PRAXIS
GLOBAL ALLIANCE

INDIAN RETAIL

Navigating the Perfect Storm - Unprecedented Opportunities Amidst Underlying Turbulence

Report
2024

IndianRetailer.com

Retailer

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Foreword

The Indian retail and licensing sectors are experiencing an era of profound transformation, fueled by rapid digital advancements, a burgeoning consumer base, and a dynamic shift in brand innovation. As players explore new growth avenues, understanding the evolution of the retail landscape is paramount for success in the highly competitive Indian market. Despite recent global uncertainties and sector-specific challenges, Indian retail continues to demonstrate resilience, with promising prospects for growth and innovation. Recent quarters have seen a slowdown in consumer spending, influenced by macroeconomic factors and shifts in consumer behavior. This slowdown demands that brands remain agile, adjusting their offerings and value propositions to meet shifting consumer needs while ensuring affordability and relevance.

In this whitepaper, we explore how changing consumer behavior, technological integration, and evolving retail models are reshaping the industry. From the rise of e-commerce and experience-driven models to the adoption of digital technologies, retailers are rethinking their strategies to stay relevant and deliver enhanced value to consumers. This transformation presents both challenges and unprecedented opportunities for brands, retailers, and enablers.

This dynamic evolution is not just about meeting consumer demand but about fostering a culture of innovation, sustainability, and value creation. Retailers, supported by a robust ecosystem of partners and enablers, are setting new benchmarks in customer engagement and operational excellence.

In this whitepaper, we delve into key themes shaping the industry. As retailers navigate evolving consumer behaviors, they are increasingly focusing on harnessing data-driven insights to personalize offerings, elevate customer experiences, and optimize their operations for a competitive edge. At the heart of this transformation is digitalization, which has revolutionized both retail operations and direct-to-consumer (D2C) commerce.

We hope this whitepaper provides valuable insights into the evolving landscape of Indian retail and licensing. With robust growth potential, a highly engaged consumer base, and opportunities for innovation, the sector stands poised for a future defined by transformative partnerships, strategic digitalization, and a commitment to creating impactful, consumer-centered experiences amidst new challenges and emerging opportunities.

We, at Praxis Global Alliance, look forward to continuing this discussion and exchanging notes with various industry participants that are fueling the growth of this sector.

Madhur Singhal
Managing Partner,
Praxis Global Alliance

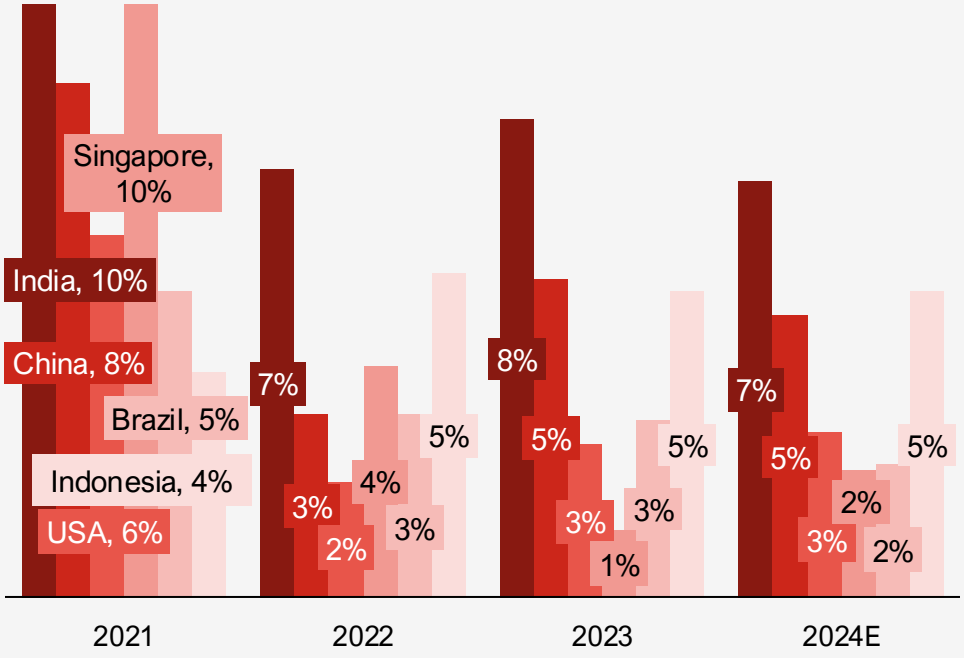
1

Indian consumption growth and retail opportunity

India is gaining power on the world stage and is set to become the third largest economy by the end of this decade

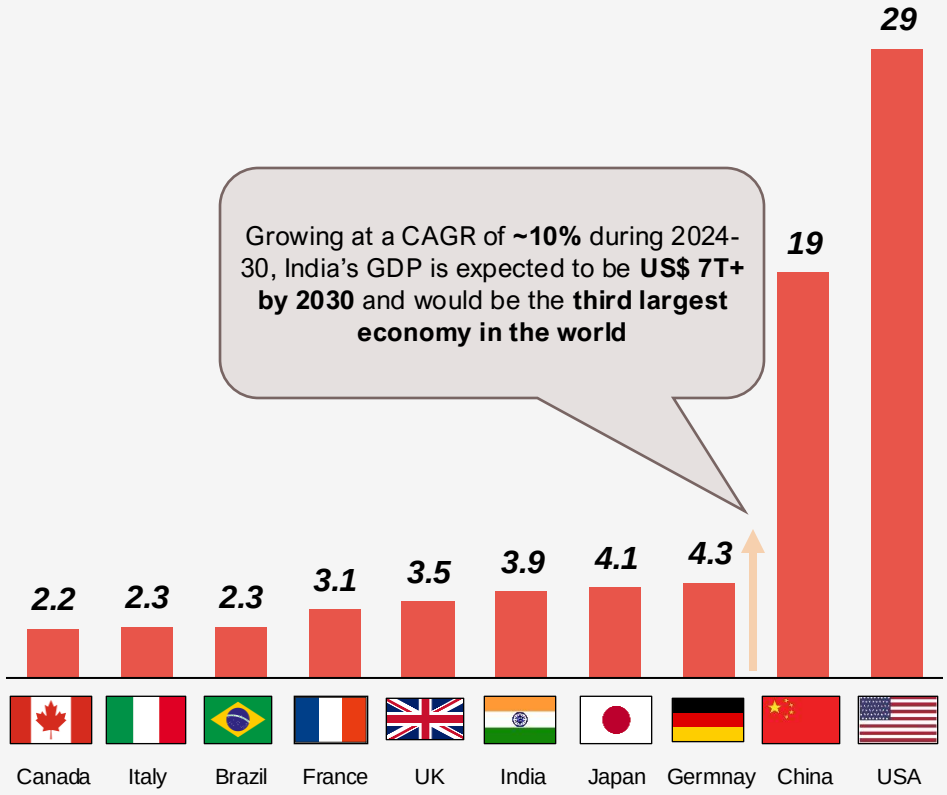
Indian economy continues to be the fastest growing major economy post COVID

Real GDP growth of key global economies
(%, 2021-24E)



India GDP expected to reach US$ 7T+ by 2030 growing at CAGR of ~10%

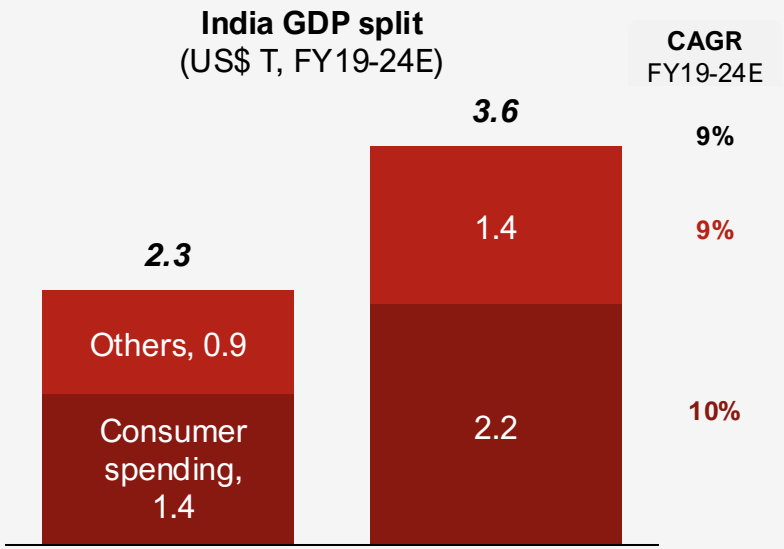
Evolution of India's GDP during 2024-30 and top 10 nations by nominal GDP in 2024
(US$ T, 2024E)



Source(s): World Bank, IMF, Praxis analysis

Consumption story continues to remain strong driven by structural growth drivers

Consumer spending per capita is expected to grow faster than GDP per capita



	FY19	FY24E	CAGR FY19-24E
Consumer spending per capita (US$)	988	1,508	9%
GDP per capita (US$)	1,666	2,498	8%
Consumer spending as % of GDP	59%	60%	

Income growth, urbanization and evolving attitudes are the major reasons for increase in consumer spending

Income growth
- GDP per capita growing at **8% CAGR** (FY19-24E), leading to greater disposable incomes

Increase in urbanization rate in India
- By 2030, **40% of Indians will be urban residents**
- Rural per capita consumption would grow to **4.3 times by 2030**, compared to **3.5 times in urban India**

Technological innovation in consumer products, higher internet penetration

Strong local consumer ecosystem and evolving consumer attitudes
- Millennials and Generation Z would form **77% of India's population by 2030** and will become a major consumption pool

Favorable demographics and increasing female workforce participation
- Working-age majority with a median age of **31 in 2030** (versus 42 in China, 40 in the US)
- Female workforce participation **rose from 25% to 37%** between 2019-23

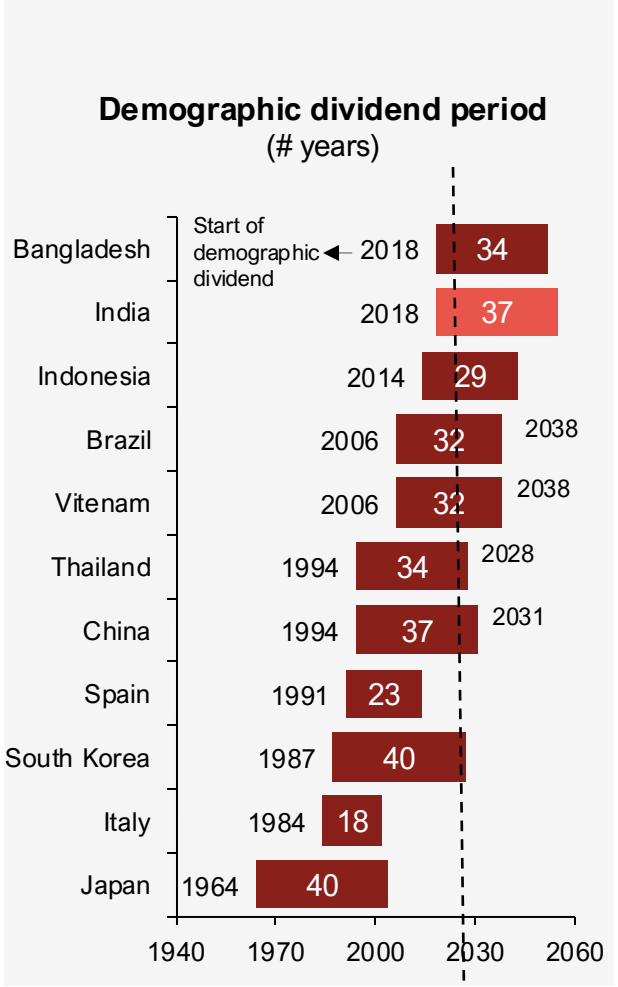
Regulatory support
- Policies such as **Atmanirbhar Bharat Abhiyan** and **Make in India**

Consumer spending on categories
- Consumer spending on food, housing, apparel, transport, communication and personal care is expected to **increase by ~2x by 2030**

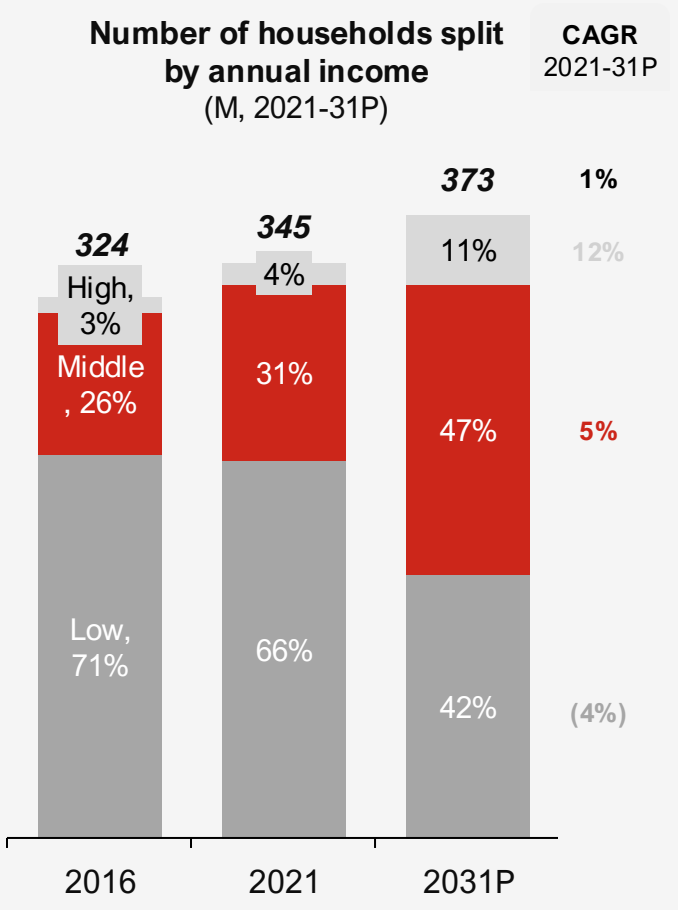
Source(s): Economic Survey of India, IMF, Secondary research, Praxis analysis

