



BOOK REVIEW

It Happened In India

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Kishore Biyani started his career selling stonewash fabric to small shops in Mumbai. He was born in a middle class trading family. Known as the man who brought Indian retail under global spotlight, Biyani launched Pantaloons (which he later sold off), Big Bazaar, Food Bazaar, Central and K B Retail. The latter format failed to take off. It was supposed to be a format somewhere between Big Bazaar and the kirana (mom and pop) stores. Biyani always maintains that he wants to capture every rupee in the wallet of every Indian consumer – whatever be their social standing. From building shopping malls, developing consumer brands to selling insurance, he is getting into every business where a customer spends his money.

A few years ago the retail marketing mantra was – “Location, Location, Location”. Now of course, retail marketing is all about experience, experience and experience.

Retail marketing can be summed up in four lines:

- How to attract the customers into your store.
- How to maximize the time spent by the customer in the store and how to ensure that this leads to maximization of sales revenue.
- How to create a unique experience for the shopper so that the consumer visits the store again and again.
- How to ensure that customer experience is so good that it translates into word-of-mouth publicity for your store.

Today marketers agree that word of mouth publicity is the number one in terms of promoting your products or services. Needless to add, this is a double-edged

sword. India is now moving from a socialist economy to consumption led economy. Changing demographic profiles, urbanization, increasing income levels, technology, and globalization- all these are creating a dramatic change in consumer preferences. None can deny that consumerism is here to stay. Consumers are increasingly become aware of their rights. Consumers are now spending without any remorse and this is what retail marketing tries to target. In store promotions, out store promotions, point of sales promotions, point of purchase promotions, visual merchandising – all these are being used as pull strategies to ensure that consumer empties his wallet more than what he had planned for when he enters the retail store.

Growth in retail in India has also ensured a steady market for packaged products and value added agro products. This has spiralled the growth of agro industry. Growth of retail has also fuelled the growth of convenience foods, fashion apparel, footwear, jewellery and many more items.

Retail is a local business. Thus what works in Denmark may not work in India. The Rajah of Retail – Mr Kishore Biyani feels that the Indianness of consumer needs to be recognized to succeed in the Indian retail market. Thus awareness of global retail practices will not lead to great insights about the Indian consumer. However, one can learn a lot from innovations in the Western world.

Retail is also a killing business. Competition and changing consumer preferences can wreak havoc on your business. India is a land of diversity. This presents both a challenge as well as an opportunity. Look at the number

of festivals in India – a retailer who knows the pulse of the Indian consumer will try to use the festivals as an opportunity to attract customers with the best bargains. This is what retailers are now trying to do.

Predictive modelling, data analytics – all these techniques are attempts to understand customer behavior that can often be fickle. Future of marketing is going to be how best one can relate to the consumer psychology in ways that have not been explored hitherto. Monitoring of customer behavior on a consistent basis is a must. Kishore Biyani comes across an entrepreneur who has this fetish about observing consumer behaviors.

Retail marketing is thus about customer delight, innovation, scale, appropriate cost structures and superb execution at store level. The challenge is how to get the model right and how to scale up before competition. Kishore Biyani says – “Retail marketing is like riding a bicycle uphill. If you stop pedaling, you will slide down. There is a need to scale up fast. It is important to take calculated risks over mindless gambles”. This king of retail, often labelled a maverick, has tried to bring in lots of innovations in retail – most of which were introduced based on observation of consumer behavior, their likes and dislikes. Even the name – Big Bazaar was chosen due to the Indianness of the word – Bazaar. This sort of customer centric focus is what propelled the success of a retail format like Big Bazaar. For example – Big Bazaar wanted to recreate a bazaar experience in its stores. Food grains were kept in the open for consumer to feel and touch it like they would do in a mom and pop store.

While reading Biyani’s auto biography – It happened in India – the penny dropped that John Miller and Bare brands were not foreign brands but private brands sold by Future group in its retail outlets. To be candid, I was shocked! The tagline for John Miller shirts was – “Inspired by America”. The King of Retail may have done this to boost his turnover but frankly as a customer I am both ashamed and disappointed. Ashamed - because I was not aware that John Miller was a local brand. In retail parlance, this is called as a private label. Brands owned by retailers are called as private labels. Disappointed -because now I know that retailing is also about hoodwinking the customers with fancy foreign names for local brands.

