Retail in India

Top Trends In Indian Retail

Wal-Mart said to move India COO
Arvind Mediratta to US

India's Appetite for Gold Improves

Retail in Asia

Dalian Wanda Group, which operates department stores and shopping centers in China, forms a joint venture with Chinese Internet giants Tencent and Baidu

Technology in Retail

At Orlando conference, retail experts predict malls will be increasingly innovative

Four technologies that could change retail

Why the basics matter more than ever in online retail
Our Role Model Motivates us to attain the unattainable

Dr. Ashok K. Chauhan
Founder President, RBEF & Chairman, AKC Group of Companies

Our Missionary Leader Inspires us to Higher ends

Mr. Atul Chauhan
President, RBEF & Chancellor, Amity University Uttar Pradesh
Dr. Sanjeev Bansal
Editor-In-Chief

Amity Business School is privileged school of the AMITY group. Being the first school of higher education set up in 1995, it has remained instrumental for setting traditions and benchmarks.

Inaugural issue of “Retailier- A Retail Bulletin”, of ABS is an extension of our journey towards quest. It is an addition to our existing established publications, Amity Business Review-Journal of Business School, Communique-e newsletter of ABS and Anukriti-annual magazine of ABS.

When Vinamra conceptualized the idea of this newsletter, there was not an iota of doubt in my mind about its importance and need.

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 countries 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.

This issue is a genuine attempt by ABS for the followers of retail sector. I am sure; it will be a treat to read for all the ages and genders.

Looking forward for your constructive, positive and innovative suggestions.

Best wishes & Happy reading

Dr. Sanjeev Bansal
Editor-In-Chief
The total concept and idea of shopping has undergone an attention drawing change in terms of format and consumer buying behaviour, ushering in a revolution in shopping in India. Modern retailing has entered into the Retail market in India as is observed in the form of bustling shopping centres, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof.

Vinamra Jain
Editor

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 new entrepreneurs to enter the India Retail Industry. Purchasing power of Indian urban consumer is growing and branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches & even Jewelry are slowly becoming lifestyle products that are widely accepted by the urban Indian consumer.

In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the India Retail Industry to grow faster. Indian retail is expected to grow 25 per cent annually. Modern retail in India could be worth US$ 175-200 billion by 2016. The future of the India Retail Industry looks promising with the government policies becoming more favourable and the emerging technologies facilitating operations.

Indian retailers need to take advantage of this growth and aiming to grow, diversify and introduce new formats have to pay more attention to the brand building process. Incorporation of technology in the organised retail segment has been something to reckon with in the past few years. Online retail business is the next gen format which has high potential for growth in the near future. After conquering physical stores, retailers are now foraying into the domain of e-retailing. The retail industry is all set to test waters over the online medium, by selling products through websites.

This inaugural issue, right from its conception, editorial assistance and presentation of the newsletter would not have been possible without the help extended by Utsav Gupta, student of MBA (Retail Management) at Amity Business School.

I have an ardent hope that you will enjoy reading all the articles in the inaugural issue of “Retaillier - A Retail Bulletin”.

Looking forward to your valued comments.
STORai presents a look at the top trends impacting Indian retail in the next 12 to 24 months. Now that the election results are in, and the air of 'suspended animation' is at an end, it's time to review key forces at play and their impact on the sector. The analysis is based on the synthesis of what Retail leaders in India and overseas told us during our events in the first quarter of calendar 2014, as well as research from our Knowledge Partners.

Policy
To FDI or not? Given the new government's past predilection against investment in multi-brand retail, there is unlikely to be a change in overall policy. However, the government's expected focus on infrastructure and tourism could alter cost structures in Indian retail in the next three years: Reducing distribution wastage (currently India wastes about 40% of perishable produce), creating cold chains and encouraging 'retail' tourism, could be a source of structural growth for the sector. Research shows that about 40% of spend by domestic tourists is on retail, entertainment and leisure – and the Modi Government's focus on tourism and 'cleaning up' the cities could see Indian retail attracting a large part of this spend.

Two other developments that can structurally alter retail are GST implementation and the streamlining administration of retail – eg. updating the license norms to open / operate stores in the country, and updating archaic legislation such as the Weights and Measures Acts.

Convergence
There are multiple dimensions to this – from brick and mortar stores increasing their online and mobile presence, to online retailers such as Amazon experimenting with HPCL petro outlets as a delivery mechanism; from 'click and collect' being offered by stores such as Croma to Flipkart taking over Myntra to cope with the international e-tailing wave.

