

Market Update Web Series by HGH India

(Synopsis of the presentation)

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“Indian Retail- Picture Abhi Baki Hai...”

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Future of Retail is clear - you either Evolve or Perish. Retailers who will not adapt to this reality will suffer. India is the 6th biggest economy of the world, the first five being in order USA, China, Japan, Germany and UK. The country is in a state of economic and political tension. Economically, there is a decline in the overall GDP growth rate from 8.3% in 2016-17 to 4.2% in 2019-20. In 2020 the GDP of India was also the world's worst affected with a steep decline of 23.9% as recorded in the April - June quarter. Politically, there is a state of confusion in the absence of an effective opposition. The economy is struggling and likely to de grow by double digit during the 20-21 Financial Year. And there is tremendous NOISE due to multiple tangible challenges such as impact of pandemic on the health and economy, Chinese aggression and farmers unrest due to the new farmer bill. And we are unable to see tangible solutions to take the economy ahead.

The retail industry while impacted is still recovering from the 78% decline in the April - June quarter to a 45% decline in September as compared to similar month's sales last year. The way to survive and thrive in the current pandemic is through adopting the 3 R's strategy- React, Reset and Reimagine. React to the situation and protect your people and assets as in the long run your own people will be your pillar of strength. Reset the operating metric, start recovery and focus on efficiency like never before. Reimagine your business model, build trust, start rebuilding, go digital, reset the vision & strategy, invest on signature or USP and win the loyalty of all stakeholders.

India is a young country - from a population of almost 1300 million people more than 60% or 800 million people are below the age of 35 years. 38% of the population uses internet and almost 30% of the population uses a smart phone and WhatsApp. Therefore, majority of Indian consumers are young, confident and internet friendly, they are seeking instant gratification more than saving for the future.

Retail industry is transitioning from Street market to Market Places to Big Box to Malls to Online to Online Market Places. India is a country where all stages of retail exist and are working together. For the last financial year, the organized offline market share was 11% and e-commerce share was 4% of the overall Indian retail market. By FY 2025 this share is expected to increase to 16% for the organized offline market and 7% for e-commerce. A developed economy like USA in 2019 has an online market share of 16% of the total retail market. Offline Unorganized market will continue to have larger share of the Total Market but the retailers need to reinvent and strategize to remain in business and thrive.

The consumers are ready for the Omni- channel journey where a customer can start the buying decision from looking at a product at a physical store, compare prices online, gather reviews on social media, buy from a mobile wallet and get the product delivered at his doorstep. To match today's consumer lifestyle, the retailers should also be ready with the Omni-channel offerings. An option to shop Everywhere, a shop which is Every time on, for Everything. Seamless personalized shopping experience will woo the customer.



In the time of digital disruption in retail, Mobile phone is the new communicator, shopping assistant, wallet or payment gateway, a modern day Genie with a host of magical functions. The popular choice in the digital space are Amazon which is a global market leader and Alibaba which is a leader in China. India being a developing market where new technologies and concepts are being tested cannot be ignored by the global giants of internet space. India's home grown company Reliance is on an all-out retail war across sectors be it retail, electronics, e-commerce, wallets and payments, telecom and others.

The home and living market makes up for 4% (23 billion USD) of the total Indian retail market. Out of which the organized offline retail accounts for 13% share and online retail accounts for 3% share in 2020. This market share is expected to grow to 24% for organized offline retail and 14% for online retail by the year 2025.

The future of Home category depends on consumers transforming house into home which is a journey of love and investment in the right products. Pandemic driven WFH (Work from home) has helped to redefine the place of home in consumer's lives. Home retailers need to offer a total solution rather than a category approach.

Many big players of home category are focussed more on international markets. Going ahead they need to focus on expanding in domestic market through collaboration with industry. The industry as a whole should rethink and re-invent a customer centric approach displaying the strength of a physical store. Internationally Walmart and IKEA who have beautifully mixed online and offline stores are the biggest success models. Innovating new products and services with a start-up mind set will drive growth and success.

Transforming and differentiating your business approach like changing your STORE into a STORY where the merchandise look changes every time like a magazine's cover and contents. This will bring the customer that extra mile to see what's new. Bringing back romance to retail through ACE (Assortment, Customer Service, Experience through events, launches, personalization and interactivity) will be a good recipe for driving business growth.