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With the growing awareness and brand consciousness amongst people across different socio-economic groups in India, the urban and semi-urban retail markets are witnessing significant growth. The concept of shopping has undergone a tremendous change in the country today, in terms of sales format and consumer behaviour. It has initiated a revolution in the retail industry. Modern retailing has entered the Indian market with the presence of huge shopping centres, and multi-storeyed malls and complexes that offer shopping, entertainment and food all under one roof.

According to a recent report by the Associated Chambers of Commerce and Industry of India, India ranks third in retail marketing amid BRIC nations and has experienced an overall growth of 15 per cent annually. The growth has been attributed largely to the increased penetration of up to 65 per cent in the online retail category and has added 53.4 million visitors a month. All the retail categories have contributed to the increase in transaction-conversion rates along with the growth in visitors. Among the various retail segments, apparels have shown the strongest performance with 66 per cent of the total sales, followed by cosmetics and fragrances growing at 12 per cent.

The demographic change in India has been favourable for the growth of retail as 75 per cent of online e-commerce audience is aged between 15 and 34 years. In addition, incomes in the semi-urban segment have increased and so have the demands and aspirations. In order to benefit from the growing demand in the sector, retail majors have integrated the best technological practices into their businesses. Information technology (IT) has become the key enabler to improve customer satisfaction and operational efficiencies and thereby, increase the profitability of the businesses.

The increasing globalisation of retail, both in terms of point of sale and point of supply, has led to a significant increase in the IT and telecom spending by retail companies trying to deal with competition. Further, with the growth in sales, the expansion of operations has led to multiple regional warehouses, offices and retail outlets. In such a situation, IT and telecom have become the backbone of operations such as calculating the daily turnover at each outlet and transmitting the information to the head office, and updating information about the products that are

witnessing higher sales across various regions and outlets. Many issues such as stock availability and transportation of products from one store to another are being resolved by the appropriate use of technology.

The penetration of IT and telecom in the sector can be felt by the increased use of software applications and systems to achieve greater customer satisfaction. These days, the majority of large retail houses use enterprise resource planning (ERP) to integrate financial and customer information. Retailers have now moved ahead to adopt customer relationship management (CRM) systems and business intelligence tools to improve customer profiling, develop simpler detection value models for customers, and to measure the success of the retail major in satisfying its customers. Radio frequency identification (RFID), electronic data interchange, and various data mining technologies have enabled retailers to radically change the way they carry out business and have helped them achieve increased supply chain efficiency in terms of labour cost reduction, inventory accuracy and increment in order fill rate. Point-of-sale and warehouse management systems, which already existed in the sector, have also been put to better use in daily operations. A key emerging trend is that of big data analytics. In fact, big data analytics is slowly changing the dynamics of the retail industry. Going forward, it will lead to more focused offers, promotions, store merchandising and layout as retailers spend more time to understand shoppers' behaviour.

tele.net surveyed various retail companies to examine their IT and telecom initiatives over the past one year. Further, the latest technological advancements in the retail sector were also reviewed. The following questions were asked in the survey:

- What is the current status of your company's telecom and IT infrastructure?
- What are your current technology and bandwidth requirements?
- What are the various LAN and WAN technologies deployed by the company at its central/branch offices and retail outlets?
- What are the key concerns faced by the company with respect to telecom/IT infrastructure?
- How is your company planning to address these issues and concerns?
- Which applications (big data, ERP, CRM, field force management, sales force automation, etc.) have been deployed by the company?
- What part of the network infrastructure has been outsourced by the company?
- What are the key benefits and drawbacks of outsourcing your network infrastructure or IT operations?

Key technology and infrastructure needs

Retail operations, driven mostly by internal and external customer expectations, are very complex and demanding in nature. They require continual changes and improvements in the technology used for front-end (retail outlet) as well as back-end (head office) operations.

The Body Shop makes extensive use of internet telephony and web-conferencing to impart product and operational procedural training in a cost-effective manner by reducing travel expenses.

Jubilant Retail uses MPLS connections in all its offices and stores. The main hub has a primary and secondary link of 16 Mbps each and a third backup link of 4 Mbps, and each store and office is connected with 2 Mbps links. Meanwhile, Da Milano uses a 3 Mbps leased line.

In addition, these companies use a host of business applications such as ERP, point of sale (POS), CRM, e-commerce, etc., all of which rely heavily on IT and telecom systems for their smooth functioning. Jubilant Retail uses Infor (BaaN) ERP for back-end operations and it has also deployed Microsoft Dynamics AX 2012 as POS for billing use at one of its stores. The company uses Polaris RXL for POS billing as well. The Body Shop uses a POS application, which is hosted in-house for convenience billing, dynamic promotions and gift vouchers. Da Milano is using Wizapp for POS and inventory management systems and Tally for accounting. Shoppers Stop, too, uses ERP, supply chain management (SCM), CRM and Business Intelligence applications and it is planning to mobilise these applications on smartphones within the next two years. Nino Bambino has an inventory management system (IMS), which manages and tracks the company's stock and product supplies that are running low. In addition, the IMS helps managers track the number of items despatched to wholesalers and retailers.