It's likely that the extent of capital available to e-tail will polarize – eight years after the first set of large venture capital deals in this sectors, the lack of profitability for the sector as a whole has begun to hurt.

What has become clear to entrepreneurs and investors alike is the extreme capital intensiveness
of the business – Flipkart has raised a further USD 210 million from investors recently – taking its total investment to USD 780 million since 2007.

High speed retail

‘24-hour banking, who's got time for that?’ This joke from US comedian Steve Wright, is close to the truth. The pace of life has increased — in the year 1900 people slept for 9.0 hours every night. Now, they sleep for just 6.9 hours. Globally, this is driving trends like drive-by dining, mobile banking and it’s also killing giant malls, which consume a lot of the shoppers’ time. Equally, people are getting increasingly bored with the same brands in the same places, which in turn is driving ‘pop-up’ retail and ‘limited time only’ products and offers. The world of fast fashion – the so called “Zaara effect” is another manifestation of the same.

Ethically based retail concepts (e.g. Body Shop) will grow in 2014. But they will have to break the consumer perception of ‘premium’ pricing being associated with sustainability. While global brands such as M&S, Nike, Van Heusen, and Starbucks have introduced their green ranges in India, these are not as yet used as differentiators. At the same time, popular shows such as Satyamev Jayate showed that the urban consumer, besieged by pollution, is willing to pay a reasonable premium for organic food.

Indian retail and FMCG have used the last three years of slowdown to align their supply chains to this new market reality. Inventory turns have increased, working capital cycles have shortened, and store sizes have been rationalized. Arguably, the sector is now ready for high-speed retail.

Sustainable Brand Politics

Part of the brand experience is brand values. Elections 2014 was about ‘flight to values’ as the urban, educated middle class voted for leaders with strong values. This is not just a political phenomenon, customers are also interrogating brands. In the Japanese market, you can do this online using QR codes to scan supermarket products. In India, brands such as Tata Tea (Jaago Re), Havells (Hawa Badlegi), Hero Honda also used the election season to extend or reposition brand values.

Handicrafts is one of the largest sources of
employment in India with an estimated 20 mio workers in the Handicraft industry. This gives India the potential to be a hub for ethical fashion globally. Chains such as Fab India, Anita Dongre's GrassRoots, Hi Design, Mother Earth and smaller regional brands such as Ethicus, Samtana from Bangalore, are other examples of businesses, which are attempting to encapsulate ethics as a core brand value.

Self service

Customer service costs money and is notoriously difficult to do well, so why not get customers to do it themselves? Everyone saves money and your customers think they're in charge. Current examples include self-check-in kiosks at airports, vending machines on railway platforms, self-scanning machines in supermarkets and DIY check out services in budget hotels (such as Ginger). Similarly, expect to see a boom in very intelligent vending machines soon. If you prefer your service delivered by someone else, there's even a car dealership in Japan that employs robots as salesmen.

Cost polarization

Customers are increasingly adopting a melange look — pairing a ₹2,000 branded pair of jeans with a ₹225 scarf bought off the pavement. Categories such as apparel, accessories are getting polarized, with a proliferation of discount brands on one end and luxury brands on the other. India is emerging as a key luxury market, at the same time, niche boutique brands, small store owners and departmental stores continue to see high growth in the branded apparels category.

Kirana, modern trade, cash and carry — fragmentation and growth

In 2014, both of these would represent key channels for FMCG retailers. Shopping is part of life in India – in many cases, it is entertainment. “Indians undertake a large number of small trips for food and FMCG – about one shopping trip per day (27 in the month). The average cash memo size is `137,“ says Sanjiv Mehta, CEO and MD of Hindustan Unilever Ltd (HUL).

Spends are concentrated around main shopping — 2/3rd of spends take place in 1/3rd of the total trips. For Retailers and FMCG companies alike, this is the target share of wallet. Most of the top up trips are to smaller kirana’s, the main monthly / weekly shopping is moving to Modern Trade (MT).
The small kirana will retain relevance through accessibility for top up shopping. Its layout will evolve to allow for greater shopper interaction. Experiments such as ‘Meal for Today’ and ‘Treat for Myself’ are preliminary experiments in this direction.

The Large Kirana will move closer to match the modern retail experience by adding services like home delivery, credit, and loyalty programs as they fight for the share of main shopping trips.

