

# RETAIL ROUND-UP

Analysing 2018 And Predicting 2019

## DISSECTING 2018

### THE GOOD...



Major moves that paved the way for future<sub>1</sub>

- **INVESTMENT GALORE**  
Cumulative FDI inflow reached **US\$ 1.42 billion** between April 2000 and June 2018
- **EASY CREDIT**  
Innovative credit offerings from financial organisations amplified the sales of high value durable products
- **MORE SPACE**  
Space demand increased at the rate of approx. **81%** to **7.8 million sq ft**
- **POLICY MAKEOVER**  
GST saw more acceptance and deeper implementation

- More than **500 stores** have been shut in the last couple of years by brick and mortar retailers
- Aditya Birla Fashion and Retail closed **189 exclusive brand outlets**
- Coffee Day Global shut **120 stores**
- Trent Hypermarket, a joint venture between the Tata Group and Tesco shut all its **20 loss-making Star Daily stores**
- Benetton India rationalised its network of stores and closed down **56 stores**
- Raymond shut **30 loss-making stores**
- Shoppers Stop shut **5 stores**
- Costa Coffee shut **35 stores** and Barista shut **40 stores**
- Amazon India losses go up **30%** to Rs **6,287 crore**
- **50 million** ecommerce shoppers drop out after first purchase

### The Bad...



Headlines which shook the retail world<sub>(2,4&5)</sub>

### But Not All Doom & Gloom...<sub>(1&3)</sub>

India ranked **1<sup>st</sup>** in the global retail development index 2017

India is the **5<sup>th</sup>**-largest global destination in the retail space

Indian retail attracted **Rs 9.5 billion (US\$ 147.40 million)** investments in FY18

Centre approved **100% FDI** in single-brand retail via automatic route

Retail industry accounts for over **10%** of India's Gross Domestic Product (GDP)

Retail industry is responsible for around **8%** of the employment in India

## PEEKING INTO 2019

Headlines which are redefining the future<sub>(6)</sub>

- Indian retail going omni-channel, tying up with foreign players for expansion
- Alibaba eyes JV with big Indian companies; in talks with RIL, Tatas, Future Retail
- Jeff Bezos may team up with KM Birla to counter Reliance and Walmart in retail
- Walmart is now the largest shareholder of Flipkart
- Walmart India to open 50 best price stores in five years

### Market Predictions<sub>(1)</sub>

- By 2020, market size expected to increase by **60%** to reach **US\$ 1.1 trillion**
- By 2020, overall retail market is expected to grow at **12% per annum**
- By 2020, modern trade would expand twice as fast at **20% per annum**
- By 2020, traditional trade to expand at the rate of **10%**
- By 2020, total consumption expenditure is expected to reach nearly **US\$ 3,600 billion**
- By 2023, online retail is expected to be **at par** with the physical stores
- By 2025, India's e-commerce business is poised to touch **US\$ 1 trillion**
- By 2026, e-commerce sales are expected to reach **US\$ 200 billion**
- By the end of 2018, luxury market expected to reach **US\$ 30 billion**, from **US\$ 23.8 billion** in 2017

### Growth Catalysts

- Rising incomes
- Lifestyle changes by middle class
- Higher purchasing power of the upper class in tier 2 & 3 cities
- Increase in digital connectivity
- Growing exposure of international brands
- Rising need for consumer goods in multiple different sectors

### Trend Watch-Out

- Experience to sell more than products (Rise of 'retailtainment')
- Facebook messenger bots will sell more
- Online to offline omnichannel blend to thicken
- E-commerce to become hyper-personalised
- Subscription-service rental market to sprout
- Sustainable & socially responsible practices to see increased adoption
- Increased focus on instant gratification and real-time response
- Automation-led self-service counters will continue to excite
- AI will strengthen its stance as practical retail tech
- IOT to see increased adoption & to come closer to affordability bracket
- Augmented reality adoption to increase

### Sources:

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