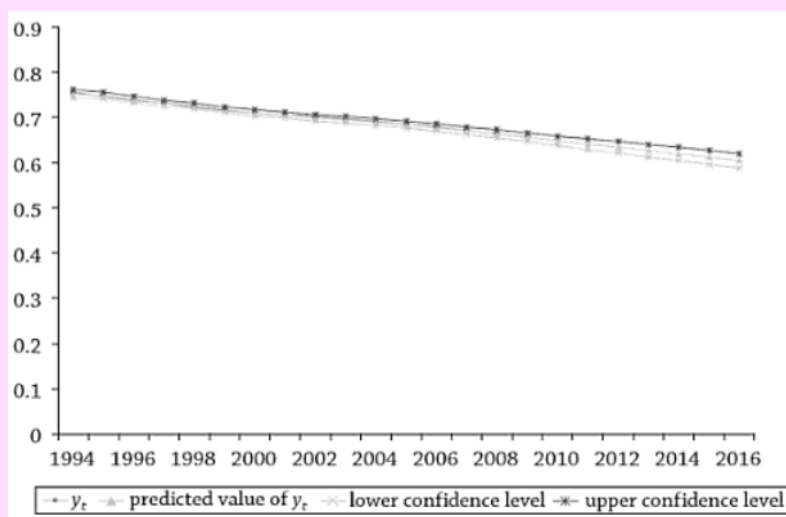
$$y_t = 1.1126 + 0.8257 y_{t-1} - 0.0314 t$$

standard error (0.0166) (0.1431) (0.00161)

Each of the co-efficients is statistically significant ($p < 0.0001$). The estimated model explains most of the variance in the data (Total $R^2 = 0.996$).

The below figure shows the predicted values and 95% confidence intervals for f_t/s_t until 2016. The predicted value of f_t/s_t until 2016 is 0.604.

The corresponding 95% confidence interval is (0.588-0.620). Food sales in 2016 can thus be estimated to be $0.604 \times \$574.2 \text{ billion} = \346.82 billion .



Fit and Predictions from Autoregressive Model of Retail Food Sales (f) as a Fraction of Total Retail

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Trivia

In 1997, **Toyota Prius** became the world's first mass produced hybrid vehicle. It was subsequently introduced worldwide in 2000. The Prius family reached global cumulative sales of 2.87 million units through April 2012, representing 71.8% of Toyota Motor Company hybrid sales.

Kinect is a motion sensing input device by Microsoft for the Xbox 360 video game console and Windows PCs. Based around a webcam-style add-on peripheral for the Xbox 360 console, it enables users to control and interact with the Xbox 360 without the need to touch a game controller, through a natural user interface using gestures and spoken commands. After selling a total of 8 million units in its first 60 days, the Kinect holds the Guinness World Record of being the "fastest selling consumer electronics device".



Image source: <http://www.g4tv.com/thefeed/blog/post/706283/microsoft-taking-kinect-on-the-road-for-national-tour/>

Zomato is an Indian website providing information related to restaurants, pubs, clubs and events at such establishments in cities of India and UAE. It was started in 2008 by IIT-Delhi alumni who had earlier worked with the consulting giant Bain & Company. Zomato currently covers 45,600 restaurants in 15 cities in 2 countries.

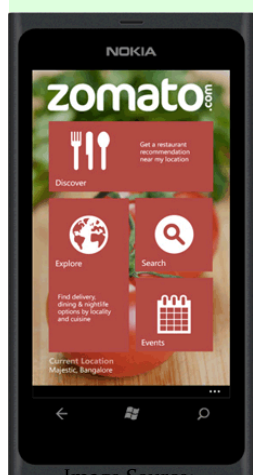


Image Source:
www.zomato.com

Nook HD was recently launched by Barnes and Noble Inc. to take on the Kindle Fire HD. The device is far more focused on the reading experience than the competitors, a fact reflected in both hardware and UI decisions.