Large middle class and increasing urbanization key structural drivers for steady growth

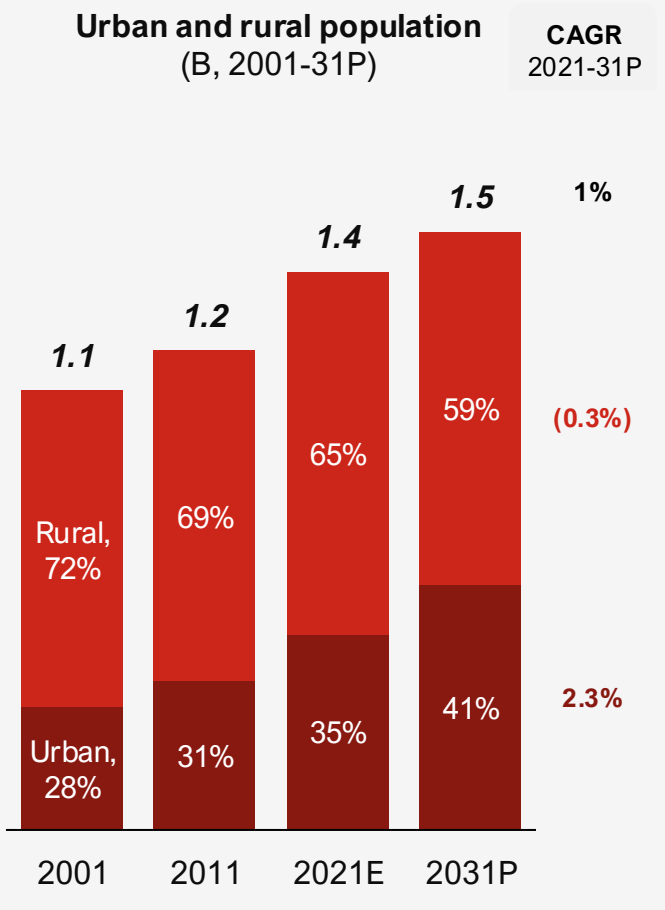
India → Starting next wave of demographic dividend



~20% population will move up from low income strata → Higher domestic consumption



~40% of population to live in urban areas



Note(s): Annual household income - Low: < INR 5 LPA (US$ 6.1K), Middle: INR 5-30 LPA (US$ 6.1-36.5K), High: > INR 30 LPA (US$ 36.5K); US$ 1 = INR 82; Avg household size taken as 4.1; 2015-16 income data taken for 2016; 2020-21 income data taken for 2021; 2030-31 income data taken for 2031
Source(s): Census of India, PRICE's ICE 360 surveys, MoSPI, Press reviews, Praxis analysis

Retail in India: Harnessing opportunities amid underlying turbulence

Retail in India

Offline retail

Grocery

General Trade

Kirana stores

Vendors / Hawkers

Supermarkets

Hypermarkets

Apparel, footwear & accessories

Organized MBOs

Organized LFS

Organized EBOs

Unorganized MBOs

Appliances & electronics

Organized MBOs & LFS

Organized EBOs

Unorganized MBOs

Health & beauty

Pharmacies

Unorganized beauty product stores

Organized beauty product MBOs & EBOs

Home products

Organized MBOs

Organized EBOs

Unorganized home products retailers

Others

Jewelry

Watches

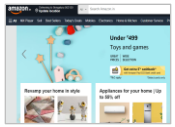
Books

Sports equipment

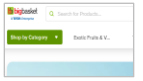
Other goods and products

Online retail

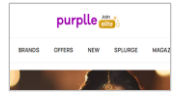
Horizontal marketplaces



Quick commerce



Health & beauty



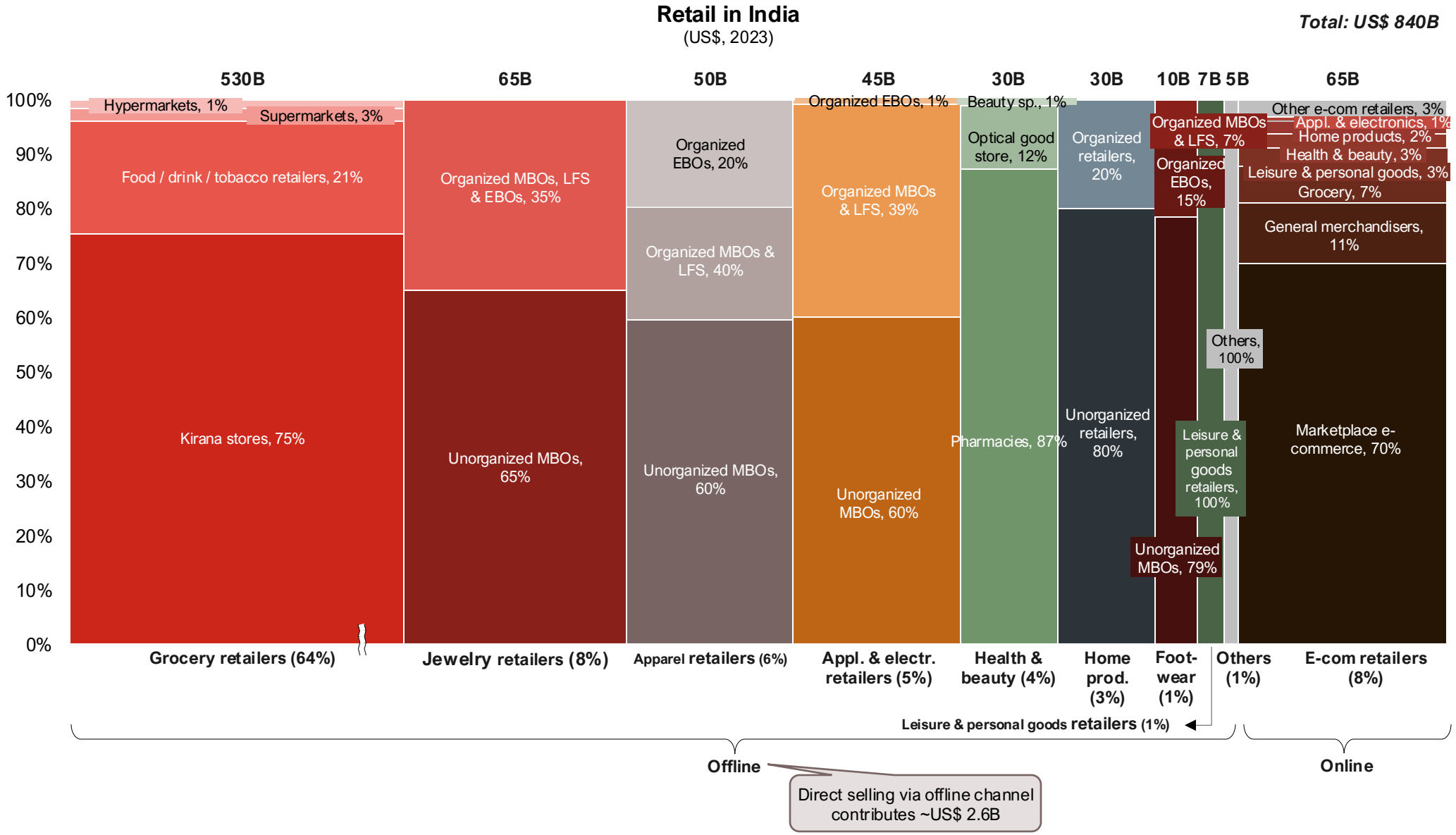
Apparel & footwear marketplace

Other vertical marketplace

D2C model

Note(s): Leisure & personal care includes jewelry & watch specialists, sports goods stores, bookstores & stationers, toys & games stores, etc.,; MBO refers to multi-brand outlet, EBO refers to exclusive brand outlet, LFS refer to large format store
Source(s): Praxis analysis

Retail represents an ~US$ 840B opportunity in 2023, of which offline commerce contributes ~92%

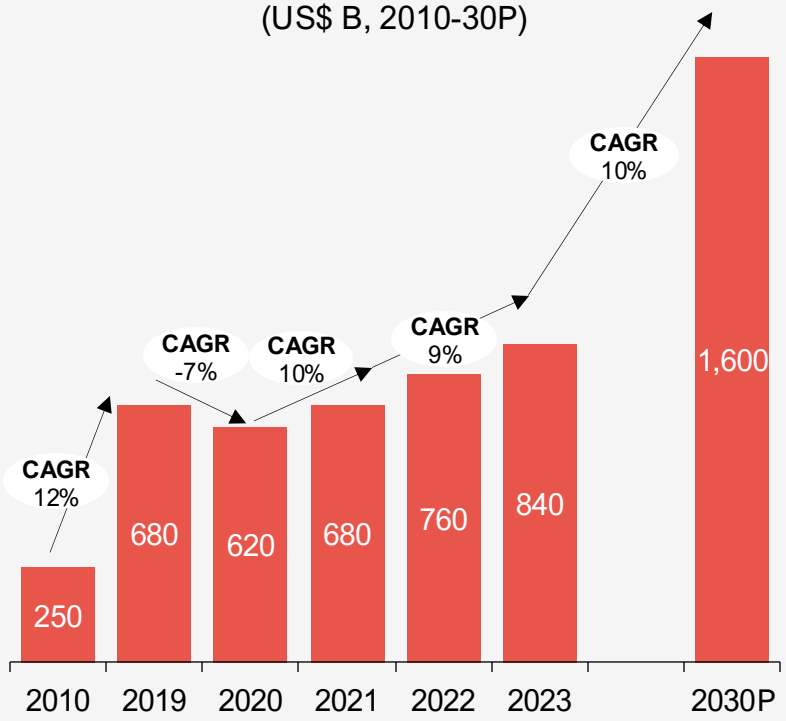


Note(s): Leisure & personal care includes watch specialists, sports goods stores, bookstores & stationers, toys & games stores, etc.
Source(s): Industry reports, Secondary research, Praxis analysis

India retail expected to grow at ~10% to reach US$ 1.6T by 2030

Retail in India is expected to be ~US$ 1.6T by 2030

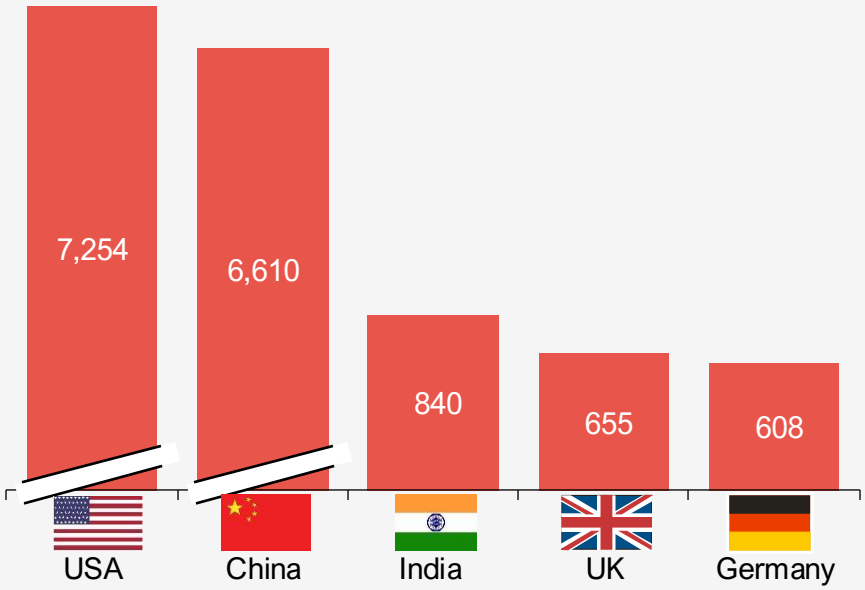
India retail size
(US$ B, 2010-30P)



Retail spending as % of GDP	15%	24%	23%	21%	23%	24%	23%

India among one of the largest retail markets despite retail spending per capita of ~US$ 0.6K

