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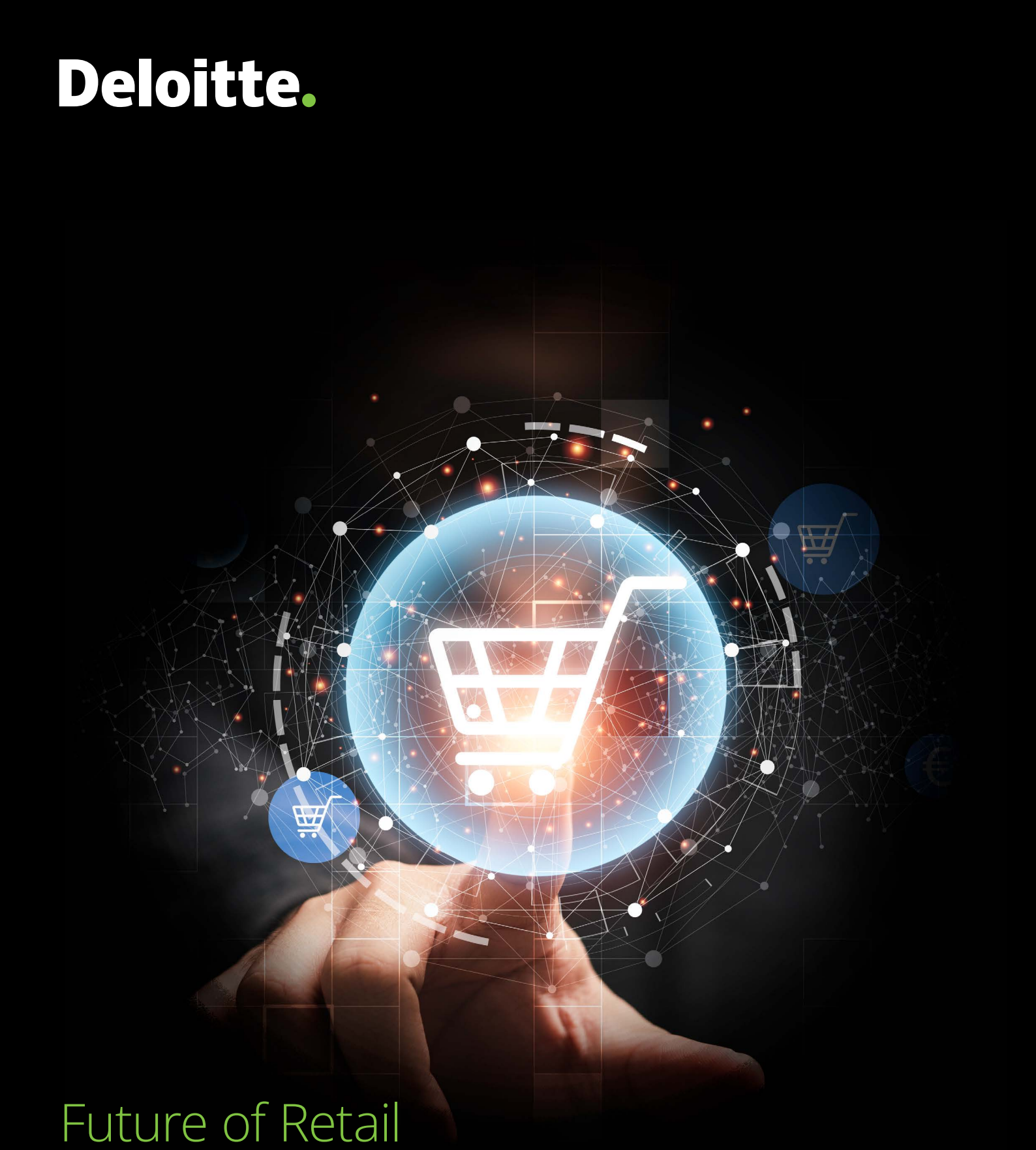

Future of Retail
Emerging Landscape of Omni-Channel Commerce in India

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Foreword by Deloitte

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India's retail industry has always been a vibrant and dynamic sector, deeply embedded in the country's economic and cultural fabric. Over the years, it has undergone significant transformations, adapting to changing consumer preferences, technological advancements, and evolving market dynamics. Today, as we stand on the cusp of a new era, shaped by the pandemic and subsequent geopolitical changes, the future of retail sector in India holds immense promise and potential.