It is appalling that someone like Biyani who chants “India, India, India” all throughout his auto biography had to choose a foreign name for a brand of apparel to entice customers. But one can’t deny that the man has

pioneered many retail innovations – no matter that most of them were not sustainable in the long run.

Giving a discount on a new pair of jeans for an old pair of jeans is a different version of buy back. I also recollect the time (1999-2004) when I stayed in Mulund (Mumbai) close to R-Mall where there was a Big Bazaar outlet. There was this promotion scheme in Big Bazaar wherein you could give away old clothes, bottles, utensils and newspapers and you would be entitled to a discount of 25% on new purchases. But this promotion scheme was good only until it lasted.

As a customer I am not very happy with the apparel quality sold by Big Bazaar. No retailer is naïve to give you discounts just like that. As Biyani himself has admitted in his book, most of the attractive discounts in his Big Bazaar outlet were on non-moving products. I think most customers understand this but at times as a customer you don’t have much of a choice. The BOGO (buy one get one) offer is a psychological ploy to attack the customer’s thought process. It is much like psychological pricing where goods are priced at Rs.99, Rs.199, Rs.299 to give an impression that they are value for money propositions.

Sir Patrick Mehne, COO of Ritz Carlton made that famous statement – “Customer satisfaction is an attitude, loyalty is a behavior”. To a great extent, Kishore Biyani seems to have emulated this principle in his retail forays in India. For instance, he established a connect with customers in Kolkata with the tag line – “What Kolkata thinks today, India thinks tomorrow.” In Kolkata, once you win over a customer, he or she is loyal to you for the rest of their life. The same cannot be said about customers in UP, Punjab or Karnataka.

Primarily, an entrepreneur is a risk taker. He is also an innovator. He doesn’t believe in structure. While some of these qualities do inspire awe, it is also certain that most entrepreneurs think only about themselves. So, when the going is good, everything is hunky dory. But when there is a problem in the organization, entrepreneurs cannot think beyond themselves. Entrepreneurship is about thinking big, believing in your own ability and going ahead with huge risks. Decisions made by an entrepreneur can at times be risky for an enterprise and its employees. In the retail sector, the impact of wrong decisions made can be severe. One has to constantly be on the toes, reinvent oneself in this sector to achieve sustainable success. Consumer preferences, tastes and likes keep on changing all the time.

Biyani says, “Retailing is not just about selling products – it is about selling an idea. What is very crucial in retailing is to make customers relate to every product that we are selling as well as the store environment.” Right at the inception, Big Bazaar learnt about the power of visual merchandising. Visual merchandising is an art by which a retailer makes the store talk to its customers. Colors, signage, lights, look & feel – everything is taken into account. Then there is category management that is based on the belief that a customer is walking into a store looking for a party shirt or a formal trouser, rather than a particular brand. The store is then designed according to categories like men’s formal wear, women’s western wear, casual wear. Teams in the retail organization are divided according to the categories that are managed by them rather than the brands. Instead of brands competing with one another, the objective was to create ‘traffic drivers’ within the store.

Pantaloon brand was created from the Hindi word – Patloon (that means pant/ trouser). Fashion and effective pricing proved to be the two winning retail propositions in this case. Fashion apparels can be compared to fish in the market. Fashion apparels are perishable – one has to sell it within a particular time frame. If fish is stale, it fetches lesser price. Similarly, if you have clear old stock that is no longer supporting the current fashion trends, you have to offer major discounts to move the stock. Recognizing the fashion trends and putting them on store shelves has to be over a period of six weeks.

The process followed by Future Group was

- Identify a trend.
- Conceptualise it.
- Prepare samples of it.
- Understand its business viability.
- Place orders for fabric.
- Manufacture.

While all these activities are going on as part of the process, simultaneously work on the store design and visual merchandising has to begin and be completed by the time the products are dispatched from the factories to the stores. Retail is like a puzzle where you have to bet on the unknown. As a retailer, one has to reinvent oneself almost every day. To do that, a lot of decisions have to be made on the spur of the moment and closer to the shop floor.

Biyani says that his strategy was to look at growth rather than focusing on profits and efficiency. He says that all other retailers including foreign retailers were obsessed with profit margins while his priority was growth. Sometimes it looks scary. However, to give due credit to the Rajah of Retail, he made an intelligent decision not to venture into foreign territories about which he had little exposure and experience.