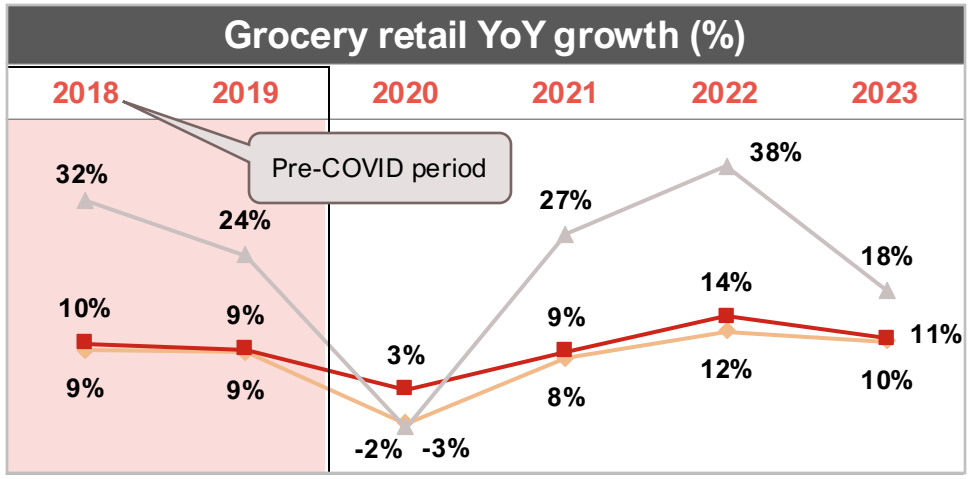
Retail size across countries
(US$ B, 2023)

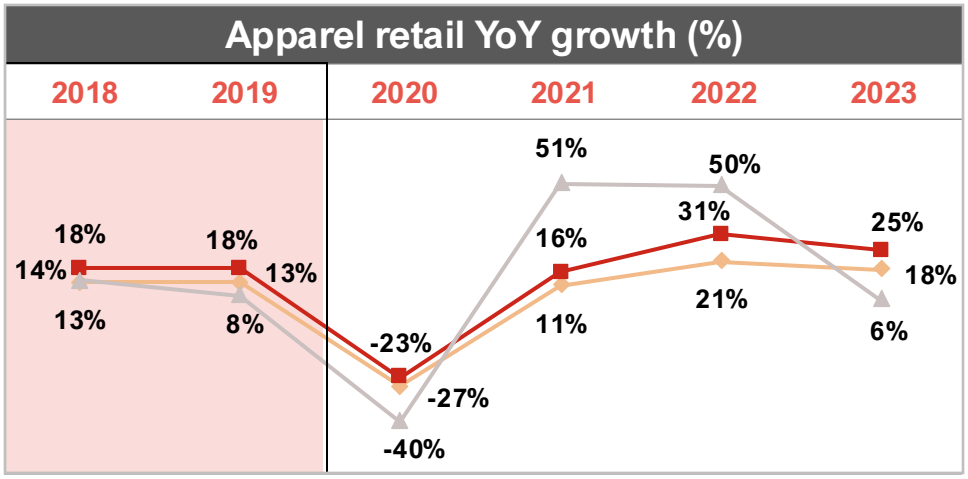


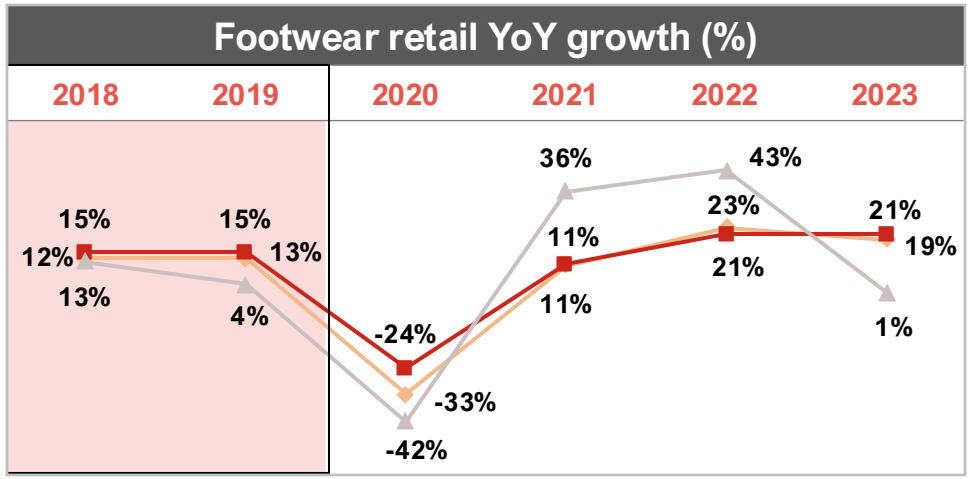
Retail spending per capita (US$ K)	23	5	0.6	10	7.5

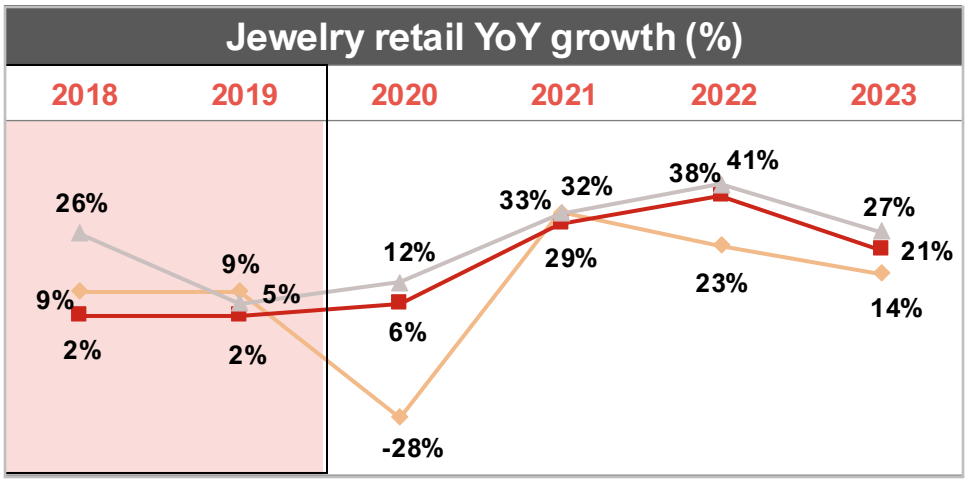
Source(s): IBEF, IMF, Industry reports, Secondary research, Praxis analysis

Organized retail on the rise → Leading the shift in consumer buying patterns across categories





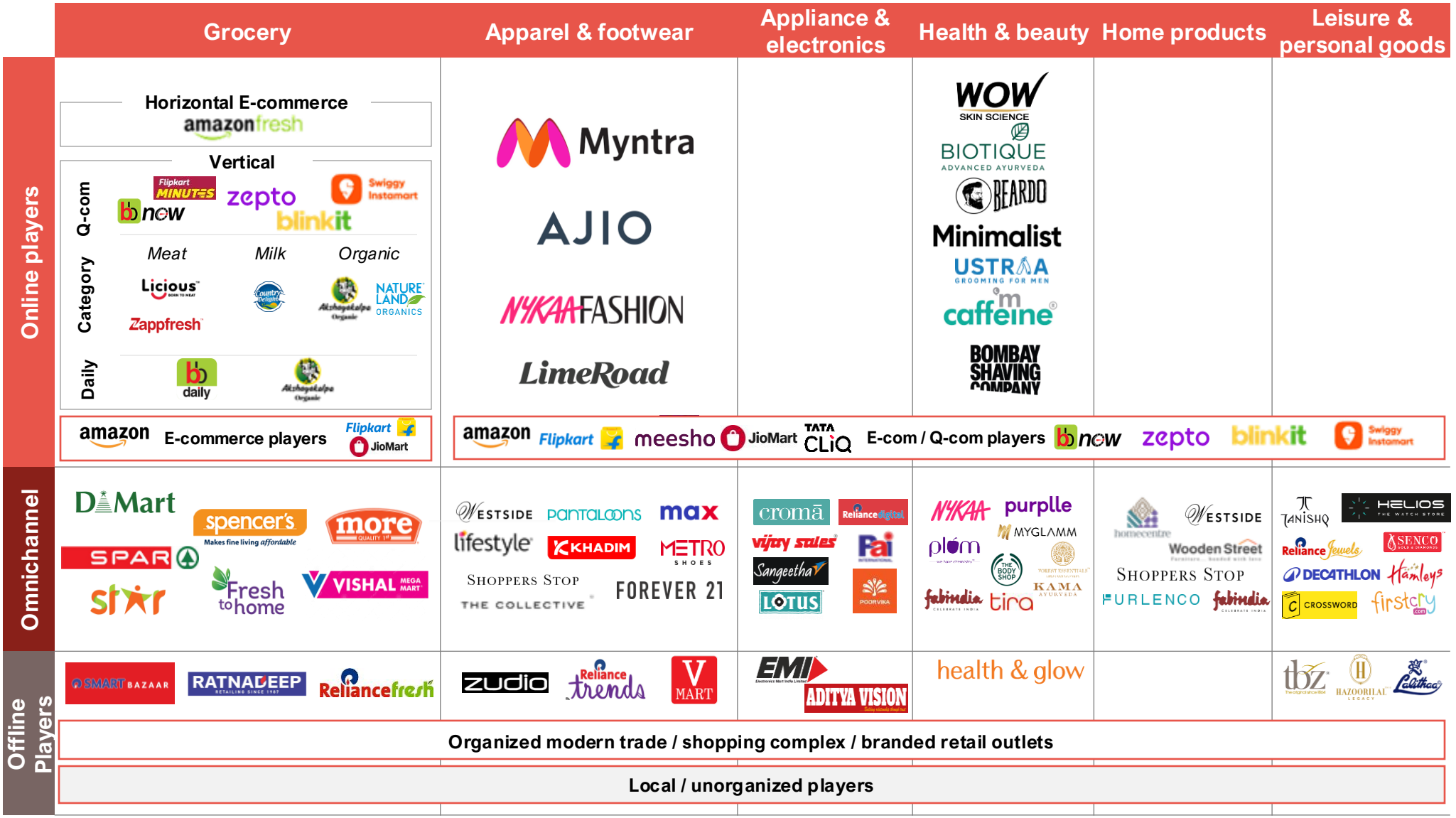




Overall market growth
Top listed player revenue growth
Organized market growth

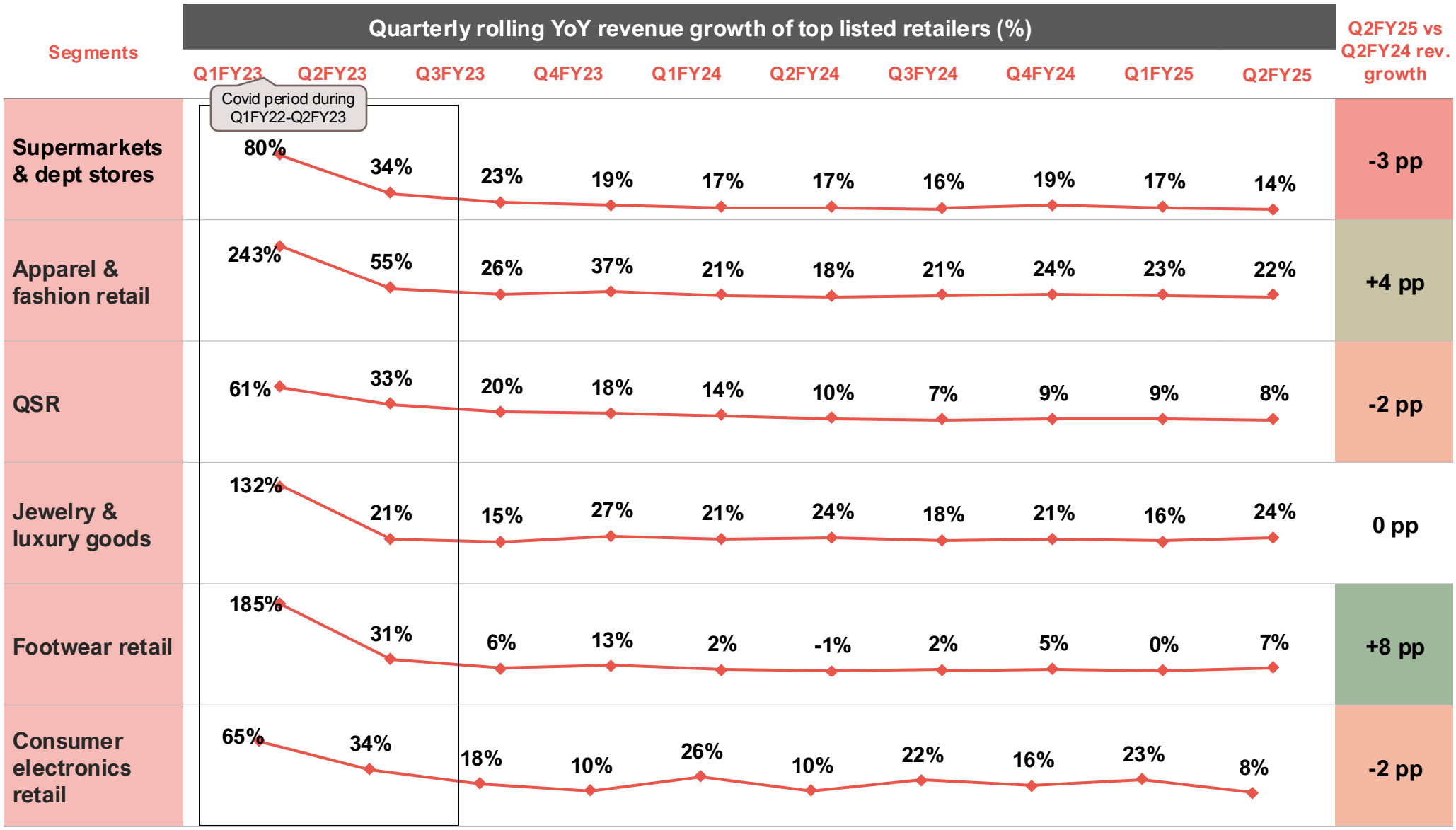
Note(s): Standalone financials have been taken for each retailer; Top public listed retailer has been taken for each sector, excluding retailers playing across multiple sectors with no sector-specific data
Source(s): Company financials, Industry reports, Secondary research, Praxis analysis

