

IT Retail: Rosy Road Ahead

In recent years, India's retail market has begun to reach a much more advanced stage of maturity in the main urban areas of the country.

The Indian retail market, the fifth-largest retail destination globally, has been ranked as the most attractive emerging market for investment in the retail sector by AT Kearney's eighth annual Global Retail Development Index (GRDI), in 2009.

Further, organised retailing is growing at 50–55 per cent in small towns compared to 30 per cent in large cities. According to the estimates by Ernst & Young, while there were some 50 superstores (includes malls and hypermarts) in 2006 and this figure is likely to quadruple to 220 by end-2007. Organised retail is expected to grow four-fold from \$7 billion to \$30 billion by 2010. "12 million retail outlets make India the most exciting retail destination in the world and by 2011 it is projected to reach 18 million. Of this, 3 million outlets have enabled automation in one form or the other," says P. B. Ganesh Kumar, Senior Manager – Retail Technology Products, TVS-E.

TVS-Electronics firmly believes that there is an increased mindset with the Indian retailer on the "Willingness to Automate".



Kumar Vembu

Founder & CEO, GoFrugal Technologies

The technology empowerment and the retailer's mindset are the core drivers to increase the penetration of automation. The diversity in the Indian retail formats is unique to its customer clusters and requires customised technology offerings both in terms of hardware and software. 50 per cent of the Indian retail outlets operate on a floor space ranging from 350 sq.

ft. to 500 sq. ft. This implies that the space occupied by the billing counter should not exceed 25 sq. ft. and hence there is a need for a compact automation device.

With a huge talent pool and a potentially large domestic market, the prospects for retail's expansion seem buoyant. India has a population of 1.2 billion, of which over 50 per cent are said to be under the age of 25 and constitute 29 per cent of the country's urban populace. Existing indigenous retail giants, Pantaloon and Shoppers' Stop are focussing on reformatting their business. International players are also looking to capitalise and leave their imprints on the Indian landscape. US-based company Wal-Mart has already tied up with the Bharti Group and is establishing its position in the country. The Bharti Group is expected to invest \$2.5 billion by the year 2015 to open a chain of hypermarkets, supermarkets and convenience stores across the country. And, the Dubai-based Landmark Group is revitalising and expanding its operations with its Max Retail Lifestyle stores, which are targeted to touch 100 in number by 2011.

The overall market size for Retail Technology products in India is expected to be at Rs.850 crore, which includes POS Peripherals, POS Printers, POS Systems, Auto-ID Products, Electronic Cash Registers, Weighing Scales and Currency counters.

"Retail business is huge in India and is showing a steady growth rate. With the growing malls and LFRs, the business is going to grow further," says Albert Tung, Managing Director, ASUS (India).

"There are four different opportunities for IT vendors in retail. They are supplying IT hardware, and networking, IT software solutions, IT consumables and service. Currently, even a small retailer has to deal with between 3 to 10+ vendors for his IT needs because not many

vendors are focussed on offering complete solution to micro, small and medium retail," says Kumar Vembu, Founder & CEO, GoFrugal Technologies.

"It is very hard to measure the size of the market because it is highly fragmented now and also because there is a wide range of price points in the market, due to the lack of standardisation of value offered. Anyway, I will offer my guess on the market size, based on our experience working in the market. The total size of the IT software solutions market with the micro, small and medium retailer, in our estimation, should be more than Rs.1,000 crore per year. This includes the licensing, deployment and the maintenance services. Due to the modernisation of retail, more and more retailers are deploying IT solutions and upgrading their IT solutions for increased benefits. So, the market is growing at 30+ per cent per year now. We expect this growth to continue over the next 3–5 years," says Kumar Vembu.

Asus has entered into the retail segment with its consumer products, predominantly notebooks, netbooks and PDAs. "We are looking at expansion in the retail segment and tapping more LFRs to stock our products," says Albert Tung.

"Our consumer products, predominantly notebooks, netbooks and PDAs are selling through retail networks. The experience so far has been good, but we are looking forward to expanding our sales volume in the retail segment," says Albert Tung.