This report explores key forces shaping the retail sector, their implications for retailer and brands. It presents a roadmap for navigating the exciting and rapidly evolving landscape of the retail industry by leveraging our expertise in the retail sector along with a comprehensive consumer survey that was undertaken to understand shopping preferences. As we delve into this report, we will uncover how shifts in consumer behaviour and societal norms impact consumption & the overall industry landscape including key growth trends and opportunities. The retail sector growth has been driven by factors such as rising disposable incomes, urbanization, a burgeoning middle class, and a digitally empowered consumer base. Furthermore, the COVID-19 pandemic has acted as a catalyst for digital transformation, accelerating e-commerce adoption and transforming consumer behaviour at an unprecedented pace. We have identified emerging technologies and innovations that are reshaping the consumer experience as well as developing new channels/ formats. From generative AI to IoT to AR/VR, these disruptive forces are revolutionizing the way retailers drive customer engagement, streamline operations, and create personalized shopping experiences. Additionally, we have also explored the impact of government policy and sustainability on retailer operations & consumer preferences.

Exploring the future of retail in India, we expect ecommerce to continue its exponential growth and surpass organized retail in scale and size. Additionally, emerging channels such as social commerce, quick commerce, D2C will reshape how millennials and Gen Z will shop in the future. Investment in specialized vertical ecommerce is also expected to grow in the near future. Retailers recognize the need to move beyond transactional interactions and create immersive, memorable experiences that leave a lasting impact. Growth in incomes and demographic changes will enable the faster growth of luxury retail in India. Luxury brands must navigate the delicate balance between tradition and innovation, as they cater to a discerning clientele with evolving tastes and preferences. Profitable growth is a key theme for retailers and their investors. Private labels are hence gaining increasing prominence with retailers investing in contract manufacturing and branding of these products to provide better value to customers. Lastly, we discuss interesting initiatives taken by Indian and global retailers in effectively using technology and driving adoption for enhanced customer experience, service quality and productivity.

I invite you to explore this report and embrace the future of retail. May it inspire innovation, foster collaboration, and empower us to create a retail ecosystem that exceeds customer expectations, embraces technological advancements, and prepares for the boundless possibilities that lie ahead.

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Executive summary

The Indian retail sector continues to be a significant force in the domestic and global context. Retail is a major contributor to India's GDP and employment, and India is expected to be the third-largest consumer market by 2030.[6] India's retail industry has gone through multiple disruptions over the last few years, from new business models and improved customer experience to growing digitalisation across the value chain. Over the next decade, several disruptions are expected to transform India's retail sector.
To understand and navigate these changes, Deloitte has identified six forces through extensive research, which will play a fundamental role in shaping the retail industry.