As retail is organizing, majority of the brands / retailers across categories are going omnichannel



Note(s): Leisure & personal care includes jewelry & watch specialists, sports goods stores, bookstores & stationers, toys & games stores, etc,
Source(s): Company websites, Secondary research, Praxis analysis

Slow down in growth reflected across segments in recent quarters



Note(s): Standalone quarterly financials have been taken for each retailer; Top 5 public listed retailers by revenue have been taken for each sector, except top 2 players in consumer electronics and top 2 players in supermarkets; Retailers playing across multiple sectors with no sector-specific data have been excluded
Source(s): Company financials, Industry reports, Secondary research, Praxis analysis

SSSG continues to be a challenge with subdued in-store business for most retailers across segments in recent quarters

Segments	Key retailers	Same-store sales growth of top listed retailers (%)									SSSG trend
		Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	
Supermarkets & dept stores	Retailer 1	65%	42%	6%	11%	8%	9%	6%	7%	9%	⇔
	Retailer 2	11%	9%	2%	-1%	-18%	-9%	6%	3%	5%	↑
Apparel & fashion retail	Retailer 1	24%	24%	17%	23%	12%	10%	10%	10%		↓
	Retailer 2	29%	27%	5%	16%	16%	11%	0%	6%		↓
QSR	Retailer 1	28%	8%	0%	-1%	-1%	-1%	-3%	0%	3%	⇔
	Retailer 2	64%	13%	3%	2%	-1%	-4%	-5%	-7%	-7%	↓
Jewellery & luxury goods	Retailer 1	195%	9%	9%	19%	16%	22%	10%	14%	3%	↓
	Retailer 2	94%	7%	5%	-2%	15%	10%	11%	17%	12%	⇔
Footwear retail	Retailer 1	243%	7%	-17%	-2%	-22%	-11%	9%	3%	8%	↑
	Retailer 2	86%	8%	-25%	-2%	-12%	-19%	-1%	-14%	-5%	↓
Consumer electronics	Retailer 1		32%	11%	3%	14%	2%	13%	7%	9%	↑
	Retailer 2		68%	-13%	-22%	28%	19%	14%	6%	10%	↑

Note(s): Retailers playing across multiple sectors with no sector-specific data have been excluded
Source(s): Company financials, Industry reports, Secondary research, Praxis analysis

Lower — Higher | ↑ Increasing ↓ Decreasing | ⇔ Relatively stable

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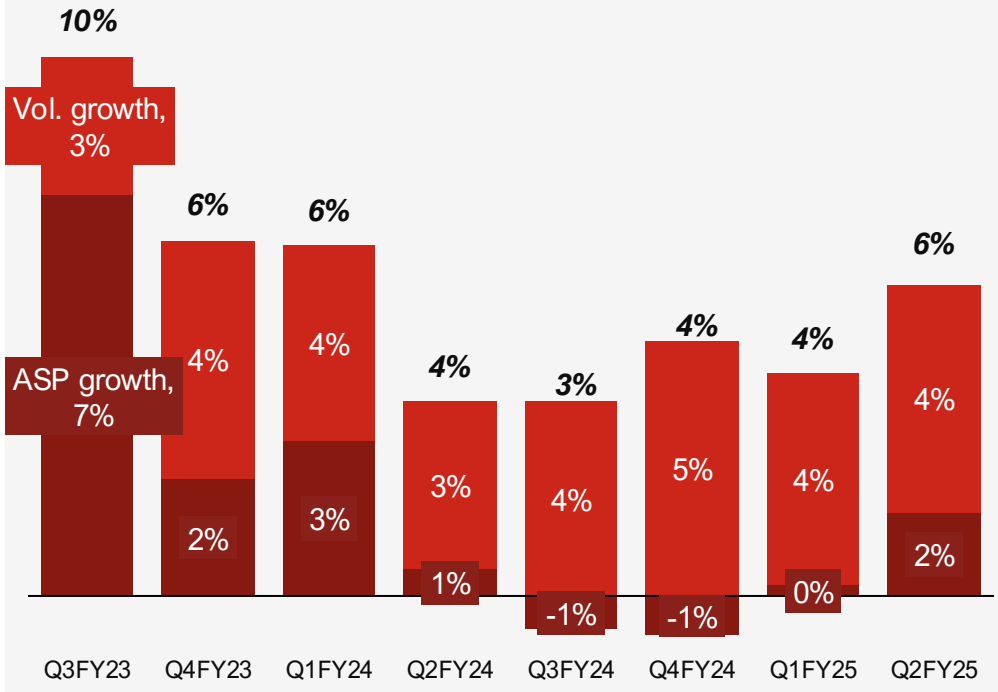
Indian FMCG and mobile phone industries show resilience despite urban slowdown

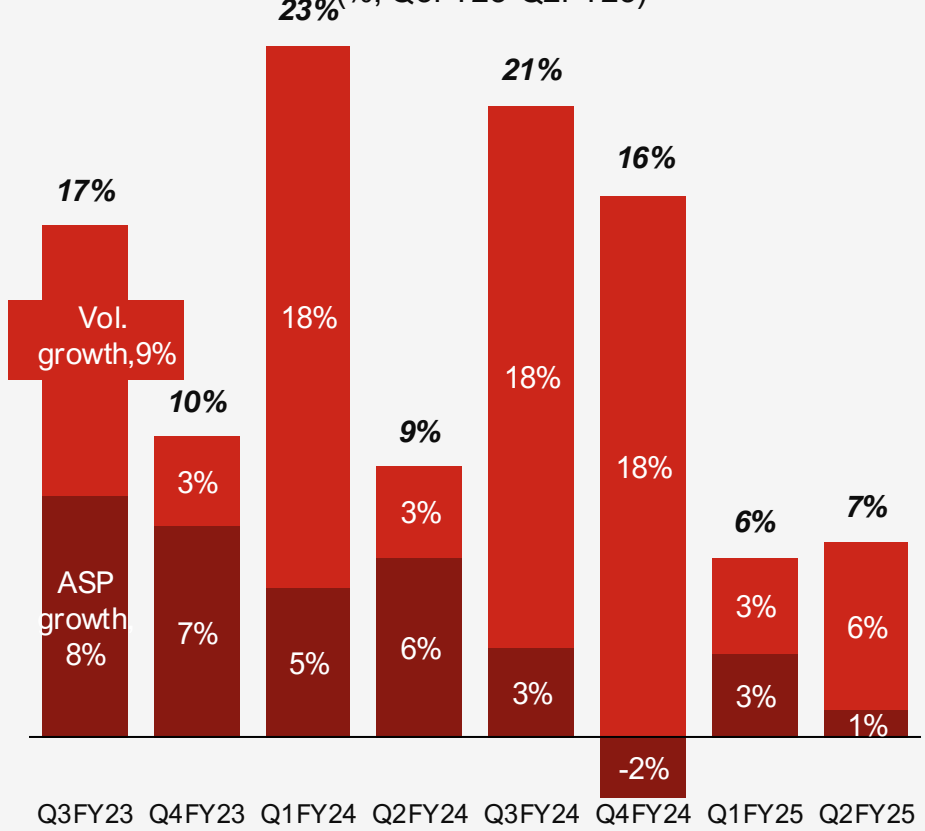
Indian FMCG industry shows resilience with steady value growth despite urban slowdown

Value growth YoY in FMCG by volume & pricing
(%, Q3FY23-Q2FY25)



Consumer shift to premium products drives India's electronics market growth

Value growth YoY in consumer electronics by volume & ASP
(%, Q3FY23-Q2FY25)

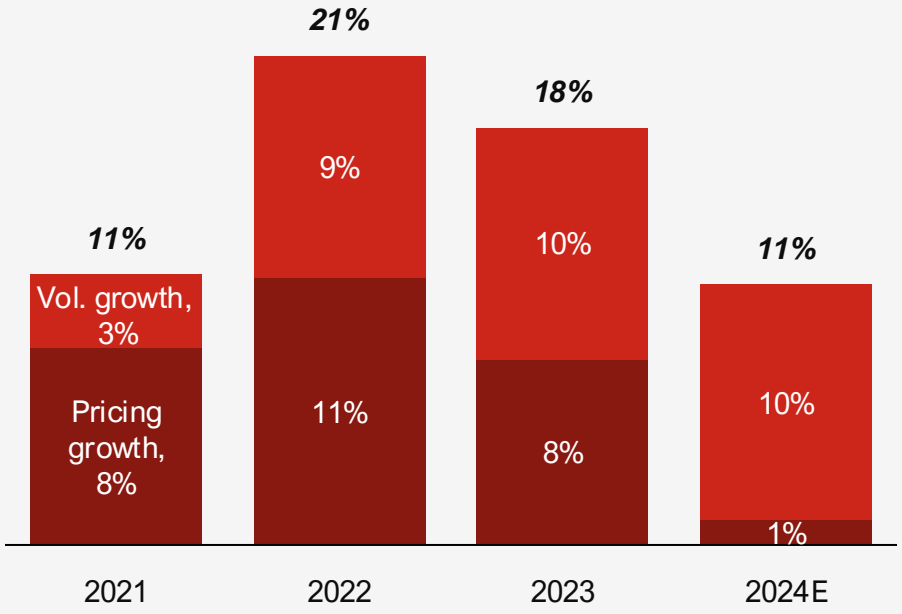


Note(s): ASP: Average Selling Price
Source(s): Company financials, Industry reports, Secondary research, Praxis analysis

However, in apparel & footwear, growth is driven by mix of volume & pricing

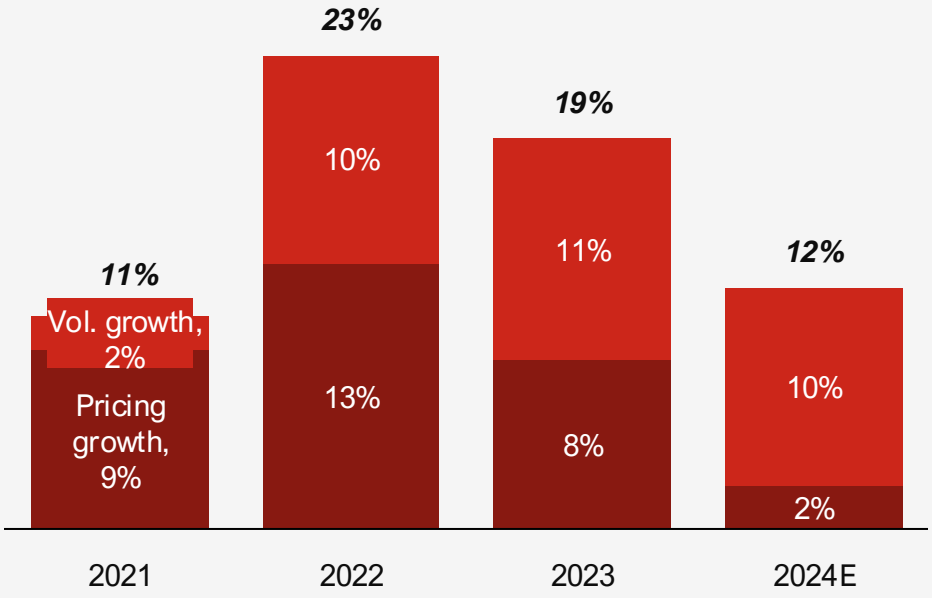
Growth in apparel driven by a mix of volume and pricing; Share of volume growth rising during 2022-23

Value growth YoY in apparel by volume & pricing
(%, 2021-24E)



Growth in footwear driven by a mix of volume and pricing; Share of volume growth rising

Value YoY growth in footwear by volume & pricing
(%, 2021-24E)

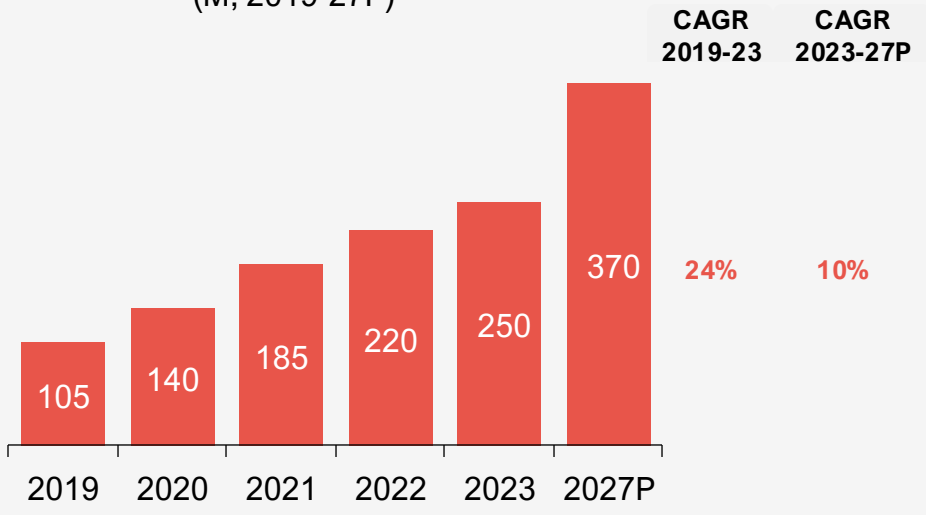


Source(s): Company financials, Industry reports, Secondary research, Praxis analysis