LAN and WAN technologies

Retail companies deploy a host of LAN and WAN technologies at their central and branch offices and retail outlets. For instance, The Body Shop's in-house hosted data centre is backed by a dedicated fibre optic leased line to facilitate 24x7 remote connectivity of their stores, warehouses and e-commerce channels. The company's central warehouse is also connected through leased lines with additional broadband internet as the backup line. The Body Shop is also planning to introduce customised VPN data cards soon to connect officials when on roaming.

Da Milano, meanwhile, uses a normal DSL connection at its retail outlets and branches. Each store and branch office of Jubilant Retail is connected with 2 Mbps/4 Mbps on the MPLS network. For LAN, the company uses CAT-6 wiring and a Fortinet Wi-Fi device.

Nino Bambino currently uses a WAN for meeting its connectivity requirements. Bharti Airtel offers ISDN lines to the company's office, manufacturing units and warehouse. Nino Bambino uses broadband and email as the primary modes of communication for employees, designers and vendors, and employees use laptops and desktops at their workstations.

Service providers and vendors

Retail companies rely on a healthy mix of telecom operators and IT vendors to meet their communication requirements. These include Bharti Airtel, Sify, Tikona, Reliance Communications, Tata Communications, Vodafone India and Cisco.

Key issues and solutions

The limited budget allocation to IT departments is a key point across the board. This results in the deployment of asymmetric broadband connections at retail stores, which are inconsistent in terms of speed and latency and remote connectivity. In addition to this, companies in the retail industry have to use a host of application platforms, and this multichannel approach requires the specific attention of the company's IT team. Data backup is also a key challenge for IT administrators. Most of these companies have a pan-Indian presence and for this reason, bringing about seamless integration across systems in all of their outlets is a cumbersome task. This process could also expose platforms to external threats and attacks.

To counter most of these issues, The Body Shop subdivides the internet load between various applications. In fact, it is coming up with a separate lease line with bandwidth prioritisation. External storage drives are also being set up at retail outlets for successful back-up processes. Da Milano, meanwhile, is also looking for backup and mailing solutions. For mailing, the company is already coordinating with Cyberspace.

To ensure data security, The Body Shop uses hardware-based VPN to connect to its data centre resources using public internet. It is now coming up with VPN data cards for employees to get office resources on the move or at home under the company's internet usage policy.

As a security measure, Nino Bambino does not allow its employees to use external devices such as dongles and pen drives. It has also set up a strong server network to ensure that all computing devices run round the clock. It has a strong power backup system to ensure that the manufacturing unit is well equipped to run in as many shifts as required to meet the increase in orders.

Network infrastructure outsourcing

For most of respondents, the network infrastructure is handled by their in-house teams with very few operations being outsourced. Da Milano is one such company which uses its own staff. The Body Shop, on the other hand, outsources hardware and network AMC's to different vendors based on their domain expertise. However, it also has a dedicated and functional IT team to handle and manage POS, ERP, HRMS and e-commerce applications. Similarly, Jubilant Retail has installed firewall security configurations and outsourced its management.

One of the key benefits of outsourcing IT functions to third-party specialists is the freeing up of IT manpower to focus on other business criticalities and related bottlenecks. However, the lack of urgency in resolving problems is a common failing.

Big data, big gains

Greater competition in the market and the need to improve efficiencies is propelling large retail chains to adopt IT solutions like big data analytics to study consumer preferences and demand patterns. Big data analytics has helped several large online retail companies to increase their sales. For instance, about 31 per cent of e-commerce company Snapdeal's orders come through its analytics-driven systems. The company also states that every single decision it makes internally is based on analytics.

Shoppers Stop is another company that has gained significantly from big data solutions. It adopted big data analytics solutions three years ago when it studied the buying patterns of members of its loyalty programme, First Citizen. Based on those insights, it developed targeted promotions for trousers. This led to around Rs 100 million worth of additional sales in a three-week period for Shoppers Stop. Big data analytics is now a crucial part of the company's strategy. HyperCITY Retail (India) Limited, the hypermarket arm of Shoppers Stop, runs 10-15 targeted campaigns each month based on insights from data for its Discovery Club members. It expects to get at least 3-4 per cent incremental sales purely from these promotional campaigns.

Companies across the retail industry, including Da Milano, Dominos, Sarvodaya Super Market, Aditya Birla Retail Limited, Trent Hypermarket Limited, V Mart Retail Limited, eBay India, Titan Industries and Jubilant Retail, are adopting big data solutions in significant proportions to improve their sales.

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