The wholesale segment will consolidate or fragment based on the local market response to cash-and-carry. Where wholesalers move to add value added services like credit, delivery and increase assortment, apart from retaining rate competitiveness on predominantly unbranded categories, the Wholesale could see consolidation.

Marketing budgets go digital

Digital is more than e-commerce. Retailers have realized the value of good content and ‘tone of voice’ while engaging with customers. A recent study by AIMIA showed that 40% of India’s urban internet users reported that their online activity influences purchase behavior, whether online or offline.

Brands owned by consumer major HUL have been using social media for test marketing and research as well as ‘soft launches’ – part of the move to crash product development cycles. In 2013 and early 2014, HUL undertook a campaign called “BE Digital”, a complete digital roadmap for premium brands such as Tresamme, Sunsilk, Lakme, Close-up and Surf, where the target audience was noticeably online in its consumption and presence.

The company has also increased digital spend in 2014, digital is expected to constitute 10% of its total spend.

Similarly, fast food company Fasos, has customers ordering via Twitter – to save on wait time and increase turns during peak lunch and evening snack time. This allows Fassos to maintain noticeably smaller sized outlets, saving on property cost and helping establish store profitability within six months of store opening.
Retailers such as Croma, HomeShop 18 have moved into active digital marketing. Budgets have increased five to ten times in the last two years, a trend which is likely to continue. Emerging kiranas are also going digital. Chemist chain Noble Chemist in Mumbai has used SMS marketing campaigns, as has Society store in suburban Mumbai which uses an SMS-based platform to create, update and maintain its website. Users in a 3 km catchment get push notifications daily, when the owners update the deal of the day online.

**Showrooming fades**

The years 2012 and 2013 saw the Indian customer trying to showroom. Unlike other markets, where dynamic pricing is possible in India, lower prices is only about discounting.

Discounting ultimately is a capital intensive play as most e-tailers have discovered. Secondly, India does not have multiple price compare apps, a side-effect of our historical legacy of MRP.

Interestingly, the international experience with showrooming is that it's a shortlived, if disruptive force. A recent Accenture Survey of US consumers showed that 21% of customers returned to shopping in-store after showrooming, up from 9% in 2013.

**Real estate: Sentiment is up but so are costs**

2014 outlook: While the overall economic sentiment has rebounded after the elections, the cost of construction has increased by 25-30% over the last four years across leading cities, as against a 20% rise in pan-India capital values. "The average rent was `233 per sq ft monthly in 2007-2008, but now it is `116," says Ashutosh Limaye, Head of research and real-estate intelligence service at Jones Lang LaSalle India.

Cost of finance has also increased in the light of banks' reluctance to fund what is currently perceived as a high-risk sector. Debt equity exposures have deteriorated.

Close to 900,000 square meters of additional retail space supply is going to hit the pipeline in 2014, as against the 590,000 square meters in 2013. Cities such as Delhi, Hyderabad and Bangalore will witness good supply of retail space, largely around the expanding city peripheries.

“Wal-Mart said to move India COO Arvind Mediratta to US”

-Adi Narayan

In India, Wal-Mart operates 20 wholesale stores where only registered traders can shop.

Mumbai: Wal-Mart Stores Inc. has moved Arvind Mediratta, chief operating officer (COO) of its Indian unit, to the US retail Business as a senior vice-president, according to two company officials familiar with the matter. Mediratta will be based at the headquarters of the world’s largest retailer in Bentonville, Arkansas, said the people who asked not to be identified as they aren’t authorized to speak with the media. The Indian executive’s move comes a month after Wal-Mart picked Asia chief Greg Foran to head its US business replacing Bill Simon. Foran inherited a chain wedded to an outdated big-box model, struggling to boost sales in its stores and online, and losing customers because it can’t keep shelves adequately stocked. The role of the COO in India was a remnant of the company’s former venture with Bharti Enterprises Pvt. And is unlikely to be replaced one of the persons said. The US retailer terminated its six-year partnership with Bharti in October last year, choosing instead to focus on its network of wholesale-only stores. In India, Wal-Mart operates 20 wholesale stores where only registered traders can shop. The company plans to add 50 more in the country over the next four to five years and started a website in June to allow its business customers to order online.