Slower new user addition but e-commerce continues to chug along: penetration expected to reach 15% by 2030

Slower addition in online shopper base expected from 2023-27 compared to 2019-23

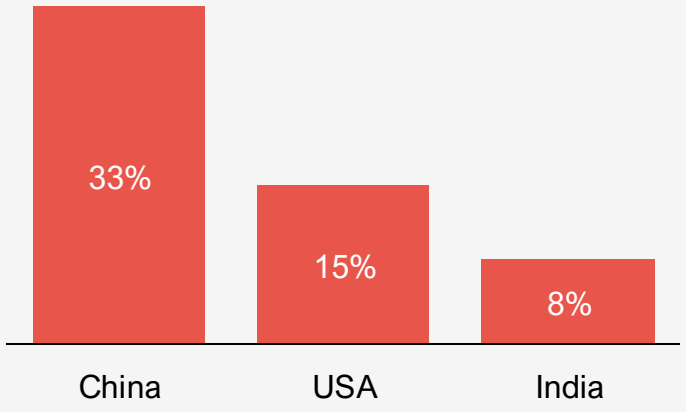
Online shopper base in India annually
(M, 2019-27P)



	2019	2020	2021	2022	2023	2027P
E-com market (US$ B)	26	33	41	52	63	131
Retail market (US$ B)	582	542	600	683	840	1,134
E-com penetration (%)	4%	6%	7%	8%	8%	12%

Significant headroom to grow e-commerce penetration, compared to key global markets

Global e-commerce penetration
(%, 2023)



	China	USA	India
E-com market (US$ B, 2023)	**2,170**	**1,120**	**65**
Retail market (US$ B, 2023)	**6,610**	**7,255**	**840**

Source(s): IBEF, eMarketer reports, Industry reports, Secondary research, Praxis analysis

2

Changing face of retail: Key trends reshaping retail industry

The new reality: 8 key trends reshaping retail industry

1

Polarization in consumer demand driving K-shaped growth

Retail in India is growing unevenly: Premium/convenience focused retailers as well as value retail doing well

2

Shift in consumer buying patterns → Consumers are more involved

Buying decisions are becoming more collective, influenced by gender roles, affecting marketing, digital presence, and brand messaging

3

Integration of technology across value chain

Smart technology reshaping retail with innovations across the value chain

4

Greater focus on sustainability

Retail is focusing more on sustainability with eco-friendly materials, ethical sourcing, and cutting carbon footprints

5

Experience driven retail: Increasing need to communicate experiences

Online and in-store experiences integrated for stronger brand connection

6

Rise in brand licensing and merchandising

Brand licensing and merchandising are on the rise as retailers explore new avenues for differentiation

7

Increasing need for brand creation through differentiated models

Subscription-based models have the potential to disrupt traditional retail

8

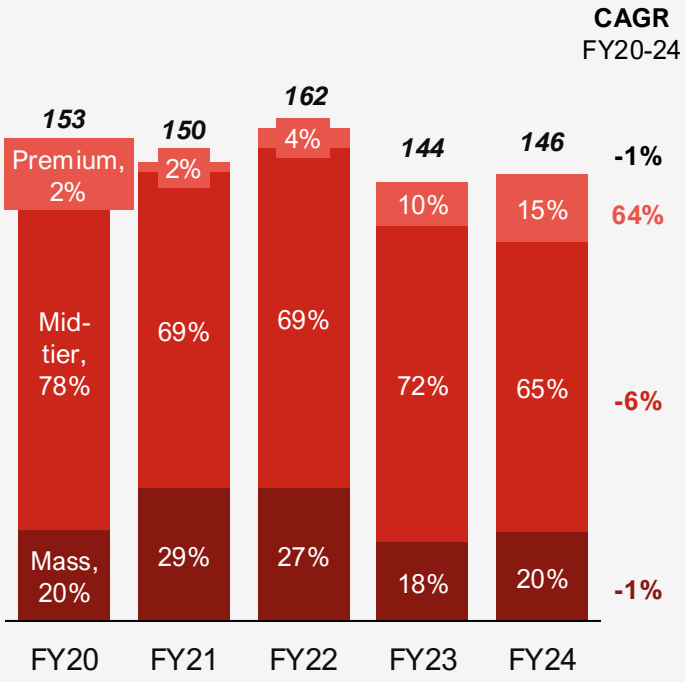
Increasing loyalty and engagement

Retailers / brands using data to personalize customer experiences and improve loyalty

Elevating Choices: Growth driven through premiumization across categories

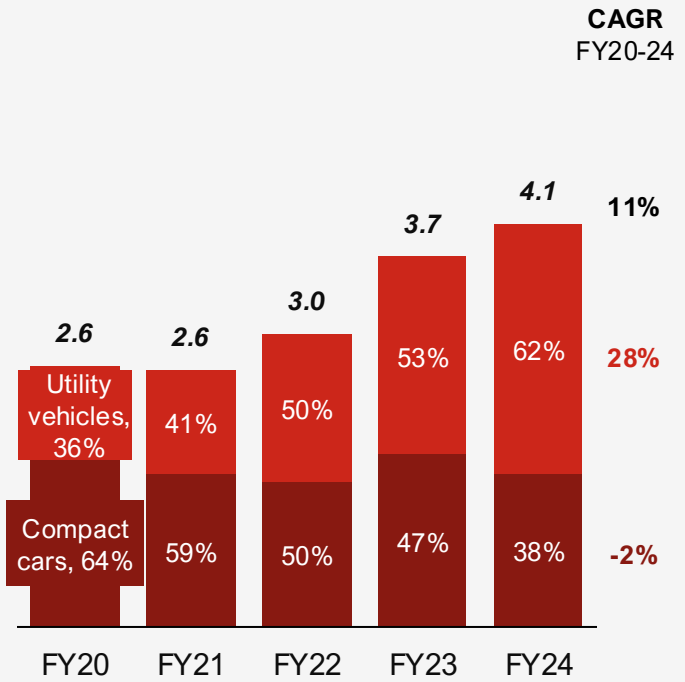
Premium smartphones unit sales growing at ~65% CAGR

India smartphone unit sales
(M, FY20-24)



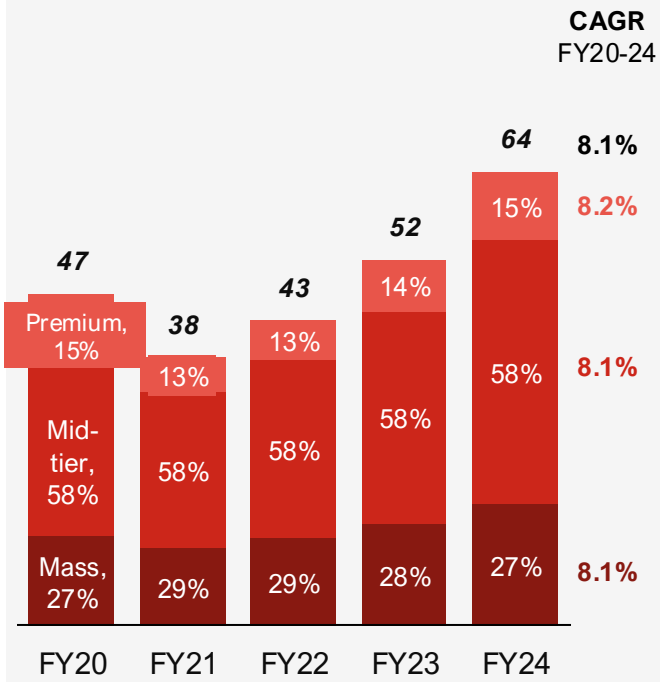
Utility vehicles unit sales growing at ~30% CAGR

India passenger vehicle unit sales
(M, FY20-24)



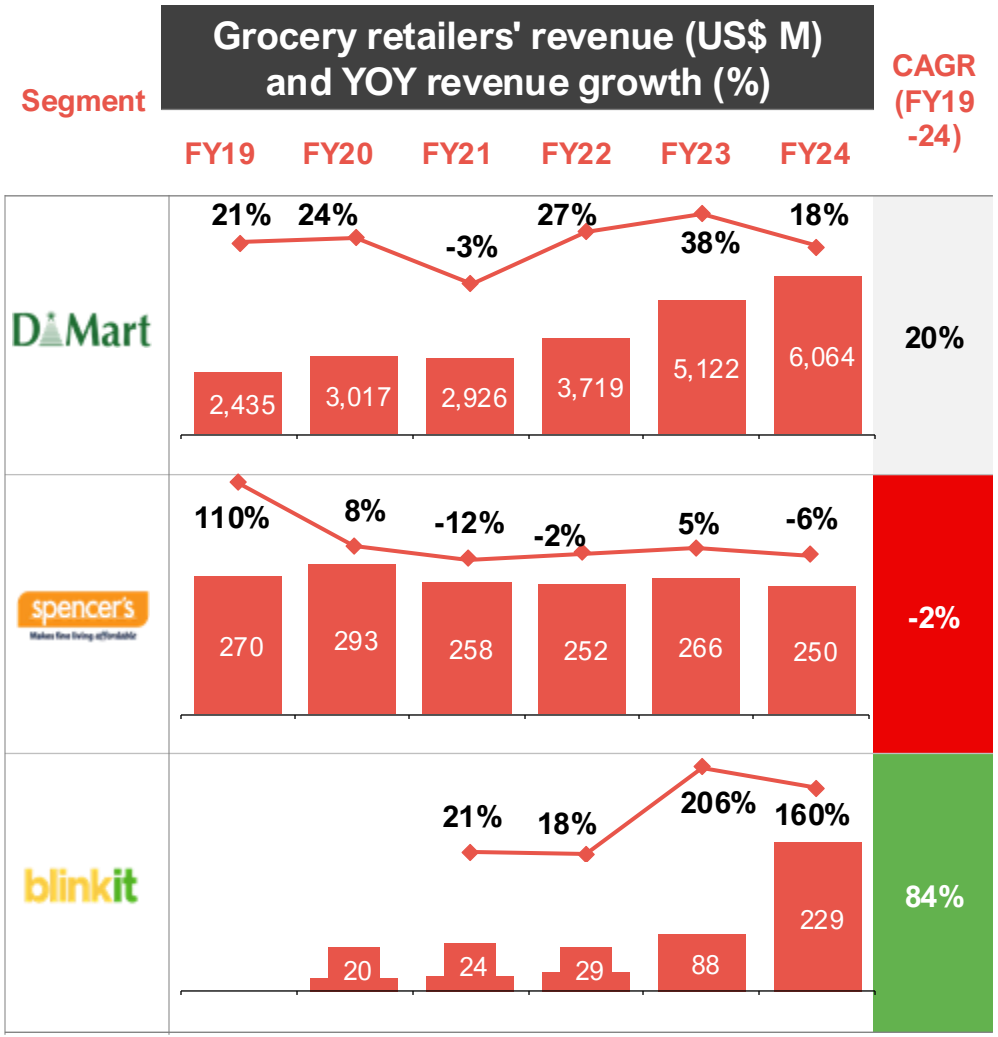
Premium apparel marginally outgrowing other segments

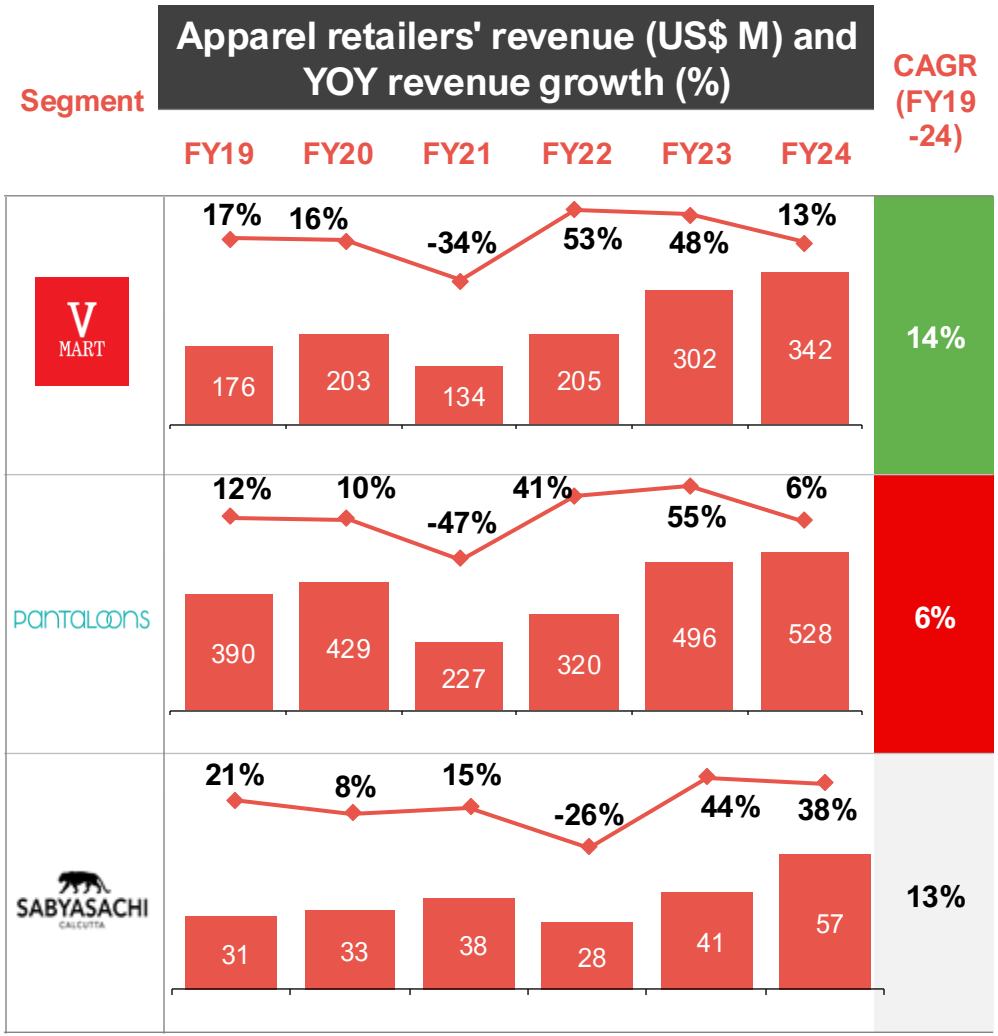
India apparel market by segment
(US$ B, FY20-27P)