Facebook Gifts is a service that Facebook recently rolled out for its users in the US to let them send chocolate, coffee, socks and other real-life presents to one another.

Trivia

The Autograpoher, developed by OMG Plc., is a **camera** that uses five in-built sensors and software developed by Microsoft Corp to chose the best moment to capture an image without any intervention from the user.

The logo alongside is the new logo adopted by **Mindtree** as a part of its new Marketing and Branding Strategy on 28 September 2012. Mindtree is ranked #18 in Indian IT companies and overall no. 445 in Fortune India 500.



Image Source:
<http://www.mindtree.com/>

HCL Infosystems was awarded the rights of being the Managed Service Provider to implement and manage the central ID Repository for the Government's ambitious UIDAI project.

Mobstac, Neuron Mediatech and Srishti Technet are all Indian technology start-ups picked up by Google as **vendors for the Go Mo** (short for Go Mobile) programme it has just launched to help local businesses build ac mobile interface.

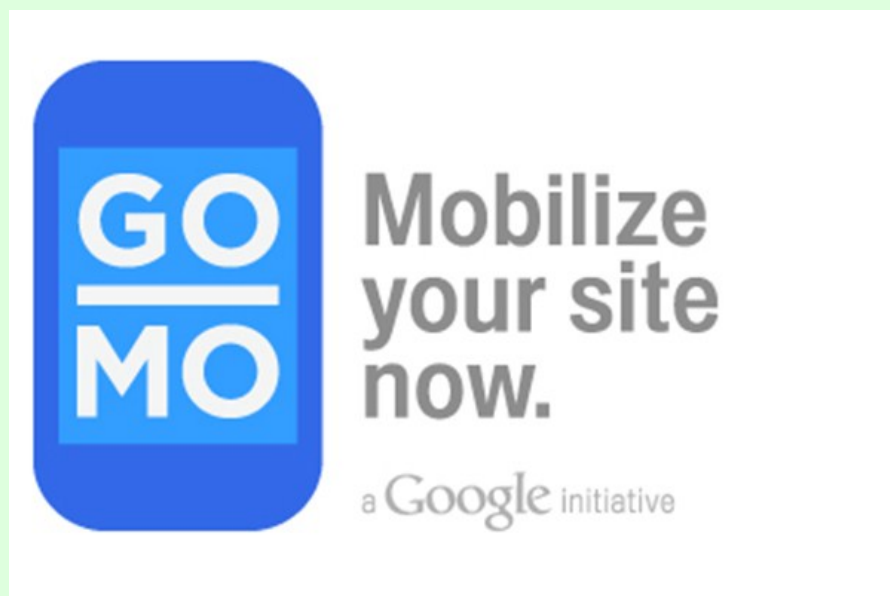


Image Source: <http://www.abzolute.in.th>

In September of 2007, Bajaj Auto filed a claim accusing that the development of the **TVS Flame** was in violation of their patent for the DTS-I technology. In 2009, the Supreme Court of India permitted TVS Motors to manufacture and sell the 125 cc TVS Flame with Twin Spark Technology.

—O—

WeChallenge

- 1) With which retail brand would you associate “*zarooratein anek, jagah ek*”?
- 2) A retail brand recently launched an offering by the name ‘Renoir’.
What was so special about it?
- 3) With which retailer would you associate the logo alongside?
- 4) In the context of a retail store, what exactly is a “hot-spot”?
- 5) The name of which retail giant is an acronym comprising the initials of the founder's name, the farm where he grew up, and his hometown?
- 6) What is the name of the joint-venture between the Future Group and Godrej Agrovet which focuses on retail distribution of agricultural and consumer products for personal and household use in rural and semi-urban India?
- 7) With which Indian retail brand would you associate the gentleman seen alongside?
- 8) The mission statement of which retailer talks about being the “Earth’s most customer-centric company”?
- 9) What floor investment does the recent Government Policy on allowing upto 51% FDI in multi-brand retail trading prescribe for foreign investors?
- 10) This gentleman believed that running a successful business boils down to 10 simple rules which he explained in his best-selling autobiography. According to Jack Welch, he “understood people the way Thomas Edison understood innovation and Henry Ford, production and taught something of value to everyone he touched.” Who are we referring to?