The world over, retail is a very local business. Only a handful of international retailers have been successful across multiple countries. This is because retail requires a deep understanding of local tastes and preferences. Biyani says that India needs a value retailing model and not a lifestyle retailing model. The emotional connect that Big Bazaar built with its customers was underpinned by good deals that the store offered them. One has to agree with Biyani when he says that one has to follow the Indian consumer with passion and retail is all about appealing to the heart. Many of Biyani’s strategies were not only innovative but they were also based on keen observation of consumer behavior. He never chose a location that had a flight of steps in front of the store. He believed in the oxymoron – organized chaos. Indians are known for their herd mentality – we tend to go to a place that is crowded because we are assured that crowds through a place because it is good.

The risks of “butt and brush” effect in Retail were dismissed off by the Rajah of Retail. These concepts are good enough for the West but for Indians who travel in crowded local trains and buses this is hardly an issue. It is interesting to note how Biyani & co tweaked the popular big box format that appealed to the Western consumers. A big box retail store is spread across a single floor with high ceilings and merchandise stacked high on racks. Hypermarkets have long, narrow aisles, suitable for individuals shopping alone with carts. As Indian consumers like to shop with their families, this format was tweaked to suit the Indian consumers. In Retail you are either operation driven where your main thrust is towards reducing expenses and improving efficiency or you are merchandise driven. The ones that are truly merchandise driven can always work on improving operations. But the ones that are operations driven tend to level off and begin to deteriorate.

A retailer must always focus on the front end, while outsourcing the back end activities. The job of a retailer

is to create demand. Building a robust supply chain is important but this is not the primary role of a retailer. Focus on the customer, keeping the business model simple and agile and open to adaptation is vital. Strengthening the front end is the key to success in retail. Retailing is about understanding and interpreting customer needs, anticipating what the customer wants. Therefore, one has to understand customer needs first and then build the supply chain. Though logistics capabilities are the bedrock of a successful retail operation, understanding the customer has to be No.1 priority of a retailer. To build a successful retailing model in India, retailers have to leverage the huge power of micro enterprise and the indigenous supply chain in India. Mind share is all about consumer awareness of a product or brand. Retailing is all about battle for the mindshare and not a battle for the market share.

Frontline employees who regularly interact with customers give vital clues about the business which no marketing consultant can ever hope to give. Motivating the front line employees is a vital task. While selecting the frontline employees, one has to look at their mental labour. Big Bazaar chose an innovative incentive scheme to delight their employees during Diwali. Rather than giving them customary cash bonuses or pack of sweets, Biyani devised a scheme by which HR would arrange for de-cluttering and painting of the homes of their employees during the Diwali festival. Apart from the fact that this incentive did not attract any tax, it also resulted in the happiness of family members of the employees during an important festival like Diwali.

Biyani felt that while selecting a location a retailer has to look at the future potential of the locality and not just the current profile of the locality. Years ago, Koramangala in Bangalore was not a location where retailers would have planned their store location. It was a simple and calm place and resonated with the charm of a pensioner's paradise. Today, Koramangala Sony World is a landmark bus stop. This is almost like the Phoenix Mills Compound in Lower Parel, Mumbai.

Croma, Sony World, Taco Bell, Life style, Pizza Hut, Sapphire, Pantaloons – all these stores have occupied their pride of place in Koramangala which is now one of the most happening places in Bangalore. College students who are regular visitors of shopping malls come in large groups and hang out together without making any purchases. They are often called – “Mall Rats”. Even for

making these mall rats empty their wallets and pocket money, Big Bazaar came up with innovative ideas.

All retail strategies must focus on getting a larger share of the customer's wallet. The key to success in retailing is in getting customers come back to your store again and again. Retailers in India have to develop their competencies in understanding the psyche of the Indian consumers. Emphasis on building and nurturing relationships is an Indian way of doing business. Lessons learnt from good practices are worth emulating. Biyani found out that a store called “Pakeezah” in Northern India reimbursed auto fares of customers who visited their stores in the afternoon hours. Taking a cue, Big Bazaar introduced a scheme whereby customers who visited their stores in the non-peak afternoon hours were reimbursed call taxi/ auto fares. The key is to find out tailor made solutions for customers and sharpen thought leadership to improve customer satisfaction.