Note(s): Smartphone category pricing: Mass - < US$ 100; Mid-tier – US$ 100-400; Premium: > US$ 400; Compact cars include hatchbacks & sedans; Passenger vehicles units taken excluding vans
Source(s): IDC, SIAM, Company filings, Industry reports, Secondary research, Praxis analysis

Thriving at both ends: K-shaped growth boosting value and premium retailers



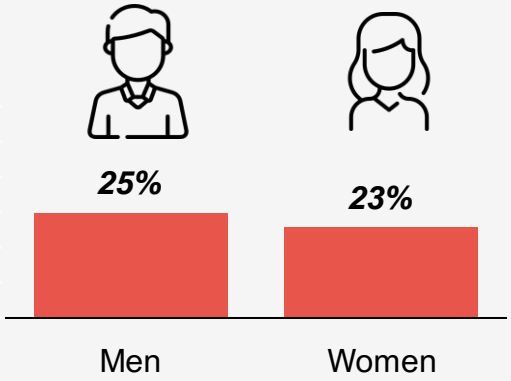


Lower — Higher

Note(s): US$ 1 = INR 82; Standalone financials have been taken for each retailer
Source(s): Company filings, Industry reports, Secondary research, Praxis analysis

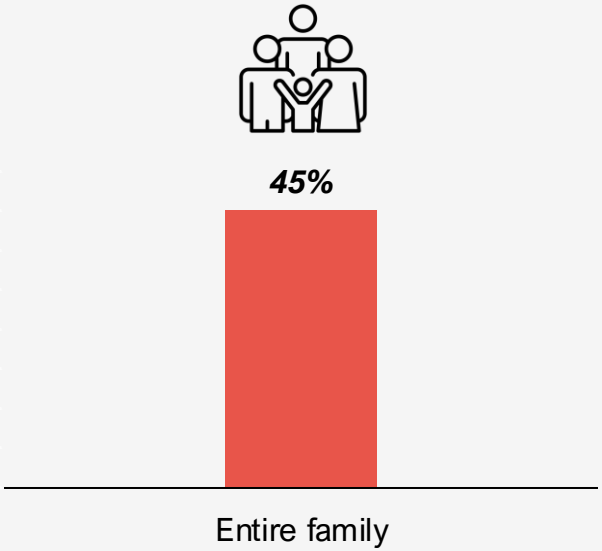
Purchase decisions are 'more collective': Implications of gender roles on channel, digital presence, brand positioning and messaging

Involvement of family members in home furnishing decision in India



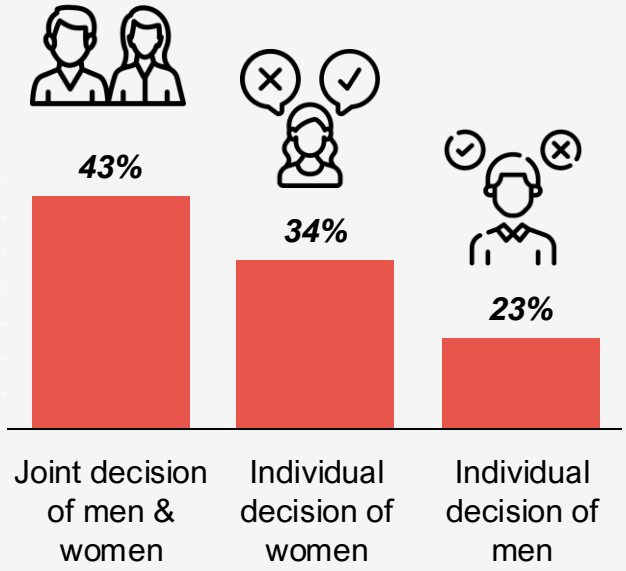
- **Nowadays, women are not exclusively involved in the home décor space**
- **Shift in 'home furnishing democracy' towards collective decision making**

Involvement of family members in home furnishing decision in India



- **Millennials believe home furnishing decision is a truly collective process, with each member of the family having a say**
- **Commitment to 'home furnishing democracy' appears to decline with age**

Participation of gender in deciding flooring in USA

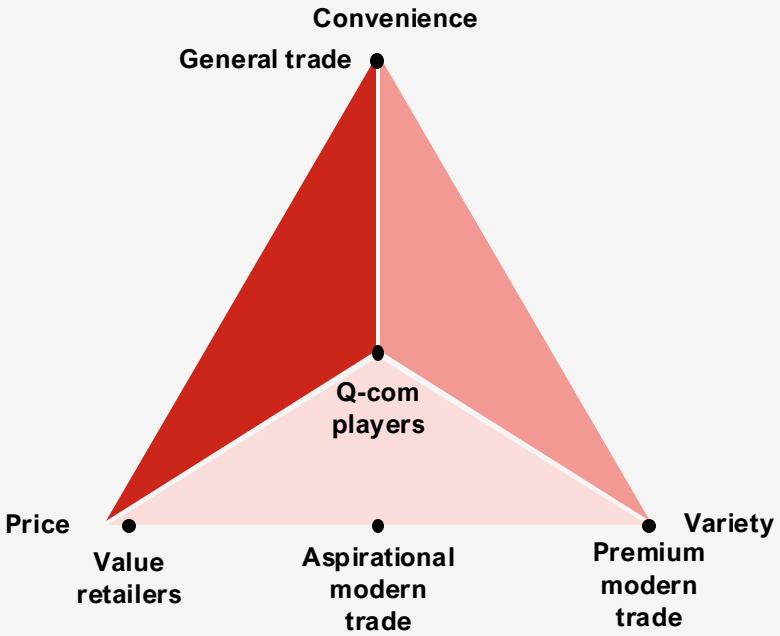


- **Large ticket items and purchases that all members of a household use show a higher percentage of joint-decision making**

Source(s): Secondary research, Praxis analysis

Q-Commerce: Redefining grocery retail with unmatched convenience, variety, and value

Q-com players excel in convenience, while offering balanced variety and competitive pricing



High urban density, traffic congestion and low delivery cost driving quick commerce growth

Growth drivers	Description
Urban density & proximity	• **Dense urban areas allowing for deliveries within a 3-3.5 km radius**, enabling sustainable dark-store economics **Urban population density across countries** (K population / sq. km, 2021*) India: 4 · UK: 3 · USA: 1
Traffic & inconvenience	• **High traffic congestion**, **pollution**, and **limited parking** in urban centers, driving demand for faster, convenient delivery **Avg travel time per 10 km across megacities** (Minutes, 2023) London: 37 · Bengaluru: 28 · New York: 25 · New Delhi: 22 · Mumbai: 21 **Global rank**: 1 · 3 · 6 · 11 · 13 3 Indian cities among top 20 global megacities by travel time
Low cost of delivery	• Driven by **lower labor costs for delivery personnel**, with ability to maintain the same **Avg monthly pay for grocery delivery…** USA: 3.3 · UK: 2.7 · India: 0.3
Top-up grocery purchase culture	• Indian consumers **prioritizing fresh and hot food and smaller, frequent purchases,** well established through kiranas, unlike Western bulk buying habits

Note(s): *Urban population density for India as per 2011 Census, and for USA as per 2010 Census; Megacities: Cities with 8M+ population
Source(s): TomTom Traffic Index, Secondary research, Praxis analysis

Consumers are more involved → Unique opportunity to leverage technology to build loyalty and engagement

Need & discovery

L'ORÉAL PARIS

- AI-trained chatbot providing product recommendations and personalized routines

amazon

- Recommendations based on previous purchases and preferences

Research & design

wayfair

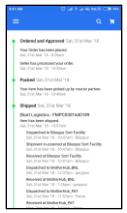
- AI-powered interior home decor design solution

NIKE

- Co-creation platform for customizing footwear

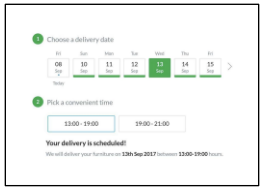
Purchase & delivery

Flipkart



- Real-time end-to-end order tracking from processing to delivery

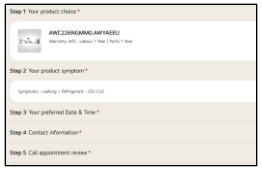
homecentre



- Flexible options for selecting shipping methods and delivery schedule

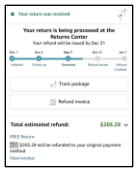
Post purchase

LG



- Booking installation and repair service slots online

amazon



- Options for tracking return status and receiving quick refunds

Service & subscription

Livpure

- Subscription plans providing RO purifiers on rent

coway

- 7-step mattress care service available with quarterly and yearly plans

Community engagement

DECATHLON

- Runs community-based sports events and workshops for customers

IKEA

- Facebook community to facilitate experience sharing for customers

Source(s): Secondary research, Praxis analysis

3. Integration of technology across value chain

Smart tech, smart retail → Transforming the value chain with modern innovations

Product design & development

3D printing for prototyping
Reduces product lead time through quick prototype iterations

AI-based trend analysis
Predicts design trends from market data, optimizing product launches

Customer co-creation platforms
Digital platforms where consumers and designers co-create products

Manufacturing & sourcing

AI for demand forecasting
Predicts consumer demand by analyzing sales and market trends

Procurement automation
Automates procurement invoicing and supplier negotiation processes

AI-based quality control
Detects defects in real-time, ensuring consistency and minimizing waste

Blockchain for tracing origin
Tracks the origin of raw material and products, ensuring end-to-end transparency

Logistics & distribution

AI & robotics-driven warehouse management
Automates picking, packing, and sorting processes, and inventory storage in warehouse

AI-based delivery route planning
Optimizes delivery routes for efficient last-mile logistics

IoT for real-time inventory tracking
IoT sensors tracking stock levels, storage conditions, and equipment performance

Ship from Store (SFS)
Helps fulfill online orders directly from stores closest to the customer

Store operations & e-commerce management

E-commerce personalization
Personalized product recommendations and search results for online shopping

Automated stock replenishment
AI tracking offline and online inventory levels, automating stock replenishment

IoT smart shelves
Monitors stock levels in-store, alerting staff for replenishment

Geo-intelligence
Identifies optimal store locations and determines when to open or close stores

Footfall tracking
Tracks in-store customer movements with sensors and smart cameras

Product assortment optimization
Tracks product performance and suggests assortments based on customer preferences

Customer experience

AI / AR-driven virtual try-on
Allows customers to visualize how products will look on them before purchase

AR for in-home product visualization
Displays products (furniture, décor, etc.) in real-world settings before production / purchase

AI-powered image analysis
Recommends beauty and skin care products based on customer-uploaded images

After-sales service & marketing

AI-integrated VoC & sentiment analysis
Analyzes customer voice feedback and sentiment from reviews and social media, identifying and tracking issues

AI-driven dynamic pricing
Adjusts product pricing based on demand, competitor pricing and customer behavior

AI-powered personalized marketing
Analyzes customer data to design targeted marketing campaigns, improving conversion rates and ROI

Source(s): Secondary research, Praxis analysis

4. Greater focus on sustainability

Sustainability at the core: Driving change with eco-friendly, ethical, and low-carbon initiatives