Results

The much awaited results of the “WeSchool” Challenge is right here!

WeSchool Challenge Competition:

- Shailesh Bhadra, PGDM (2012– 2014), WeSchool.
- Rohit Ranjan, SIIB, Pune
- Anup Pawaskar, PGDM E-Biz (2011– 2013), WeSchool.

Also Special thanks for your response !

- Sneha Desai, PGDM Business Design (2012– 2014), WeSchool.

Congratulations and thank you for writing to us!

- Niharika Adukia, PGDM (2012- 2014), WeSchool
- Trupti Lohar, PGP (2011-2013), IIM Lucknow
- Swapnil Dashora, PGP (2011-2013), IIM Lucknow
- Nidhi Walke, M.Mgmt (2011-2013), SJMSOM, IIT Bombay
- Nimit Selot, PGPM (2012-2012), Great Lakes Institute of Management
- Katyani Kumar, PGPM (2012-2012), Great Lakes Institute of Management
- Supriya Gunthey, PGDM (2012-2014), WeSchool
- Vaibhav Gumaste, PGDM E-Biz (2012- 2014), WeSchool
- Saurabh Pramanick, PGDM Business Design (2012-2014), WeSchool
- Omkar Kelkar, PGDM E-Biz (2012- 2014), WeSchool
- Kunal Gupta, MBA (2011-2013), NMIMS
- Kushal Bagadiya, MBA (2012-2013), NMIMS

The Bombay Store

A look into the oldest listed retailer in India - The Bombay Store

By: Omkar Kelkar, PGDM E-Business (2012-14), WeSchool

FDI in retail has been approved and many foreign retailers like Walmart and Starbucks are coming to India. Also Indian retailers have progressed greatly and many of them such as Reliance Retail, Landmark, Westside have come up in many big cities and towns and are now planning to expand even in the smaller ones. When we are thinking about this, let us get back to the first retail store in India which is still operating and has adapted very well to the changes in the retail industry. In the heart of Mumbai's commercial hub is the flag ship, "The Bombay Store".

A visit to any outlet of The Bombay Store, takes you on a journey down Indian history- the art, culture, regional heritage and the royalty. The dimly lit, saffron colour store presents a warm welcome to any shopper right from the threshold, irrespective of your shopping agenda. Well-informed, polite shopping assistants ensure that they are available when needed without crowding you at other times. The calm, serene atmosphere of the store, with sensible elite shoppers makes it a comfortable shopping destination.