- **Changing consumers:** Rising income levels will lead to the addition of 110 million households[1] (half of the EU) to the Indian middle class. Higher incomes will result in a growing demand for convenience, value-added services and increased discretionary spending. Consumers are increasingly turning to digital mediums for pre-purchase activities. Online reviews and ratings have emerged as the most significant factors influencing their buying decisions
- **Society and culture:** Diwali is considered to be amongst the top two occasions for purchases.[3] Additionally, the growing popularity of sports and the pandemic have had a positive impact on sporting goods, healthy food, and the wellness sector at large.
- **Exponential technology:** There are growing customer expectations for convenience and personalisation, and brands are building a comprehensive marketing omnichannel tech stack and utilising new-age technologies, such as AR/VR/MR, Metaverse, IOT, and Blockchain.
- **Industry upheaval:** With the establishment of the e-commerce market, Indian conglomerates and government-backed entities have entered the sector. Additionally, there has been a growing traction of emerging online channels in select categories and geographies.
- **Climate and the planet:** More than 70 percent consumers[3] have already switched brands or are likely to switch in the near future due to sustainability. Brands are revamping their operations (NPD, sourcing, etc.), launching eco-friendly product lines, and involving consumers in sustainable initiatives.
- **Economic policy and power:** The government has undertaken multiple initiatives (streamlining regulation, improving financial access, FDI policy, etc.) to drive retail growth and this is expected to continue.

Using these six forces, the Indian retail landscape, and learning from China, we have built future scenarios for the following areas:

- **Rise of new commerce:** The new commerce (D2C, social commerce, quick commerce, and live commerce) contributes to ~5 percent of retail sales in China, compared with 1.7 percent in India. There is significant headroom for growth and India's new commerce is expected to grow eight times in the next eight years.[1]
- **Technology-driven customer experience enhancement:** Brands are expected to invest in new-age technologies, such as (AR/VR/MR, IoT, generative AI, etc.) and build a comprehensive tech stack to deliver an omnichannel customer experience and streamline operations.
- **Kirana tech:** With the exponential growth of e-commerce and organised retail in the last decade, local mom-and-pop stores are realising the importance of digital solutions to sell across multiple online channels and provide convenience. They also get easy access to credit and simplify their store operations
- **Future of the luxury market:** High growth in HNIs, the emergence of non-metros for luxury consumption, and the growing traction of luxury products are expected to fuel the growth of the luxury market in India.
- **Experiential retail:** For premium and luxury products, consumers continue to prefer the in-store shopping experience. Brands are expected to invest in digital solutions for a personalised and immersive customer experience.
- **Private label growth:** As consumers continue to prefer marketplaces (online/offline), retailers are expected to enhance the positioning of high-margin private labels and identify new categories to enhance retailer profitability.

The future of retail will have significant implications for retailers/brands. We have analysed these implications through our market, models, and mechanic framework. Some key implications are as follows:

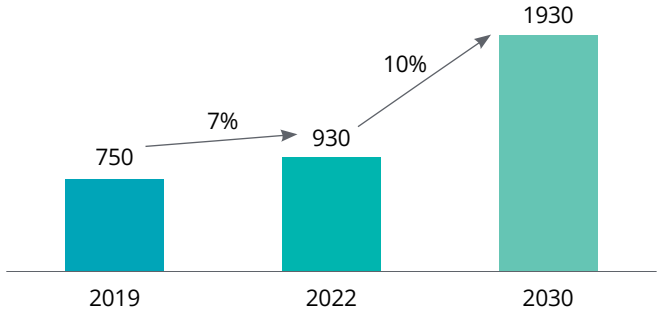
Framework	Key implications	Sub-area	Select use cases
Markets	Integrated customer experience	Omnichannel	Employ concepts such as BOPIS, BORIS, BOSS, endless aisle, and drive seamless online-offline connect
		Personalisation	Elevate the point of purchase experience, create immersive environments, and invest in value-added services through skilled employees as in-store brand promoters
		Consumer engagement	Utilise the virtual salesman model and employ AI-powered applications for assisted recommendations on brand websites
	Convenience over brand loyalty	Availability	Reimagine online and offline presence to serve targeted customers efficiently
		Reduced delivery time	Enable customers to conveniently engage from wherever they are while offering quick-delivery subscriptions and self-service options
	Address consumers from Bharat	Target emerging markets	Make strategic investments to tap into the potential of hinterland consumers poised to drive the next phase of growth in e-commerce and trade
Model	Adopt new commerce: D2C, social, and live and quick commerce	Integration with existing channels	Ensure a cohesive and consistent customer buying experience across various touchpoints, whether through social media platforms, online marketplaces, or quick commerce delivery services
	-	Brand for community	Build brands that target communities through new commerce channels and an effective marketing and operations strategy
	-	"Retailtainment"	Focus on creating quality and effective content with seamlessly integration with commerce to increase the customer's propensity to purchase and advocate
	Achieve profitability	Prioritise profitability with growth	Focus on improving unit economics, optimise operations and retain existing customers. Bring low-ticket, non-profitable customers to their physical stores

