

BRICKS CLICKS WHAT'S STORE

Brick-and-mortar retailers are strengthening their online presence to take on e-tailers. Will they succeed?

By AJITA SHASHIDHAR



time," says Sawlani of AND Design.

To add to the woes of brick-and-mortar retailers, they do not have the kind of financial backing that their online peers have. "The fact that the likes of Snapdeal and Flipkart are able to offer such crazy discounts and set up the logistics chain is because they have the luxury of burning private equity money," says Chopra.

Perishable Merchandise

Though an omni-channel presence is getting increasingly important for retailers across the board, the going will be very tough for food and grocery brands. "The big challenge would be handling supply chain and logistics as the category consists of a large amount of perishables. Neither the retailers nor the logistics providers are equipped for it," says Peshwa Acharya, former marketing head of Reliance Retail. Agrees Dave of Ambit: "Imagine delivering eggs or seafood to a home. That introduces a completely different element. You can't imagine the complexity in terms of inventory management, sourcing, and supply chain."

Says Khattar of Godrej: "We are not going to sell cold cuts, cheese and wine on Snapdeal. However, we do sell them on our own platform as that caters to a much smaller geography and we are able to handle the supply chain and logistics." Similarly, Shaswat Goenka, Sector Business Head, RPI Retail (Spencer's), says that considering the challenges of online grocery and food retail, his priority will be to first focus on the profitability of his brick-and-mortar stores before venturing into online food and grocery retail. "The logistics issues in online retailing kill the business," he says, adding that work is on to get the company future-ready with the launch of Spencer's Retail mobile app that would tell customers how far the nearest Spencer's outlet is and the best deals available at the stores. "The idea is to enhance customer service and win their loyalty before introducing newer platforms," he says.

Retailers must also keep in mind the kind of merchandise that they offer online. Though Blyuni says that 70-80 per cent of his food offerings on the omni-channel platform will be private brands, Acharya says offering one's own brand of jam, biscuits, butter or wheat flour on the online platform will not work. "Retailers have to think out of the box and have to come up with differentiated products, ideally products that consumers will not find anywhere and would be willing to pay the premium for."

For example, Tesco Online in the UK gets a substantial chunk of revenue from its e-commerce platform. Apart from the regular branded products that Tesco sells, it also sells a large offering of gourmet food and wines under its own brand, which has a huge following. "A large part of Tesco's online sales come from these differentiated offerings. The Indian food and grocery retailers have to differentiate in order to be successful," he explains.

For Acharya, food and grocery retail is the holy grail of online retail. "Once it is cracked, it will be a cakewalk for

REVERSE TREND: Why online retailers are also in a hurry to set up physical stores

The online retail onslaught has convinced Indian brick-and-mortar brands to experiment with business models even though the market is just two per cent of the organised market in India. While offline stores are reinventing themselves, online retailers are investing in brick-and-mortar retail formats.

Online majors are increasingly feeling the need for physical experiential stores where consumers can feel the product - something that is missing on the platform. The 300-400 sq. ft. retail stores are offering an experience of the product, while payment formalities are handled online. Precious jewellery brand BlueStone, for instance, has invested in three stores in Mumbai, Delhi and Bangalore to open many more. "Jewellery being a big-ticket item, we found that a lot of our customers were not taking decisions online without physically touching the products," says Gaurav Kushwaha, CEO, BlueStone.

Online furniture seller Pepperfry.com is also investing in offline centres. The retailer opened its first physical store in Mumbai last year, with 16 more lined up for next year. The physical store, points out Ashish Kulkarni, founder, Pepperfry.com, has a team of four stylists who help buyers custom-make the piece of furniture they have seen online to suit their needs.

Similarly, custom-made shirt brand Bombay Shirt Company, which started as an online store a few years ago, is seeing a demand from its customers wanting to touch and feel the fabrics. "Initially, we used to send cuttings of fabric, but soon realised it wasn't viable," says Akshay Kulkarni, founder, Bombay Shirt Company. The second challenge is getting the right measurement. The retailer, therefore, is creating physical stores where people can not only feel the fabrics but also get the tailor to take measurements to ensure customers get the perfect fit.

the other verticals," he adds. Life will continue to be challenging for brick-and-mortar brands, but they can act together or risk losing the share of the market as well as footfalls to their online peers. "Through the cycle where the customer has matured, retailers are up with a generation who want to shop at Jabong or Snapdeal for the discounts they offer. They are a set of more sophisticated customers who will be willing to shop and spend online at offline stores," says Rastogi of General Atlantic.

Till then, the challenge for brick-and-mortar retailers is to help consumers develop both online and offline loyalty for their products by providing better experience and improved services. ♦

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