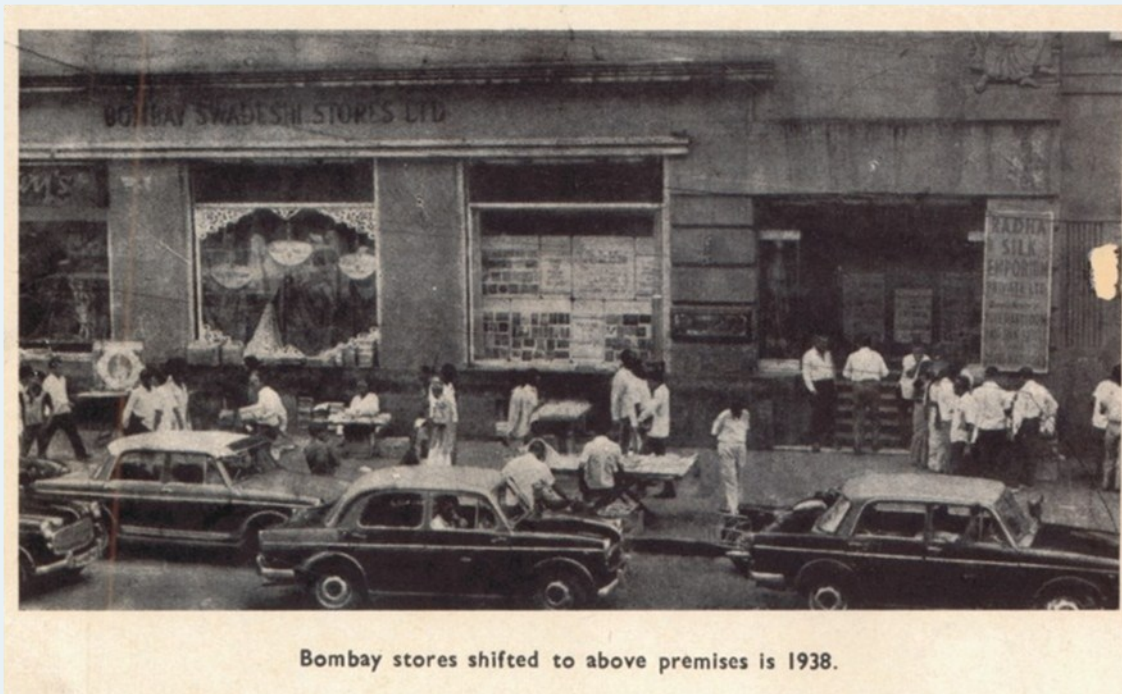


Image Source: <http://www.thebombaystore.com/>

About The Bombay Store

In the early 1900s, while India was still under the British rule, one of the strongest manifestations of mass awakening was the desire to patronize all that was Swadeshi (Made in India). Great Indian patriots and businessman like Lokmanya Tilak and Sir Ratanji Jamshedji Tata amongst others conceived Bombay Swadeshi Co-Op Stores Co. Ltd, which came into existence on 17th December 1906. It became the first retail organization to be listed on the Bombay Stock Exchange. As the store now caters to an audience with a contemporary mindset, the brand was therefore rechristened in December 1995 as **The Bombay Store**. The Bombay Store currently has 16 outlets - with its flagship store at Sir. P. M. Road measuring 10,000 sq feet and outlets at Inorbit-Malad, Inorbit-Vashi, High Street Phoenix-Lower Parel, Mumbai Domestic Airport, MG Road-Pune, Inorbit Mall-Pune, Market City-Pune, Prozone Mall-Aurangabad, Indiranagar-Bangalore, Panjim-Goa, and a new addition at MG Road-Bangalore.

General Management



Bombay Store in 1930's, Sir Pherozeshah Mehta Rd, Mumbai

Image Source: <http://www.thebombaystore.com>

The Bombay Store is the one shopping destination that comes to the customer's mind while looking for lifestyle products that are a perfect blend of contemporary and traditional techniques and art forms. The Company continues to focus on the theme of "Discover a New India." The store is highly recommended by the Travellers' guide "Lonely Planet" and rated as one of the best shopping destinations in Mumbai by Trip Advisor.

Products Available

Home décor: Cushion covers, Home linen, wall décor etc.

Fashion Accessories: I Pad covers, Ties, Cufflinks, Shopping Bags, Accessories etc.

Wellness: Various types of tea, Fragrance, Soaps, Body Care, Hair Care

Artifacts and Gifts: Idols, Mementos, Gifts, Stationeries, Gifts.

The Elephant Company: Wall décor, Kitchen and dining, Gifts, etc. related to the 'Elephant' theme.

The Bombay Store

Business Model

The Bombay Stores works in Brick + Click format. There are two options: the E-Store and the In-Store. Through the feature called In-Store, the website gives the customer an option to browse various products available in the store so that it will be easy to purchase when he or she visits the store. Through the E-Store feature, we can browse various products and order them on internet and the store delivers the product at our doorstep anywhere in the country. So, in spite of being the oldest retailer, the company has evolved quite well over the years. The store also has Facebook and Twitter pages which give information about the latest offers available.