Framework	Key implications	Sub-area	Select use cases
Mechanics	Accelerate technological investments	Core technology	Adopt essential core technology such as e-commerce platforms, cloud functionality, and CRM systems
	-	Adjacent technology	Integrate adjacent technological capabilities advanced analytics for retail and supply chain optimization, digital reality solutions, etc.
	-	Transformational technology	Enhance current offerings and create new business opportunities by adopting technologies such as Internet of Things (IoT), generative AI, Blockchain, and 3D printing
	Sustainability to drive retention	Transparently showcase sustainable practices	Communicate environmental initiatives, partnerships with sustainable organisations, and steps taken to minimise carbon footprint to build trust and credibility amongst Millennials and Gen Zs
	Technology adoption readiness	Supportive and collaborative ecosystem	Create a culture of transparency, trust, and collaboration by maintaining open lines of dialogue, actively listening to partner feedback, and addressing concerns or issues promptly for channel partners to sense shared purpose
	-	Drive change management	Establish clear vision statements that outline goals and objectives, providing a roadmap for transformation

India Retail Market Overview

The Indian retail industry plays a pivotal role in driving India's economy, contributing 10 percent to the country's GDP and generating employment for 8 percent of the population.[19] In recent years, the retail sector has witnessed remarkable growth, propelled by factors, such as increasing urbanisation, a rise in disposable income, improved logistics, increase in product offerings/assortments/SKUs, and digital accessibility for rural consumers. Presently, India is amongst the top five retail markets and is expected to be the world's third-largest consumer market by 2030,[6] trailing only behind China and the US. This growth trajectory demonstrates the immense potential and promising future of the Indian retail industry. As the country continues to develop and embrace technological advancements, along with ongoing efforts to enhance infrastructure and consumer reach, the Indian retail sector is poised for further expansion, cementing its position as a key driver of economic growth.

India's economic surge: Projected growth, rising households, and shifting demographics (USD bn)



Source: Deloitte Analysis

The retail sector's growth in the future is likely to be driven by the following:

- **Continued economic growth:** India's economy is projected to maintain its growth trajectory, positioning it as the world's third-largest economy by 2030[5]. Furthermore, by 2030, India is set to add 110 million middle-income households (current 190 million)[1] and 14 million high-income households (current 15 million)[1].
- **Key consuming cohort:** - Sixty-five percent of India's population (addition of ~50 million people) would continue to belong to the key consuming cohort of 15-59 years until 2030.[7]
- **Population growth and urbanisation** – India has surpassed China as the most populous country and will continue to experience population growth. Additionally, the urban population is projected to rise from the current 35 percent to 40 percent of the total population by 2030.[8]

