THE SHIFT TO SEAMLESS

The rapid shift to digital channels will require retailers to develop omni-channel strategies that ensure that shoppers experience a seamless customer journey

■ *By Marco de Vries*

India is one of the fastest growing retail markets in the world. The country's retail sector is undergoing a rapid transformation, with the shift to modern retail formats and the recent explosive growth in e-commerce.

These factors create the perfect conditions for Indian retailers to modernise their operations by embracing the latest POS, cloud and mobile technologies.

MODERN RETAILING TAKES HOLD

The Retail 2020 study from BCG and RAI (Retailers Association of India) forecasts that the total Indian retail market will double over the next five years to reach $1 trillion in 2020.

The share taken by modern retail formats is growing even more rapidly. In 2015, they accounted for $180 billion of retail sales, a three-fold increase on five years earlier.

This shift to modern retailing is driven by three main factors: rapid consumer evolution, supply-side evolution and a positive regulatory environment.

To succeed in this new reality, Indian retailers must develop completely new capabilities, including a com-

prehensive omni-channel offering, which interacts with customers along the entire purchase journey.

GROWING MIDDLE CLASS

India had just 50 million middle-class consumers accounting to about 5% of the population in 2010. Consultancy firm Ernst & Young expects this to grow to reach 200 million by 2020.

These shoppers want to buy the same type of brands as their middle-class counterparts in the west. They seek a modern in-store shopping experience that reaffirms their aspirations and reflects their newfound buying power.

And they are enthusiastic users of new technology, as demonstrated by the spectacular growth in e-commerce and m-commerce.

E-COMMERCE BOOM

While e-commerce penetration in India is low compared to developed economies, it is growing rapidly.

Google India predicts the number of online shoppers in India to grow 150% from 100 million in 2016 to 250 million by 2020. Over the same period, the number of smartphones in India is expected to increase five-fold to 700 million.

The rapid shift to digital channels will require retailers to develop omni-channel strategies that ensure that shoppers experience a seamless customer journey across the physical and digital channels.

Many of India's bricks- and-mortar retailers have been slow to wake up to growth of digital-literate shoppers. But the trend is now impossible to ignore, particularly if they want to better compete with India's online giants.

Reliance Retail, India's largest retailer with stores in 500 towns, recently announced a game-changing multichannel initiative designed to create an integrated online-offline model that truly differentiates the customer experience.

PHYSICAL STORE STRENGTHS

Physical stores matter more than ever. Shoppers in stores are influenced more and more by digital experiences, and they may start or finish their purchase journey away from the physical store.

But the store has a greater influence in the final purchase decision, and it offers unique strengths that digital channels cannot match. Being able to handle items in a store and return them easily in the event the consumer does not like them are formidable advantages for bricks-and-mortar stores.

In the words of B. S. Nagesh, Founder of TRRAIN, Chairman RAI and non-executive vice-chairman of Shoppers Stop, which has 74 stores across India, "Bricks and mortar is still 80-85% of the market— players need to focus on transforming this core to provide a better customer experience which may not be possible with online."

Investing in omnichannel technologies to transform their core business and understanding just what India's tech-savvy shoppers expect from their shopping experience are the most important challenges facing Indian retailers today. ☺

Marco has been active in the technology and software space for almost 2 decades. He joined Openbravo in 2006 as CFO responsible for investor fundraising, finance, accounting, HCM and legal affairs. In 2012 Marco was appointed CEO of Openbravo. Earlier in his career Marco worked for top-tier consultancy firms A.T. Kearney and DiamondCluster, which was later acquired by Oliver Wyman, where he worked mainly for Fortune 1000 companies. As a consultant Marco focused primarily on corporate and business strategies and new business launches in the mobile telephony space across Europe. Marco holds a Masters degree in Business Administration from the Erasmus University (Rotterdam, Netherlands) and a CEMS-Master from an exchange with École des Hautes Etudes Comerciales (Paris, France).