Image Source: [www. http://indiaretailnews.com](http://indiaretailnews.com)

Sourcing is the biggest strength of The Bombay Store. Due to their move to online retailing, they have now moved from city specific depots to a central warehouse on the outskirts of Mumbai which has been quite beneficial. They now service all orders through a single warehouse which increases efficiency and effectiveness. They have their own designers who design the products for them. Currently they have more than 200 employees. In terms of shareholding, the Dalal family owns about 60%, Fidelity Multi Trade owns close to 15% while the public holds the rest.

General Management

Shukriya Select Loyalty Program: The Bombay Store has launched a loyalty program where we can earn points every time we shop. We can get free membership of Shukriya Select on shopping for the first time in the store. We also get customised offers as per our purchase records.

FUTURE PLANS

The Bombay Store plans to almost double its number of outlets in India by next year and is also expanding its presence on the internet to cash in on the online shopping mania. Currently, the share of online sales as a per cent of total sales is about 1%, but the store expects this number to rise to more than 15% over the next 3-4 years. The company is also looking at opening stores in Europe and Far East Asia.



Image Source: <http://onceuponateatime.blogspot.com>

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Customer Fairness

Are customers fair while making online purchases?

By: Kunal Gupta & Kushal Bagadiya, MBA(2011-2013), NMIMS

Recently, I came across a friend at a book store in Pune. I asked him if he visits the store frequently. He told me that he loves visiting this store for browsing through new books. I asked him if he only browses or also buys books there. His prompt response was that he generally buys books from Flipkart or Indiaplaza, wherever the discount is the best. His response led me to wonder if it is fair on his part to visit this store merely to browse books in a store, when he knows he is not going to buy them there.



Image Source: .

<http://www.sliceofreallife.com/tag/crossword>



Image Source: <http://www.facenfacts.com/NewsDetails/>

Any rational person would be tempted to go to a store where he gets the best offering both in terms of price and service. However, in recent years, customers have started visiting physical stores (intentionally or on impulse) only to try out and finalize the product and later buy it online at a discounted price. They use resources like AC, ambience, attendants and the inventory, only to eventually deprive the store owner of a sale.

Have Brick and Mortar stores become mere display showrooms? Are the customers fair when they visit a brick and mortar (B&M) store knowing that they are going to ultimately buy the stuff online? Well, fairness is a subjective topic and we don't know the reason behind this behaviour of consumers. So, we further explored this question from three perspectives:

1. B&M bookstore owner
2. Academician and
3. Consumers

General Management

We interviewed the owner of a large bookstore retail franchise, who manages 16 bookstores across Maharashtra. He confirmed that online stores are starting to eat into the market share which his stores used to command earlier. But on our query about consumers' use of his store as just a browsing gallery, he was quick to mention that he welcomes customers even if they visit only to browse.



Image Source: <http://paganpages.org/content/>

He elaborated – “Even in the world before the Flipkarts and the Infibeam, we encouraged consumers to come and sit here the whole day, read any books they liked. Browsing in our store and then buying online is still better than customers not coming to the store at all. If a customer visits us, he would usually end up buying something or the other. If he stops coming because he wants to buy online then we have definitely lost him.”

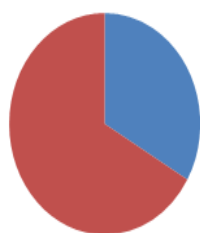
The owner said that physical bookstores are all about creating impulses for customers to buy, and for this they need customers to visit the store. He did feel that with the advent of online retailers, now retailers with physical stores will have to probably modify their offerings and services if they want to co-exist but these changes will just come naturally as part of evolution.

Next, we discussed this topic with academicians from one of the top business schools in India. One of the faculty members said, “There have been many studies on consumer behaviour and morality. It is observed that humans generally do what is fair but in this case it is interesting to see why somebody would behave differently.” In fact he reverse engineered the questions as “Are businesses fair, ever? There has always been information asymmetry in the market. Retailers set a price but the customers never know what the margins are! Today the ball is in the consumer's court.”