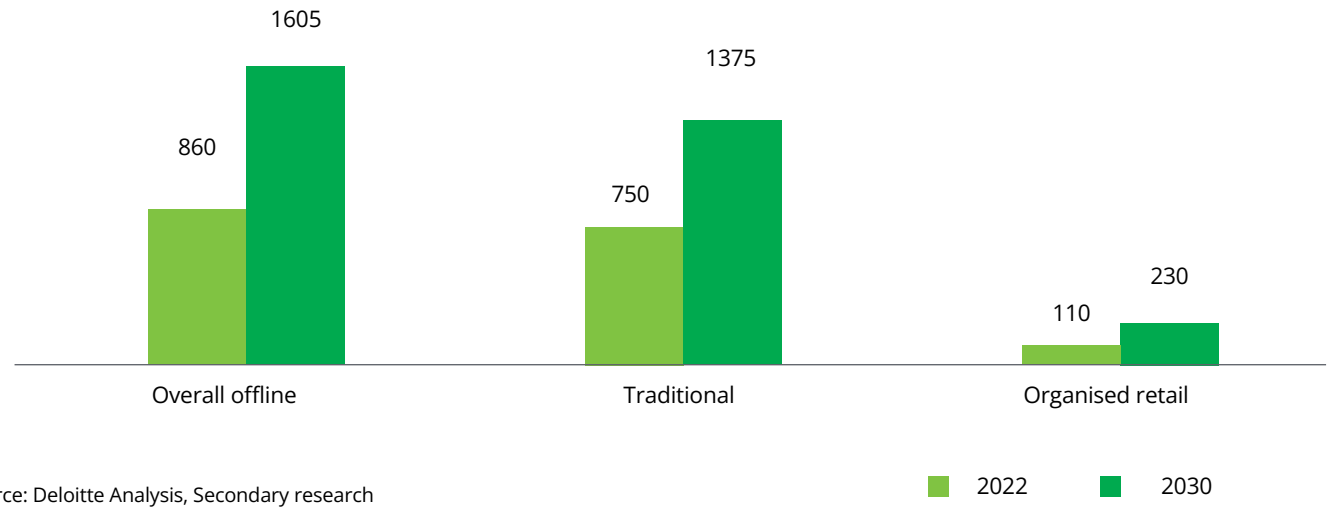
Diverse growth frontiers in Indian retail: From food and grocery to apparel, jewellery, and luxury (USD Bn)

Source: Deloitte Analysis

- **Food and grocery:** The food and grocery segment holds the largest share (65 percent of retail)[2] in the sector. Its growth is driven by the increasing consumption of processed foods, including savoury items, sweets, and snacks. The sector also benefits from rising dairy consumption and premiumization trends, with a shift from unbranded to branded and value-added variants.
- **Apparel and footwear:** Growth is driven by athleisure and activewear with growing health awareness and preference for comfort. Casual wear and premium ethnic wear (blending traditional elements with modern aesthetics) is gaining consumer traction.
- **Jewellery:** Jewellery occupies a significant position in Indian households, with gold ranking as the second-largest asset.[9] It remains to be a growing segment, serving both as an investment instrument and a fashion accessory. Lightweight and diamond jewellery are particularly sought after by Gen Zs and Millennials. Moreover, wedding-related purchases contribute to around 50-55 percent of the demand.[13]
- **Luxury:** With one of the highest HNI growth rates in Asia, India's luxury market is likely to witness bright prospects.[12] Brands are actively exploring bridge options to luxury products, helping drive the consumer base and conversions to the luxury market.