TVS-E is on a complete transformation path to emerge as the No. 1 Retail Technology brand in India. "Our approach to retail business dates back to 1999 and we have been constantly evolving the right business strategy to ensure we deliver a good brand value. As an organisation committed to the highest standards of professional excellence, our businesses have been always driven through co-creation," says Ganesh Kumar. He adds, "Our journey in retail has gone through lots of in-depth understating of the Indian retailer."

"Our business approach in retail is to offer complete solution to the Indian retailer. We are the one-stop solution provider for all Retail



Albert Tung

Managing Director, ASUS (India)

Technology needs," says Ganesh Kumar. TVS-E has customised a complete range of products under the brand IndiPOS. IndiPOS represents a true reflection of the Indian retailer. "Our products have been designed to work in the most challenging Indian retail conditions which are prone to dust and voltage fluctuations," says Ganesh Kumar.

TVS-E has a new retail range of products under the brand IndiPOS. The IndiPOS range of products includes POS printers, scanners, electronic cash registers, POS systems & terminals. With the recent addition of POS thermal paper rolls, TVS-E is committed to provide a complete end-to-end solution in the Point-of-Sale space. "The brand IndiPOS represents a true reflection of the Indian retailer," says Ganesh Kumar.

TVS-E has an exclusive sales force for Retail Technology products based in 15 major towns in India and they are ably supported by an 8-member Tech support team for pre-sales activity.

TVS-E strength has always been on the service. With this inherent philosophy, it is our endeavour to provide good service support to our customers in retail. We will be shortly launching a new service programme exclusively for Retail Technology printers which will ensure "warranty replacement turnaround time" of four hours in top 8 towns in India and same business day replacement in the next 25 towns.

Our approach to Retail Technology business is completely devoted towards Retail Accounts which are categorised as local, regional and national. Together, we have an exhaustive coverage of 2,000 Retail Accounts countrywide. To fulfil the orders of these customers, we have an



P. B. Ganesh Kumar

Senior Manager – Retail

Technology Products, TVS-E

exclusive V'POS Channel (Valued POS Partner) established who have their domain strengths in managing the retail accounts on an end-to-end basis. We have 227 V'POS partners with a pan-India presence.

GoFrugal offers business management solutions for retail, retail distribution and supply chain management. The solution addresses both the internal aspects of business like sales, purchase, inventory, accounts, MIS, CRM, etc. and also the external linkages a retailer has like the transactions with their suppliers, customers, partners, branches / HO, channel, etc. Basically, retail should use as much technology as banking, insurance and governance. But, in India, retail was lagging behind in the adoption of technology both to cut costs and to offer superior consumer experiences. "We spotted a great opportunity to leverage technologies such as Web 2.0, SMS, Internet, Mobile, etc. in addition to the auto ID, RFID, EAS, etc. to offer comprehensive solutions to small retailers. GoFrugal RayMedi solutions fill this void to address the needs of the micro, small and medium enterprises in retail starting with an independent retailer with one store to a retail chain with hundreds of stores," says Kumar Vembu.

"Since our founding in November 2004, we have addressed the needs of 45+ retail segments such as supermarket, garment, pharmacy, mobile, computer hardware, restaurant, auto parts, electronics, etc. GoFrugal solutions are made for each of these 45+ businesses, offering in-depth understanding and automation of each one of these businesses. GoFrugal has 10,000+ customers all over India and have many long- standing

and reputed retailers as our reference customers," says Kumar Vembu.

In an attempt to enrich its retail presence, MSI has tied up with large format retail chains, including Croma, Reliance Digital and Big Bazaar across several cities.

Under the retail push, MSI will display its notebooks in the dedicated MSI-branded counters of the LFR stores. Moreover, customers will be able to browse and access detailed product literature, while trained personnel will be at hand to explain product features and help customers derive an "MSI experience" before making their purchase decision. Tony Yang, MD, MSI India, said, "The LFR stores will bring new availability for MSI's industry-leading notebooks to a wider consumer base. They will help buyers make more informed decisions by acquainting them with the capabilities and unique features of the different models."