Customer Fairness

The experts were unanimous in their view that this behaviour is completely acceptable and there is nothing wrong in it. Another faculty member said “There is no implicit contract between the customer and the store owner. Customer is not bound to buy anything from the store, so why should the customers feel bad about anything?” “All is fair in love, war and business. Businesses employ tricks to lure customers into buying things that they didn’t want, and customers would also do anything to get the best offering one can get.”

How important is it for you to touch and feel a book before buying it?



■ Very important
■ Not that important

Finally, to complete the 360 degree view, we conducted a survey of book readers in the age group of 20 to 60. Half of the people were surveyed in a B&M bookstore and the other half were surveyed online. All survey participants have purchased at least one book online and one book from a B&M store in the last one year. Our findings:

Returned atleast once from a physical bookstore to buy it online



■ Yes
■ No

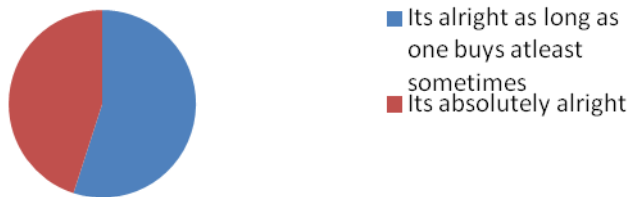
General Management

Most of those who returned without buying were those who felt that it is not very important to touch and feel a book before buying it.

Do you feel guilty if you return without buying a book (to buy online)?



Is it fine if you visit a bookstore just to check out the products?



One of the major revelations from this survey is that a significant number of people feel it is important to touch and feel a book before buying it. Books can be considered to be a very impersonal item. For personal items like clothes, musical instruments, cosmetics etc. the need to try them out will be even stronger. As long as there is this need, physical stores will need to be present in some form or the other. Maybe in future, stores will start charging entry fees which gets waived only if a purchase beyond a certain amount is made. Maybe, as online shopping becomes more wide-spread, people will grow past their urge to touch the product before buying and physical stores will need to device other ways of attracting people. On the question of whether the customers are fair or not, which started this entire discussion – we conclude that customers are right! They are always right, isn't it?

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MUNIJAN

For the last two years, Mumbai University has been organising a social initiative MUNIJAN on 2nd October to celebrate India's greatest leader of all time, Gandhiji's birth anniversary in Mumbai University Fort campus. Mumbai University's New Initiative for Joint Action Now is mainly held to make students, the future leaders of India, aware of their social responsibilities.

The objective of this initiative is to bring about positive changes to the society at large by involving its students in a series of constructive socially responsible activities. The University of Mumbai realizes the importance of inculcating these values in more than 650,000 students of the university.

College blood donation idea wins award

Sanchayan Bhattacharjee

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MUMBAI: Nirvana, a four-member team from Welingkar Institute of Management, Matunga, secured first place on Tuesday at the Mumbai University New Initiative Joint Action Now (MUNIJAN) finals.

Their idea of organising blood donation camps won them the prize at the function held at the university's Fort campus.

Vice-chancellor Rajan Welukar said the varsity would help the winning team seek permission from colleges, blood banks and hospitals throughout the year.

"Every donor today may be a direct or indirect recipient tomorrow. We hope colleges can adopt these camps as part of their culture in the long run," said Sushrut Nikalje, 22, team leader and a first year management student.

"Although a number of blood donation camps are held at railway stations, people are in too



■ Nirvana, the four-member team that won first prize at MUNIJAN this year.

SOME OF THE OTHER IDEAS AT MUNIJAN

Team Pen Drives from Welingkar Institute of Management - To reuse and recycle pens used by students

Team JBites from Jamnalal Bajaj Institute of Management - To convert daily newspapers into books for children.

Team Sawaa Shares from Jamnalal Bajaj Institute of Management - To provide a

platform for University students to buy and sell books.

Team CycleOn from Welingkar Institute of Management - To launch a networked bicycle sharing program.