Future of retail belongs to concepts like ‘Social Retailing’ which deploys technology to engage the tech-savvy young customers in a unique way, even while expanding retail sales and reach. Viral networking, RFID, data analytics, use of mobile apps – all of these underpinned by solid transaction processing is going to rewrite the rules of retail in the future. Capability will be at the heart of creating newer and better customer experience. Selecting the right location, uniqueness of customer experience backed by technology will continue to drive retail growth in the future.

The book gives the readers a deep insight about Biyani's personal as well as entrepreneurial abilities. Reminiscing about his childhood and college days, Biyani speaks about how he was enamoured with entrepreneurship. He tells the readers that he is a maverick often defying established norms and taking the path that is less travelled. He has gone through tough and testing times – however his resilience is something that is worth learning from.

His experiences on building emotional connect with customers and making Indian cultural values a part of business ethic make for interesting reading. His interest in reading and analyzing customers reminds you of Paco Underhill who runs a firm called Enviro-sell in USA and is hired by retailers across the globe to do research on consumer behavior. Underhill has written a book on the science of shopping.

The book speaks about the importance of relationships throughout – be it relationships with

customers, employees, shareholders, family and friends. Biyani affirms that trust is very essential in managing and running a retail business.

The book gives you a glimpse into the challenges of retail across the world. Customers are fickle and behaviors of customers are different in different parts of the world depending on the cultural landscape. India is a land of unity in diversity. Regional differences characterize Indian culture. Some retailers are talking about religion playing a role in retailing in the future. The book is unique because it gives you a cogent perspective of Indian retail. With so many different languages, religions and culture succeeding in the Indian retail market is replete with risks, uncertainties and unexpected challenges that can crop up all of a sudden.

It is not clear whether Biyani really follows what he preaches. The book presents his view-point which is bound to give a rosy picture about the way Future group treats its employees. What Biyani doesn't mention is that store management is one of the toughest jobs in the world. He could have shared his opinion on the same. Store managers are a harried lot as they have to balance demands of management, demands of customers and needs of store employees.

Across the globe, retail sector is known for underpaying its employees. Long working hours, absence of reward and recognition, failure to appreciate performance and low wages characterize retail. While retail marketing books devote lots of attention on how frontline employees can act as boundary spanners and make a valuable contribution as kingpins of service delivery, the reality on the ground is different.

Retailers do not pay their employees well due to high levels of attrition. Employees do not put in their best to turn prospects into customers because they are poorly paid. This is a vicious cycle. The job can be monotonous and base. Demanding customers who threaten to complain at the drop of a hat can cause tremendous stress to the store employee. Customers may scatter things around and stacking up again and again can be a frustrating experience for the store employee.

On the other hand, store employees often fail to understand customer traffic is seldom fixed on all days.

Customers throng stores during festivals and weekends however footfalls on other days can be bare minimum. Employees in retail sector need training in softer skills so that they can convert prospects into sales and help in business growth. They need to be motivated for a good work and penalized for a shoddy job. A frontline store employee who is indifferent and manages to drive away customers should be made to realize that his pay – however low it is – eventually comes from revenues earned from customers. Insincere retail employees are often known to take revenge on their employers by turning away customers from making purchases. Modern retail stores now monitor employee behavior by using digital gadgets like closed circuit television and customer feedback that can be given on a tablet. Biyani doesn't speak much on these issues despite the fact that pilferage and shrinkage in Indian retail stores is on the higher side.

The book should be read by every student of marketing to understand the rags-to-riches story of India's retail king.

Some of the quotes from the book are worth noting for posterity:

- I based everything on one philosophy 'Rewrite Rules. Retain Values'. Chase your dreams but don't compromise on your belief system.
- Entrepreneurship is about thinking big, believing in your own ability and going ahead with huge risks even if you are aware that some of the ventures may not be successful. It's also about making decisions, leadership, and about making your colleagues believe in you dream.
- When one is young and tries to rewrite rules, he is called 'mad.' But when he is finally successful, because he dared to risk it, he is called a 'maverick.'
- By the time one manages to get out of the control of one's family, one loses his zeal and becomes complacent with what has already been created.

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