Retailers struggling

India’s government opened the retail sector for foreign investment almost two years ago, and Tesco Plc is the only foreign retailer that has sought a license to run supermarkets selling multiple brands. International retailers need a local partner to run supermarkets and Wal-Mart faced a setback to its plans when it ended the joint venture with billionaire Sunil Mittal’s Bharti. Other global companies also face troubles in the world’s second most populous country, Carrefour SA, France’s biggest retailer, said last month it plans to close its five Indian wholesale stores, ending its four-year presence in the south Asian nation. Groupe Auchan SA, another French supermarket operator, this month ended its franchise agreement with billionaire Micky Jagtiani’s Landmark Group, which ran a chain of 13 hypermarkets in cities including Bengaluru, Delhi and Pune. Even as retailers struggle to make profits, the country’s e-commerce sector is witnessing rapid growth. Local market leader Flipkart.com and rival Amazon.com Inc. in July outlined investments of $1 billion and $2 billion respectively, as they seek to tap a market which CLSA Asia Pacific Markets projects will grow sevenfold to $22 billion by 2018.

As gold prices linger near a two-month low, demand in Asia has started edging higher with buyers in India increasing purchases ahead of a Hindu religious festival this week.

The premium on gold that Indian consumers pay has climbed to $10 to $13 a troy ounce, from zero in July. Above, a jewellery shop in India. Associated Press

The mark up to global gold prices, known as a premium, that Indian consumers pay has climbed to $10 to $13 a troy ounce from zero in July, a sign that appetite for gold is picking up in the world's second-largest consumer of the precious metal. The vast majority of India's gold supply comes from abroad. As a result, Indian gold buyers typically pay a premium to global prices that reflects the tightness of locally available supply as well as the government-imposed import duty.

Still, demand remains tepid in China, the world's biggest buyer, and sales in the rest of the world are sluggish despite a number of geopolitical risks that normally increase demand for the safe-haven metal. India and China together account for about 70% of the world's gold market and sales usually peak near the end of the year because of buying ahead of Hindu festivals including Diwali, and Lunar New Year in China.

"Demand is picking up every day. Festival season sales have started," said Rahul Gupta, managing director of P.P. Jewellers, a large Indian jewelry chain.

Demand has risen as buyers have dived in after a heavy fall in prices over the past week, Mr. Gupta said. The rupee has also strengthened against the dollar, pushing domestic gold prices below 28,000 rupees ($463) per 10 grams.

India will celebrate the birthday of the elephant-headed god of wisdom Ganesha on Friday, a major festive occasion in the western region. Gold sales in India usually rise during religious festivals as it is considered auspicious to buy gold ornaments. During Diwali, the Hindu festival of lights that is celebrated on Oct. 23, people also typically invest in gold coins and bars.

It has been an unusual roller-coaster ride for gold premiums in India because of uncertainty over policies, elections and monsoon rains. Gold premiums were at $100 in February, but fell to $60 in
May after the government allowed private trading companies to import bullion and plunged to zero in July, when demand for gold is usually weak because of a lack of festivals.

Prithviraj Kothari, vice president of Indian Bullion and Jewellers Association, said gold imports in August will likely total 40 metric tons but are expected to rebound to June's level of around 70 tons in September.

In China, demand is expected to pick up around the end of the year, coinciding with wedding season demand and extending to Lunar New Year festivities in late-February. Shanghai gold has been trading at a premium of $3-$7 an ounce over London prices in the past month, indicating moderate to weak demand.

"People are still holding a lot of gold inventory [in China]," said Wallace Ng, a senior precious metals trader based in Beijing. "I don't see [domestic] demand improving in the short term. We are waiting for the old inventory to diminish."

Demand for gold in China will likely surge ahead of Lunar New Year, Mr. Ng said.

—Tatyana Shumsky contributed to this article.
The explosion of online shopping in China has gotten the attention of one of the country’s biggest operators of offline department stores, hotels and shopping malls.

Beijing-based Dalian Wanda Group announced today a joint venture with two of China’s biggest Internet companies, leading search engine Baidu Inc. and gaming and messaging powerhouse Tencent Holdings Ltd., on a joint venture with $814 million in initial capital. Wanda will hold a 70% stake and Tencent and Baidu 15% each.

The focus of the joint venture is to tie together the Internet and bricks-and-mortar stores, a connection often referred to as O2O—online to offline—in China.

“The integration of online and offline business is an inevitable trend in the development of the e-commerce industry,” Dong Ce, the CEO of the new joint venture said in a statement announcing the project. He said the joint venture, called Wanda E-commerce Company for now, will be “the world’s largest O2O platform.”

The three companies say they will work together to develop payment and e-commerce financial products and a loyalty program, and that they will jointly share data and work together on sharing Wi-Fi resources, which could make it easier for consumers with smartphones to access web-based content while in Wanda properties.