Team Sahyog from Welingkar Institute of Management - To provide school kits to underprivileged children by selling old clothes from students.

much of a hurry to stop and donate blood. It is more convenient for students to donate blood during college hours. The

initiative does not require any monetary investment or special skill sets," Nikalje added.

Colleges participating in the

three-year-old MUNIJAN were expected to come up with a sustainable idea by September 20. The aim of this annual festival is to engage students in a social cause.

Other teams that presented innovative ideas included Blue from Sydenham Institute of Management, Churchgate, which explained how large-scale water conservation could be achieved. The idea involved immersing a one-litre bottle filled with pebbles in a toilet flush to reduce the discharge of water per flush.

Winners in the previous years have successfully expanded their idea. "We have divided the city into 32 different zones to facilitate the process of segregation of waste. We have collected around Rs10,000 by selling waste paper and plastic to scrap dealers to help government schools," said Sameer Bendale 24, a second year management student from Welingkar who was part of the winning team in 2011.

Image source: <http://www.welingkar.org>

This year on 2nd Oct., 2012 the event was successfully held at University of Mumbai. Management students from Jamnalal Bajaj Institute, Sydenham Institute, Welingkar Institute and MET Institute organized the event. Around 90 entries were received from University of Mumbai affiliated Management Institutes. Out of them 15 best entries were shortlisted and were provided an able platform to present their ideas.

Environment, rural development, education, human rights, health and hygiene etc. were some of the issues discussed by the students. Each team comprised of minimum 3 and maximum 5 students. Presentations were examined by an esteemed panel of judges comprising of leading Philanthropists, Politicians, Social Activists, Academicians, Celebrities and Journalists of the country. Welingkar Institute had 7 out of top 15 shortlisted entries. Team 'NIRVANA' from Welingkar Institute won the competition.

The name of the winning project is 'Blood Connect'. A 4 member team NIRVANA is lead by Sushrut Nikalje with Tushar Chogale, Gajendra Ugile and Sushant Sutar.

The objective of 'Blood Connect' is 'to provide sufficient amount of blood to the Medical Institutes across the Mumbai city from voluntary blood donation by the students and to make students aware of their social responsibility'. The blood donation drives will be held by the students in the colleges in upcoming year. Different blood banks and hospitals will be benefited by this activity on large scale. The idea is simple, implementable, sustainable, measurable and socially relative which won them this prestigious award.



Image source: <http://www.google.com>

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Call for Articles

We invite articles for the November 2012 issue of Samvad.

The Theme for the next month: November 2012—

Tourism Industry

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, year & 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**.
- Please name your file as: <YourName>_<title>_<MBAvertical e.g. Marketing/Finance/BMS>
- Subject line: <YourName>_<InstituteName>_<Year>
- Ensure that there is no plagiarism and all references are clearly mentioned.
- Like our Fb pg: Samvad: WeSchool Students Magazine; Follow us on twitter: @Samvad_We
- Deadline for submission of entries: **26th November, 2012.**



'WeChallenge'

Submission Guidelines:

- Winners to be decided on basis of the time by which we receive your entries.
 1. First place for entries before 13/11/2012
 2. Second place for entries before 19/11/2012
 3. Third place for entries before 26/11/2012
- Send in your entries to **samvad.we@gmail.com**
- Please mention your name, institute name, course details & contact number in the mail.

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Invictus

*Out of the night that covers me,
Black as the Pit from pole to pole,
I thank whatever gods may be
For my unconquerable soul.*

*In the fell clutch of circumstance
I have not winced nor cried aloud.
Under the bludgeonings of chance
My head is bloody, but unbowed.*

*Beyond this place of wrath and tears
Looms but the Horror of the shade,
And yet the menace of the years
Finds, and shall find, me unafraid.*

*It matters not how strait the gate,
How charged with punishments the scroll.
I am the master of my fate:
I am the captain of my soul.*

~ William Ernest Henley