MSI had initiated their LFR programme on a pilot basis with 30 Croma stores across major metros, last month. This arrangement is now expanding to more than 43 stores across 10 cities, including Delhi, Mumbai, Cochin, Ahmedabad, Chennai, Bangalore, Hyderabad, Gurgaon, Ghaziabad and Rajkot. MSI will be retailing the stylish and award- winning X-Slim series of notebooks as well as their Classic series through the Croma outlets.

Further, MSI has already begun rollout of similar retail programme through Reliance and Big Bazaar stores. MSI notebooks are available at more than 20 Reliance stores across ten cities, and another 21 Big Bazaar outlets in Delhi, NCR and Mumbai. The ultra-light U-series netbooks are placed in the Reliance Digital and Big Bazaar outlets.

Johnny Lin, National Product, Sales and Marketing Manager for MSI India, informed that similar tie-ups with other retail chains were on the anvil. "The tie-up with these large retailers will strengthen MSI presence in India. The brand aims at leveraging an environment where the customers can have a first-hand experience of MSI latest technology before buying it. Similar kind of tie-

ups will be rolled out with more outlets within the next six months," said Lin.

The MSI retail outlet programme is driven by increasing consumer demand and is part of the company's commitment to the Indian market. Some months ago, MSI had established its first branded retail access point for its entire range of laptops, in Delhi's IT trade hub – Nehru Place market – in collaboration with its

channel partner Sun Computers. That arrangement is also being expanded with the coming up of another branded retail point in partnership with Technology Next.

Further, the MSI retail outlet programme through LFR chains and co-branded individual stores will expand the number of customer access points in India from 90 today to about 300 by the end of 2010. ■

MK Ahmed Group, founded by M.K. Ahmed & Sons in 1927, is one of the leading retail supermarkets in Bengluru. Established by Abdul Rahman, they have over 11 stores spread across Bengluru and several other stores overseas. MK Ahmed Supermarket is one of the largest retail supermarket chains with ambitious expansion plans pan India.

Requirement:

- MK Ahmed Supermarket realised that though the customer likes spending long hours shopping, he expects quick checkouts. Hence, billing counters efficiency is extremely crucial.
- During the peak hours, all the counters are occupied with a queue of 5~10 customers per counter. Also, an average bill has a minimum of 10 items. Hence, quick billing is extremely important to enhance the shopping experience.
- Every day, at least 3,000 customers visit the store. Maintaining customer records (for customer loyalty programmes), system networking and prompt service also becomes equally important.



With such demanding customer needs, it was important for MK Ahmed Supermarket to choose –

- o A brand that was reliable, that provided efficient systems and quick billing.
- o A brand that would provide service 24X7.

The answer to all this was TVS-ELECTRONICS (TVS-E).

Solution Provided:

TVS-E customised a solution especially for MK Ahmed Supermarket to address all their pain points. The solution included an ATOM processor-based Modular.

POS system with Thermal Printers (RP-3150 that can print over 48 bills per minute), Omni-Directional Scanners (BS-L301 Gold with a scan speed of over 1,400 scans per second), TVS-E Gold keyboards (the most selling keyboard of India), a 15" TFT screen (for wide viewing and transparent operations), Customer Displays (PD-220 VFD to display the current discount offers), and other peripherals like cash drawers for security. With this complete range of products and comprehensive service offering – ALL UNDER ONE ROOF, TVS-E became the "one-stop solution" provider to MK Ahmed Supermarket.

Benefits:

- Long queues of customers were taken care of by implementation of the latest technology and systems that were user-friendly, hassle-free and extremely efficient.
- The solution to multiple vendor management was resolved with the entire POS billing system being provided by TVS-E. This ensured smooth operations in contrast to their earlier problem of maintaining multiple companies' products.
- With TVS-E's 400+ service network, hardware support and 24X7 maintenance was never a problem for MK Ahmed Supermarket.

Nasir, Director, MK Ahmed Supermarket, says, "We are very happy with the TVS-E products and services. TVS-E has always been known for their service excellence and they have truly lived up to the expectations set. We plan to open up more stores in the months to come and TVS-E is our preferred choice for POS systems and POS peripherals."