Wanda operates 83 department stores in China and projects by 2015 it will have 125 stores covering 334 million square meters. It also operates 93 Wanda Plaza developments that include commercial properties, office space, luxury hotels and apartments.

All of Wanda’s commercial centers, hotels and resorts will be equipped with e-commerce services by 2015, said Dong, who also predicted membership in Wanda’s e-commerce service will exceed 40 million this year and 100 million in 2015. He said in the statement that a “very cool new name” for the joint venture will be announced shortly.

The announcement represents another step by Tencent and Baidu to ally themselves against Alibaba Group Holding Ltd., China’s dominant e-commerce company. Tencent invested nearly $215 million earlier this year to acquire a 15% stake in JD.com (Tencent invests in JD.com http://www.internetretailer.com/2014/03/10/chinas-largest-e-retailer-pairswe b-powerhouse-tencent), Alibaba’s biggest rival and the No. 1 online retailer in the Internet Retailer China 500. (Alibaba is not ranked because, like eBay, it is not itself a retailer but rather the operator of an online shopping portal.)

Baidu bought a majority stake in group-buying site Nuomi last year, putting it in direct competition with Alibaba. The two companies have been long-time rivals. Alibaba does not allow Baidu spiders to crawl Alibaba marketplaces Taobao and Tmall, instead forcing consumers to go to those shopping sites to see what’s on offer rather than starting their shopping trips on Baidu.

Alibaba also has positioned itself to combine online and offline shopping. The company, which has
announced plans to go public on the New York Stock Exchange this year, invested $692 million this year in InTime Retail Group, which operates 36 department stores in China.

While Alibaba dominates the online sales of physical goods in China, but "given the rise of mobile, there are huge e-commerce opportunities in the offline services market such as hotels, restaurants, movies, beauty salons and so many other services that can only be consumed in the physical world," says Julia Q. Zhu, who formerly worked at Alibaba and now is a consultant based in Washington, DC. "For example, restaurants in China are now using Tencent's Wechat to let customers to reserve tables, order food and complete payment before they even got to the restaurants. O2O is the next huge thing in e-commerce in China now. Alibaba is trying to win the O2O markets and so are Tencent and Baidu."

The competition among these rich and rapidly growing Chinese companies took on another dimension this week with the release of the latest Bloomberg Billionaires Index, which listed Alibaba founder Jack Ma as China’s wealthiest man, with net worth of $21.8 million. No. 2 was Ma Huateng, chairman of Tencent, with wealth estimated at $5.5 billion, followed by Baidu founder Robin Li. However, according to Forbes magazine, Wanda founder Wang Jianlin is worth $15.8 billion. Wanda’s holdings outside of China include the AMC movie chain in the United States, which the Chinese company purchased for $2.6 billion in 2012.

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ORLANDO -- Coming soon to a mall near you: interactive experiences, **healthcare** services for aging baby boomers and e-commerce approaches for millennials.

Those were among the predictions and recommendations discussed Monday at the International Council of Shopping Centers’ Florida conference, held at the Gaylord Palms Resort and Convention Center in Kissimmee.

Innovation in retail centers was a recurring theme. **More** than 3,800 people attended the event, which began Sunday night. That number included many real estate professionals from South Florida.

Retail centers and retailers need to adapt to changing technology and shifting demographics, several speakers said.

That will require more services at shopping centers geared to aging baby boomers, such as healthcare, as well as a focus on e-commerce and social media to appeal to the millennial generation.

“We need innovation now more than we have ever needed innovation,” said Mark Thompson, managing director of Crossman and Co. in Orlando, during his presentation, “What Got Us Here Won’t Get Us There: Searching for Answers to Questions That No One is Asking.”

Among growing trends is the need to create an experience and sense of place for shoppers, Thompson said, citing such examples as offering cooking classes, a wine bar or a gym at a supermarket.

Same-day delivery of goods is also growing in importance for e-commerce, with Amazon and **eBay** among those leading the charge.

Increasingly, retail is returning into city centers, said Quinn Eddins, director of research and analysis for CBRE Global Research and Consulting, during his 2014 Florida Retail Report presentation.

Other tidbits gleaned from conference attendees: Trader Joe’s is looking to expand in Miami-Dade County and is scouring the Biscayne Corridor for a site.

And Tequila Bob’s, a bar chain based in Windsor, Ontario, Canada, is looking for its first space in Miami-Dade and Broward.