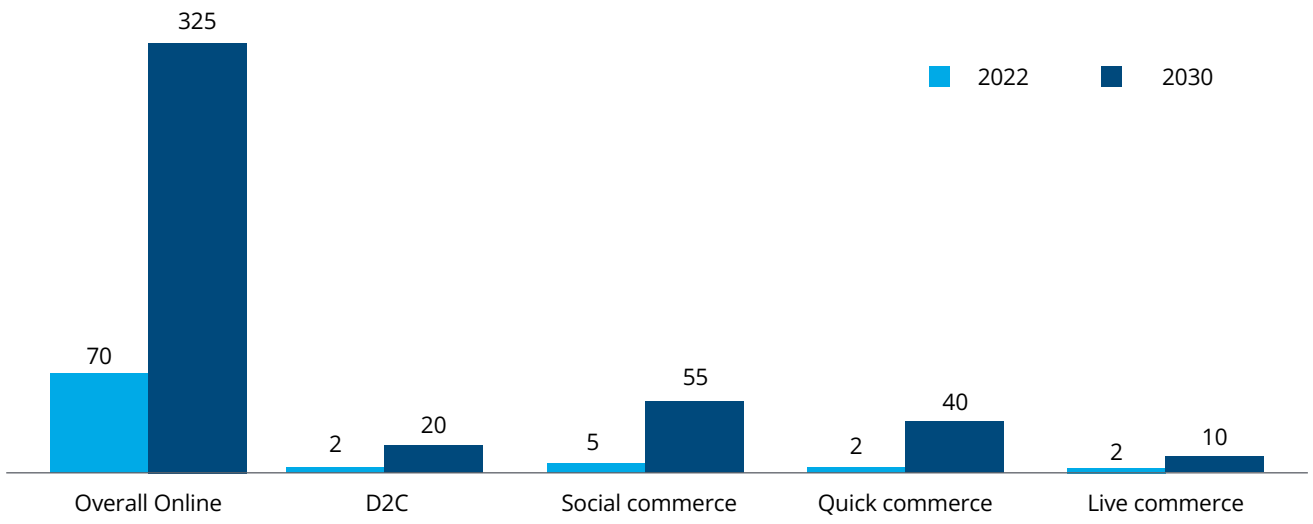
The paradigm shift: Online retail's surging growth in India

Offline market and key channels, US$ billion



Source: Deloitte Analysis, Secondary research

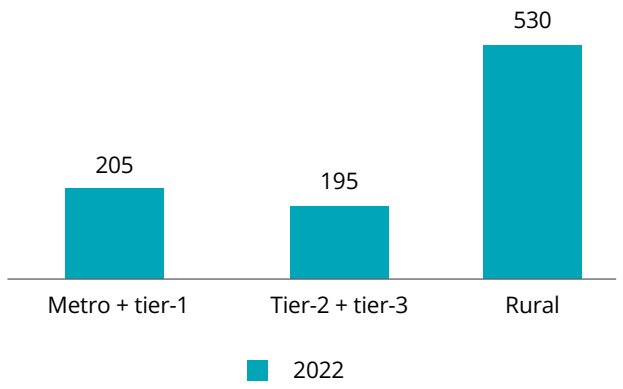
Online market and key channels, US$ billion



Source: Deloitte Analysis, Secondary research
Note: For D2C channel figures, only brand website sales have been considered

The traditional retail channel remains the largest in India, but online retail is expected to grow 2.5 times faster than offline retail.[2] Organised retail has grown due to wide product assortments, improved customer experience, and influence from the western mall culture. However, the rise of e-commerce has led to a significant shift in consumer behaviour towards online shopping. Factors such as ease of ordering and returns, a robust logistics infrastructure covering over 19,000 pin codes,[10] a digitally savvy consumer base of 220 million[12] online shoppers, and substantial investments from private equity and venture capital firms totalling US$23 billion[121] over five years have contributed to the exponential growth of e-commerce.[12] Consequently, online sales is expected to surpass organised retail. There will be growing prominence of omnichannel retail, where retailers integrate their offline and online channels to provide the best of both worlds to consumers.

The rise of tier 2 and 3 Cities: Driving India's retail growth and e-commerce boom (USD Bn)



Metro+Tier 1: Urban towns (>1 million population)
Tier 2+3: Urban towns (<1 million population)