	Sustainable sourcing	Eco-friendly packaging	Sustainable product materials	Refill & reuse systems	Reduced energy use & emissions	Sustainable production
Overview	• **Sourcing ethically produced & eco-friendly raw materials**, like organic cotton, recycled fabrics, etc.	• Transitioning from single-use plastics, etc. to **biodegradable and reusable packaging**	• Using **sustainable & innovative materials** for making products, including apparel, furnishings, etc.	• Promoting **reuse, repair and resale programs** for used products, extending product lifecycle	• Initiatives for **lowering emissions** by using **renewable energy,** optimizing logistics, etc.	• **Minimizing resource consumption** and pollution during manufacturing
Example	H&M • Using **recycled or sustainably sourced materials**, targeting **100%** sustainable and **50%** recycled materials by 2030	amazon • Replacing plastic air pillows with **paper fillers** in packaging • **Removing additional box packaging**	Levi's • Using **sustainable fibers**, like **organic cotton, cotton hemp and Tencel fiber** (from sustainably harvested wood)	The Body Shop • **Refill stations** across stores, wherein **recyclable aluminum bottles can be refilled** with shower gel, etc.	Shoppers Stop • **Solar rooftop panels**, **IoT-enabled HVAC systems** at stores • **High-lumen LED lighting** upgrades	Arvind Fashioning Possibilities • **Waterless fabric dyeing** by using supercritical CO2 instead of water • Using treated sewage for process water
Outcome realized	• **85% materials** sustainably sourced, including 25% recycled materials • **100% cotton** sustainably sourced	• **95% air pillows replaced** with paper fillers in N. America • **50%+ orders** coming in reduced, recyclable packaging in Europe	• Fibers requiring up to **4x less water for growing** • Reduced waste and energy consumption • **Extended product lifecycle**	• Prevented **1M+ plastic bottles** from entering the environment • **Better value-for-money** for customers	• **~5% lower energy consumption**, and **reduced GHG emissions** • Reduced fixture needs by **20%**	• **100 KL / day** potential water savings • **50% process water** derived from sewage • **Reduced energy** and chemical usage

Source(s): Company websites, Company filings, Secondary research, Praxis analysis

5. Increasing need to communicate experiences

Creating seamless experiences: Brands / retailers owning both online and offline spaces

Global brands

- Zara opened a concept store in Bengaluru, featuring self-checkout and smart fitting rooms

- Pottery Barn opened its flagship stores in Delhi and Mumbai

- Puma opened its flagship store in Bengaluru, featuring customization studio and F1 racing simulators

Indian brands

- Broadway launched its flagship store in Delhi, housing 100+ digital-first D2C brands, with in-store open studio space, on-demand space access, restaurants and salon

- Fabindia unveiled unique experience centers featuring a wellness center, design studio, and cafe all under one roof

- Hindware launched concept stores ‘Lacasa’ across Delhi, Lucknow, Kochi and Chennai, showcasing its premium brands

Source(s): Secondary research, Praxis analysis

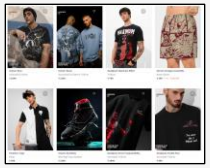
6. Rise in brand licensing and merchandising

Unlocking new horizons: Brand licensing and merchandising as key differentiators for retailers

The Souled Store partnered with Marvel for launching exclusive merchandise, increasing revenue and customer base

Overview

- Designing, producing and marketing **exclusive range of apparel and accessories**, featuring iconic **Marvel characters and themes**
- Capitalizing on the extensive consumer base of Marvel fans and pop culture enthusiasts across the country
- Enhancing **existing pop culture brand portfolio** comprising of **Disney, Warner Bros, WWE**, etc.



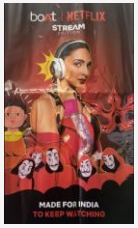
Benefits

- **Revenue growth**
- **Increased customer base and repeat users**
- **Improved social media engagement**

Boat has partnered with Netflix with launch of “Netflix stream edition” line of audio devices

Overview

- Boat, a popular electronics brands has launched **limited edition audio devices (Steam edition)** in collaboration with **Netflix**
- Collaborative marketing campaign promoting **Netflix content and Boat’s audio devices**



Benefits

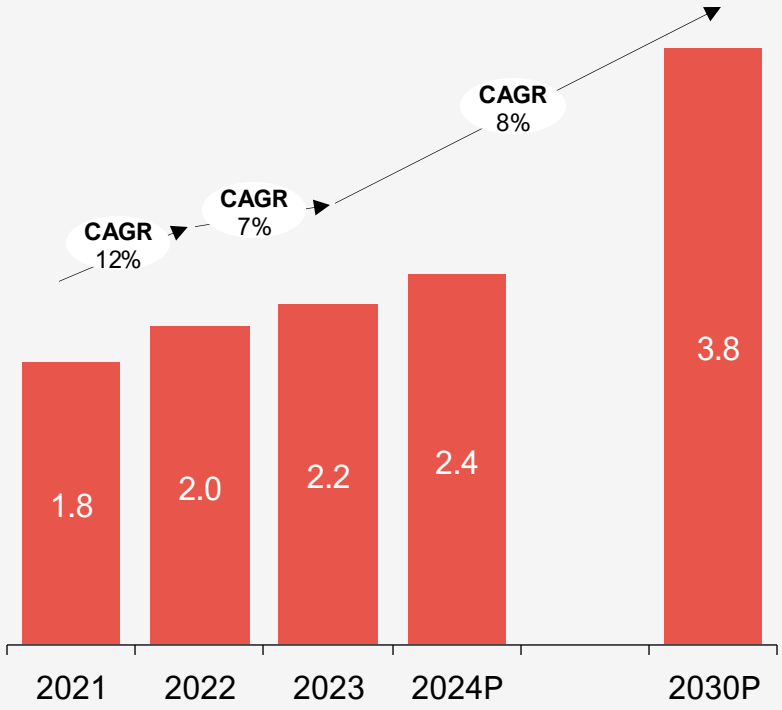
- **Revenue boost for newly launched lineup for Boat**
- **Increased brand awareness**
- **Enhanced brand image & positioning**

Source(s): Company websites, Secondary research, Praxis analysis

Unlocking growth: Licensed merchandise & services set to reach US$ 2.4B in 2024

Licensed merchandise & services market in India is expected to be ~US$ 2.4B in 2024, growing at 8% CAGR

Licensed merchandise & services market in India
(US$ B, 2021-30P)



Organized retail & e-com growth, consumer aspiration shift and entertainment licensing are the major growth drivers

Growth drivers	Description
Expanding organized retail & e-commerce	• **Wider access of licensed merchandise** to urban and semi-urban consumers • **Focus on genuine products** through authorized channels
Consumer aspiration & lifestyle shifts	• **Higher disposable incomes** and **urbanization** driving demand for **branded, premium offerings** • **Young consumers favoring licensed products** tied to celebrities, movies, franchises, etc.
Entertainment & sports licensing boom	• **Strong sales growth in toys, apparel, and stationery** linked to popular **cartoon / comic characters**, **Bollywood, cricket** and TV shows
Streaming & social media influence	• **Streaming content** and **influencer / content creator-led product licensing**, improving consumer connection
Co-branding and brand extension	• Rising **partnerships between global and local brands** • Brands seeking **cross-category licensing** for extending brand presence into new product categories
Regulatory & IP framework improvements	• Improved IP enforcement for curbing counterfeiting • Formal licensing contracts improving brand protection and market trust

Source(s): Licensing International, Industry reports, Secondary research, Praxis analysis

7. Brand creation through differentiated models

Revolutionizing retail: Subscription models poised to disrupt traditional formats

	Food & Beverage (F&B)	Home & lifestyle	Consumer appliances
Description	• Delivering **fresh produce, dairy, specialty foods, full meal kits**, etc., through **customizable plans** that fit dietary or lifestyle needs	• Subscriptions catering to household needs, including **water purifiers, furniture rental, and home improvement items**	• **Home appliance rental service** across air purifiers, mattresses, chairs, etc. changing the consumption paradigm and living culture landscape
Examples	• Subscription service for delivering **fresh dairy products and groceries** on a set schedule	• One-of-its-kind subscription model **(WaaS) for renting water purifiers**, basis **consumption and duration**	• **7-step mattress care service** with replacement of top layer of mattress every three years with their rental program
Outcome realized	• **500K+** subscribers • **10M+** monthly deliveries • **65%** 3-year customer retention • **50%** cross-sell penetration (**increased from 40%** in the previous year)	• **250K+** consumers • **65%+** subscription market share • **Higher customer retention** owing to **zero machine and maintenance cost**	• **9M+** rental accounts globally • **10+ retail experience stores** at multiple locations across South Korea • **40%+ market share**

Note(s): WaaS: Water as a Service
Source(s): Company websites, Praxis analysis

Enhancing Loyalty: Retailers Leverage AI and AR to Deliver Personalized Recommendations

Use cases	Customer journey	Trade-offs
AI / AR-driven virtual try-on	*Customer visits the retailer's app / website or in-store kiosk* → *Selects an item (e.g., clothing, eyewear)* → *Uses the virtual try-on feature with AR, for real-time visualization* → *AI-based product recommendations appear* → *Customer finalizes purchase and places the order*	• Higher interaction & conversion • Reduced return rates • High cost of AR development • Significant data required for personalization
AR for in-home product visualization	*Customer browses large home products (e.g., furniture)* → *Activates AR feature to accurately visualize the product in their room* → *Customer adjusts the size, color, or positioning virtually* → *Curated collections and recommendations appear* → *Makes the purchase decision based on the in-room preview*	• Improved conversion rates • Lower return rates • High AR integration costs • Privacy concerns with in-home visualization data
AI-powered image analysis for beauty & skin care	*Customer uploads skin image to the retailer's platform* → *AI evaluates skin conditions (e.g., tone, texture, sensitivity)* → *Personalized skincare routines and products are suggested* → *Customer makes a purchase or schedules a consultation*	• Growth in conversions & AOV • Higher user interaction times • Substantial investment and data required for training AI models
AI-powered personalized marketing	*Customer data is collected through interactions (online and in-store)* → *AI identifies patterns in buying behavior and preferences* → *Personalized marketing offers, ads, etc. are delivered, featuring targeted CTAs* → *Customers engage with CTAs, potentially leading to an order* → *Conversion data is analyzed to refine future campaigns*	• Growth in user interaction & conversions • Lower cart abandonment rates • Risk of user fatigue from over-personalization
E-commerce personalization	*Customers see personalized homepage based on past activity* → *User searches for products; results are prioritized based on preferences* → *AI dynamically updates product suggestions* → *Customer gets complementary product suggestions while adding to cart* → *Reorder offers and personalized promotions provided*	• Improved conversion rates & AOV • Potential for recommendation bias • Constant algorithm fine-tuning required

Note(s): CTA: Call to Action
Source(s): Praxis analysis

8. Improved loyalty and engagement

Data-driven engagement: Leveraging technology to personalize interactions and boost retention

A Southeast Asia-based coffee chain has automated CRM insights and adopted data-driven personalization

What did they do

- App providing **quick, cashless payment options**, including a **closed-loop wallet** for faster checkouts
- Utilizing **CRM for customer insights**, and automating **personalized call-back vouchers** to reactivate customers
- Automatically **monitoring customer purchase data**, enabling tailored promotions
- Analyzing **SKU performance**, tracking order data and **flavor preferences** to guide NPD
- Building **unique favor profiles** based on **demographic and taste data**, improving product personalization
- Offering **membership tiers**, **points-based loyalty system**, and gifting options to drive customer engagement

User sign-ups have grown at ~90% CAGR, with monthly active customers growing at ~140% CAGR

90%
User sign-ups on the app CAGR over the last 2 years

60%
User sign-ups converted into unique customers

2x
Purchase frequency

140%
Monthly unique customers CAGR over the last 2 years

30%
Inactive customers reactivated in a quarter

Source(s): Secondary research, Praxis analysis

3

Implications for brands and retailers

Retailers need to re-evaluate their consumer value proposition and link it to their positioning choices

Retail positioning	Value propositions	Key retailers
Sustainability & ethical sourcing	• **Eco-friendly materials** in products and packaging • **Ethical sourcing and labor practices** • Initiatives aimed at **reducing carbon footprints**	fabindia CELEBRATE INDIA, IKEA, Starbucks
Localized & regional sourcing	• **Partnerships with local farmers, artisans and vendors** for offering fresh, locally-sourced goods • Focus on **traditional or regional specialties**	Otipy, Rare Planet, Country Delight Live better
Personalization & customization	• **Customization and co-designing options** for products • Online and in-store features like **virtual try-ons and 3D product previews** • **Personalized recommendations**	lenskart, NYKAA, Myntra
Value retailing	• **Low-cost pricing strategy** for offering **affordable, quality products** • **Bulk purchase discounts** and **regular promotions** • Focus on essential goods, staple items and family fashion	D Mart, V MART, zudio, Citykart
Convenient retail & quick delivery	• **Instant or same-day delivery services** for FMCG, electronics goods, etc. • **Hyperlocal delivery models** for faster fulfillment • Quick, easy ordering through **user-friendly apps and platforms**	blinkit, zepto, Instamart
Omnichannel shopping experience	• **Seamless shopping experience** across online and in-store platforms • Options for **order pickup in-store**, **home delivery** and **easy online returns**	lenskart, Reliance digital, croma
Premiumization & luxury	• **Curated collections of premium, high-quality products** • **Luxurious store ambience** and customer service experience • **Exclusive brand partnerships** and **limited-edition products**	NYKAA LUXE THE LUXURY STORE, THE COLLECTIVE, PERNIA'S POP-UP SHOP
Self check-out	• **Minimizing wait times** with **quick, self-service checkouts** • Seamless, **low-contact experience** suited to busy or health-conscious consumers	DECATHLON, yousta, pantaloons ONLOOP

Source(s): Secondary research, Praxis analysis

Accordingly, it is important to design the operating model based on retail positioning