At last week’s NRFtech event in California, the idea that it takes so much more to keep up with the accelerating pace of change was a common theme. The other side of that is how important it is to also keep an eye on what’s coming. So it was with an optimistic eye on what’s possible that four innovators took the stage at the event to talk about a few things they believe are shaping the future of retail.

**PREDICTIVE ANALYTICS WITH ARTIFICIAL INTELLIGENCE**

Coldlight Solutions’ Rob Patterson told retailers that analyzing historical data can only take you so far. Patterson said that bringing together artificial intelligence and data makes it easy to understand market trends, keep inventory stocked and even target individuals with offers that will appeal to them. Perhaps most powerful is how these technologies give decision-makers key information.

“This makes things available to more people, to run prediction models and simulations without a line of code. You can put it in the hands of people who make decisions,” Patterson said.

**COMPUTATIONAL IMAGING AND DATA VISUALIZATION**

With computer vision, retailers do things like count crowds, analyze traffic patterns and time in store to adjust merchandising layouts and staffing needs. Prism Skylabs’ Steve Russell showed how computational imaging takes those insights to another level. With high resolution, enhanced images, managers can monitor not just stores, but individual fixtures to inform visual merchandising decisions. And especially important, the technology can completely remove people from video images to comply with privacy laws. With slick data visualization capabilities like heat maps, a lot of complex data can be put in the hands of store managers in a simple, actionable way.

**PROXIMITY AND BEACON TECHNOLOGY**

Some retailers have experimented with beacons (tiny wireless devices that broadcast radio signals to smartphones) to send customers messages or targeted offers directly to customers’ smartphones when they’re nearby. But Dave Matthews, NewAer founder and CEO, describes his technology as planting “cookies for the real world,” enabling phones to pick up not just beacons, but any radio signal (Wi-Fi, Bluetooth, NFC, etc.) and submit an action based on that location. This can take the form of store kiosks that present personalized offers as customers walk by or your phone suggesting you meet a friend for ice cream in a nearby shop because you both happen to be in the neighborhood.

**SUPERCHARGED OMNICHANNEL LOYALTY**

Lots of retailers have loyalty programs, but gathering customer data in one central place to understand customers is still a challenge. 500Friends’ Arif Damji described the power of aggregating all customer data, from points of sale, e-commerce platforms, mobile platforms, CRM and social networks to offer more personalized experiences for customers at the right time, on the right channel and with the right message.

“This more retailers are seeing the value of connected data, so soon it’s going to be an expectation – not differentiator,” Damji said. The presentation of these technologies instigated a lively discussion among the attendees about retail priorities and protecting customer privacy, among other issues, but these are no doubt four things that retail technology leaders will be keeping their eye on.

Change happens fast in retail, and while it’s exciting and absolutely necessary to look to the future, nailing the basics like search engine optimization and e-mail marketing are more important than ever.

On average, retailers are seeing nearly 30% average year-over-year growth in online sales. But with devices of every size, changes from Google in search and e-mail, and customers shopping across devices (and expecting personalization on all of them), executing on the basics takes more than it used to. Still, the report revealed that search and e-mail remain the two most successful marketing tools in a retailer’s toolbox.

SEARCH ENGINE MARKETING IS THE MOST EFFECTIVE CUSTOMER ACQUISITION TACTIC.

The majority of retailers in the SORO Marketing report said that search engine marketing was their most effective customer acquisition tactic over the past year. Retailers are investing more in paid search than other tactics. Why? Because when done right, it works. But with Google’s search algorithms changing in recent months, SEO can be difficult, making it critical to stay up to date.

E-MAIL MARKETING IS STILL THE BEST TOOL FOR CUSTOMER RETENTION.

E-mail still reigns supreme when it comes to inexpensive and highly effective techniques. As the report states: "In spite of e-mail’s reputation as an antiquated form of communication less frequently used by young consumers, it has proven staying power." And with retailers reporting 42% of e-mail opens on smartphones, mobile optimization is a key area of focus.

MOBILE IS A TOP PRIORITY FOR MOST RETAILERS.

With reports of smartphone revenue growing 113% from 2012 to 2013, more than half of retailers stated mobile initiatives are a top priority. That means site optimization for mobile and responsive design are key tactics that retailers need to master to be relevant to mobile savvy customers.

In short, to move the needle on online sales, it’s critical that retailers are performing in the areas that are most essential, including SEO, mobile and e-mail optimization.

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