Store network strategy

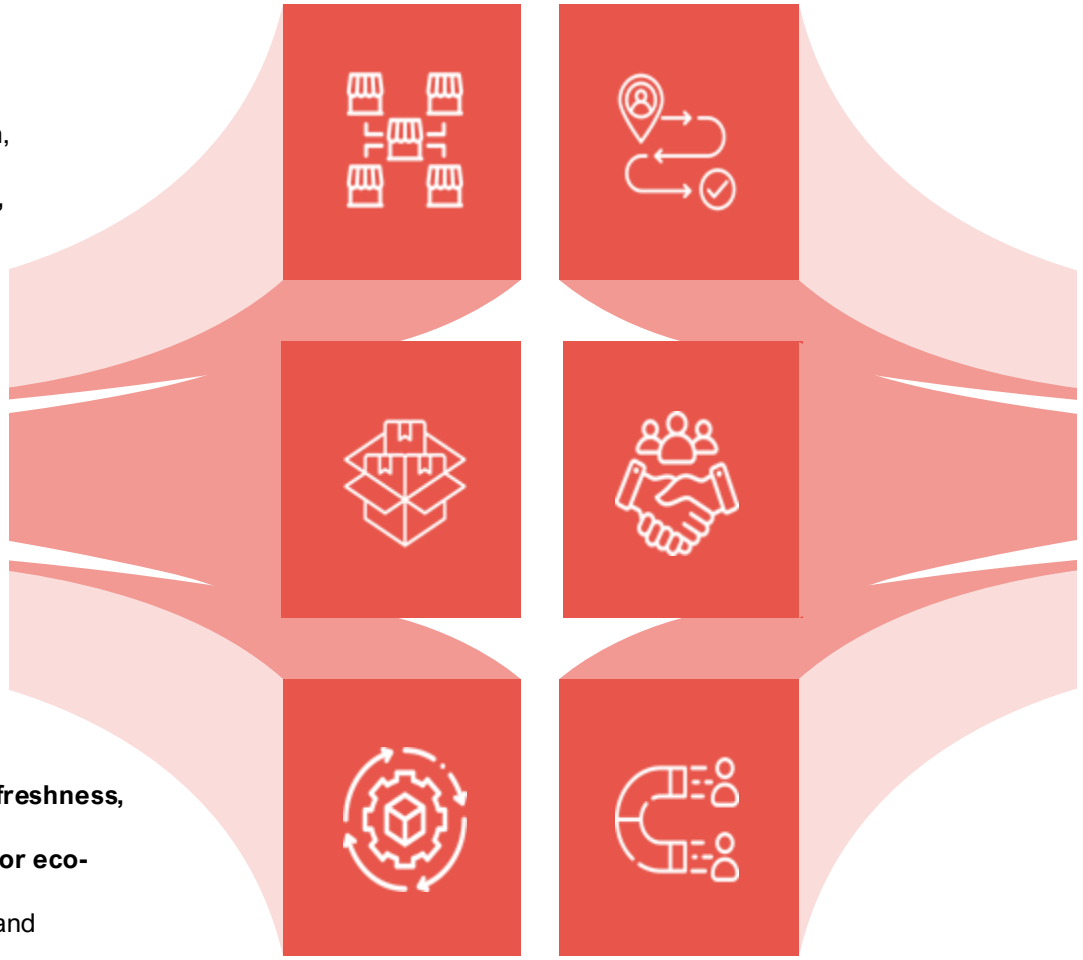
- **Defining store footprint** based on positioning (e.g., urban for premium, suburban for value retail)
- Determining **optimal number, size, and location types** for target customers

Product assortment

- **Tailoring product offerings to reflect value proposition** (e.g., staple items for value retail)
- **Aligning with local preferences** and target demographic needs

Supply chain & logistics

- Designing supply chain for **speed, freshness, exclusivity, etc.**
- Implementing **hyperlocal delivery or eco-friendly sourcing** as needed
- Managing inventory, warehousing, and distribution effectively



Customer journey

- Providing a **seamless, integrated omnichannel** shopping experience
- Offering **convenient service options** (e.g., click-and-collect, easy returns, and 24x7 customer support)

Digital tools for internal operations

- Integrating **AI / ML tools** for HR, supply chain automation, etc.
- Focusing on **centralized workflow management** with real-time dashboards

Customer acquisition

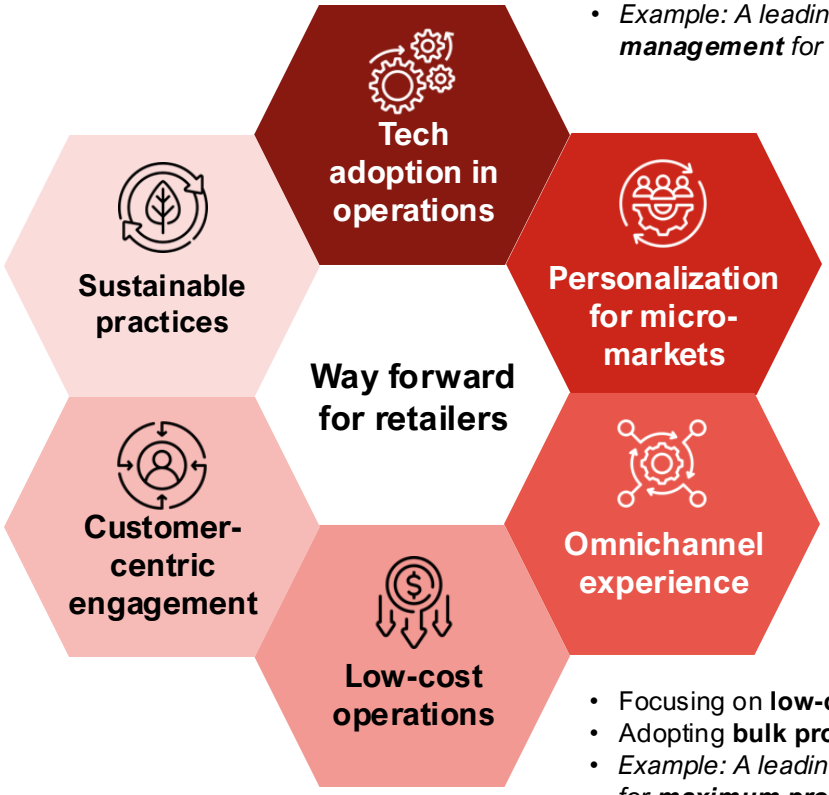
- **Personalized engagement** (e.g., loyalty programs, targeted marketing, etc.)
- **Initiatives for community building** (e.g., social media content and forums)

Source(s): Secondary research, Praxis analysis

Way forward: Adapt operating model to be tech-driven, personalized for micro-markets, multi-channel and low-cost operations to remain successful

- Prioritizing **eco-friendly materials, ethical sourcing** and **reducing carbon footprint**
- *Example: A leading fashion & lifestyle retailer provides **ethically sourced, handcrafted products**, made from **recycled and natural materials***

- Introducing **in-store tech** like **digital kiosks, virtual try-ons**, etc. for improving customer interaction
- Gathering **real-time digital feedback**
- *Example: A leading eyewear retailer offers **virtual try-on for glasses** via website, app and in-store kiosks, helping **reduce returns***



- Adopting **AI-driven tools** in **inventory and backend operations**
- **Automating warehousing**, logistics, and **customer support** for lower costs and **faster TAT**
- *Example: A leading retail group uses **IoT-based inventory management** for **real-time stock count** and timely replenishment*

- **Localizing product offerings** and **promotions** based on regional preferences
- **Tracking hyperlocal customer behaviour**
- *Example: A leading quick commerce player **adapts inventory as per region-specific demands** and user insights*

- **Unifying online & offline channels**
- Offering options like **same-day delivery**, click-and-collect, and **flexible returns**
- *Example: A leading fashion retail chain offers **endless aisle feature**, enabling **online orders from within the store** for unavailable items*

- Focusing on **low-cost logistics** and **efficient store designs**
- Adopting **bulk procurement,** helping maintain competitive pricing
- *Example: A leading supermarket chain adopts a **no-frills store format** for **maximum product visibility** with lower op. costs, while also focusing on **procuring in bulk***

Source(s): Secondary research, Praxis analysis

4

About Retailer Media

IndianRetailer.com is the ultimate go-to source for all things retail in India! With over 6 lakh monthly views, we are the largest and oldest provider of retail, D2C and ecommerce news, insights, and market intelligence. Indian Retailer is at the forefront of the industry, covering everything that matters.

IReC x LABELS MUMBAI 2024
Signature Edition

Embark on a transformative journey at the highly anticipated IReC X Labels 2024 event, where the pillars of retail, eCommerce, and licensing converge to shape the future of India's dynamic industry landscape. Set against the vibrant backdrop of Mumbai, this two-day symposium promises to be a nexus of innovation and insight, drawing together the nation's foremost thought leaders and influencers. Delve into immersive discussions on operational excellence, emerging commerce trends, and the evolving retail ecosystem, curated to inspire and inform.

Experience the spotlight shining on excellence as the prestigious Labels Awards illuminate the realm of India's retail, eCommerce, and licensing sectors. At the Labels Awards, luminaries in Licensing Animation Brands Entertainment Lifestyle & Sports are celebrated for their outstanding contributions. Don't miss this unparalleled opportunity to network, learn, and chart the course of industry innovation.

Retailer

5

About Praxis

Praxis' differentiated approach

Who we are and what we do

PRAXIS GLOBAL ALLIANCE

GrowRevenue

Accelerate revenue growth

GrowPerformance

Enable organizations to perform better

GrowValue

Enable organizations deliver superior returns

GrowSustainably

Enable organizations to seamlessly incorporate ESG principles

How we do it better: 'Praxis Stack'

Superior outcomes

- Full stack offering
- Proprietary databases
- Robust frameworks
- Digital tech first mindset

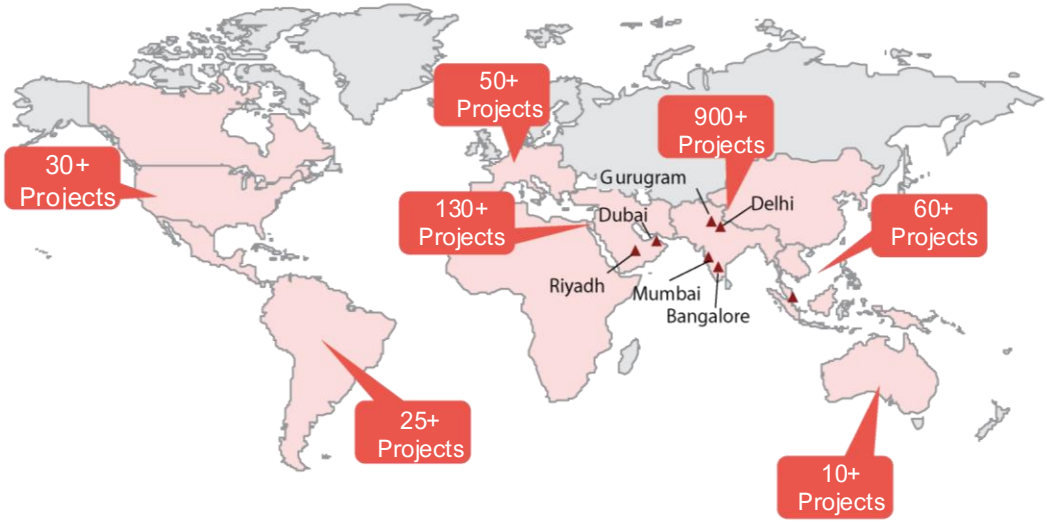
Practical approach

- Practitioner experience
- Bottom-up on-ground insights

High quality team

- Members from Top-tier institutes
- Operating experience + consulting toolkit

We have a strong footprint globally



Practices

Financial Services	Consumer and Internet	Healthcare and Lifesciences	Technology
Next Gen Industrials	Food and Agriculture	Mobility Energy and Transportation	Private Capital

What we do for our clients

GrowRevenue

Sales acceleration
Loyalty, sales productivity, key account management, throughput

Go-to-market
Category, exports, adjacencies, value proposition, micromarket full potential

Omni-channel distribution
Online to offline, offline to online, D2C

Customer experience and loyalty
Digital journeys, retail experience

Strategy & business planning
Corporate, BU, geo

GrowPerformance

Metric movement
Retention, returns, cancellation

Playbook creation
Supply, demand, process institutionalization

Cost efficiency
Zero basing, cost reduction

Supply chain optimization
Procurement, global sourcing, process efficiency

GrowValue

M&A and due diligence
CDD, synergies, Post merger integration, ODD, supply chain DD

Sell side: Vendor CDD and Road to IPO
Vendor CDD, DRHP support

Integrity DD / Forensic DD

Operational DD
Cost levers, supply chain, performance

Future tech readiness
Deep tech & innovation, digital infrastructure modernization

GrowSustainably

ESG due diligence
Reporting and assessment (IFC, NIIFL, SASB etc.)

ESG Value Creation Plan
Net zero transformation, planet positive strategy

Impact assessment
Energy, Decarbonization, Resource usage, Performance metrics

Sustainable supply chains
Sourcing, procurement, logistics, distribution

Circular economy
Product re-designing, Recycling business case, Market validation, Engineering roadmap

Connect with us

We will be happy to share perspectives

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The team at

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