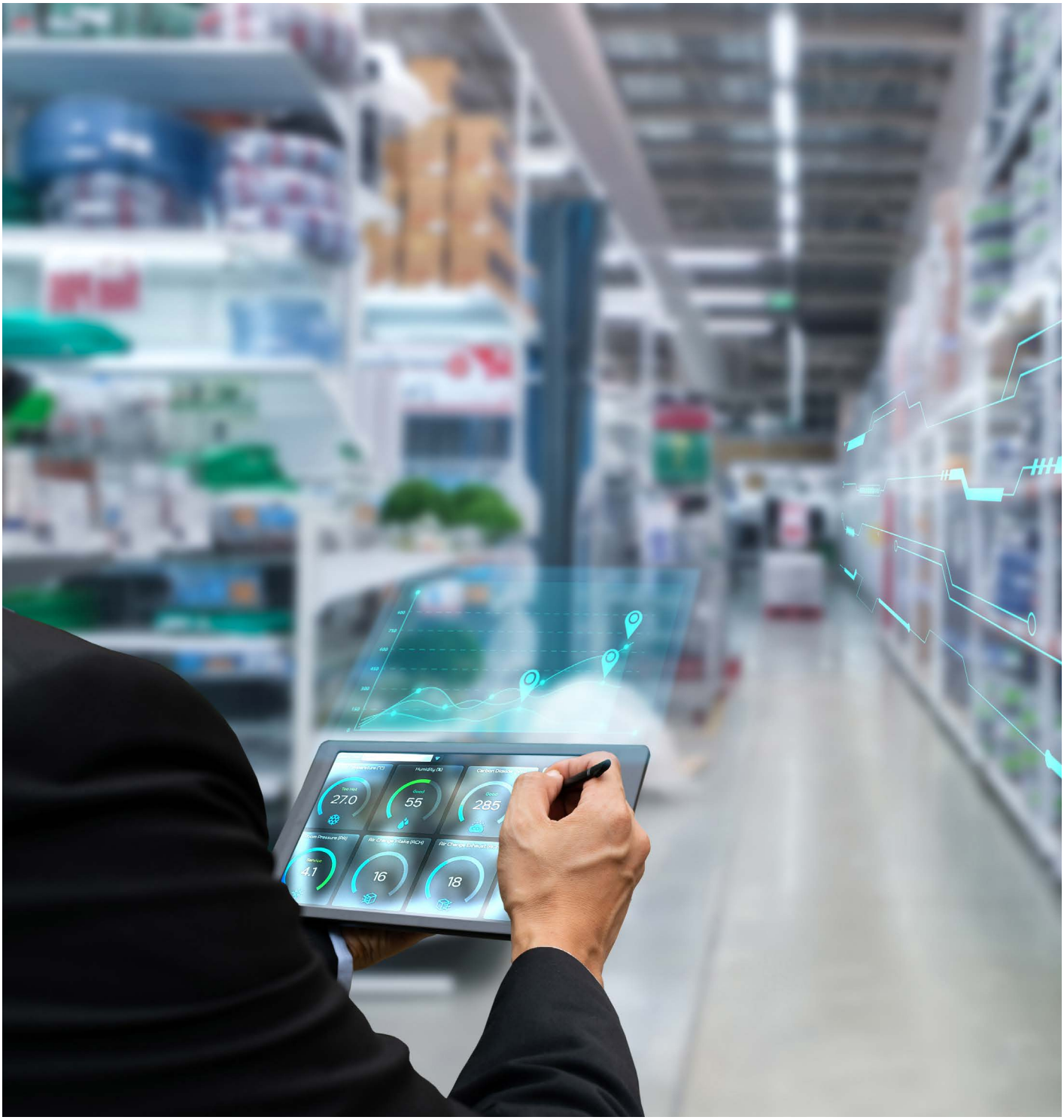
Source: Deloitte Analysis

- Tier-2 and 3 cities are propelling the next phase of growth in India's retail sector, fuelled by shifting consumption patterns and increased purchasing power. With a growing appetite for branded goods and quality retail infrastructure, retailers are expanding their presence beyond tier-1 cities.
- The rapid growth of e-commerce in tier-2 and 3 cities is reshaping the retail landscape. In 2022, these cities accounted for over 60 percent of the total orders, outpacing tier-1 markets. Tier-3 cities experienced a 65 percent order volume growth, tier-2 cities witnessed a 50 percent growth, while tier-1 cities saw 10 percent growth.[13]

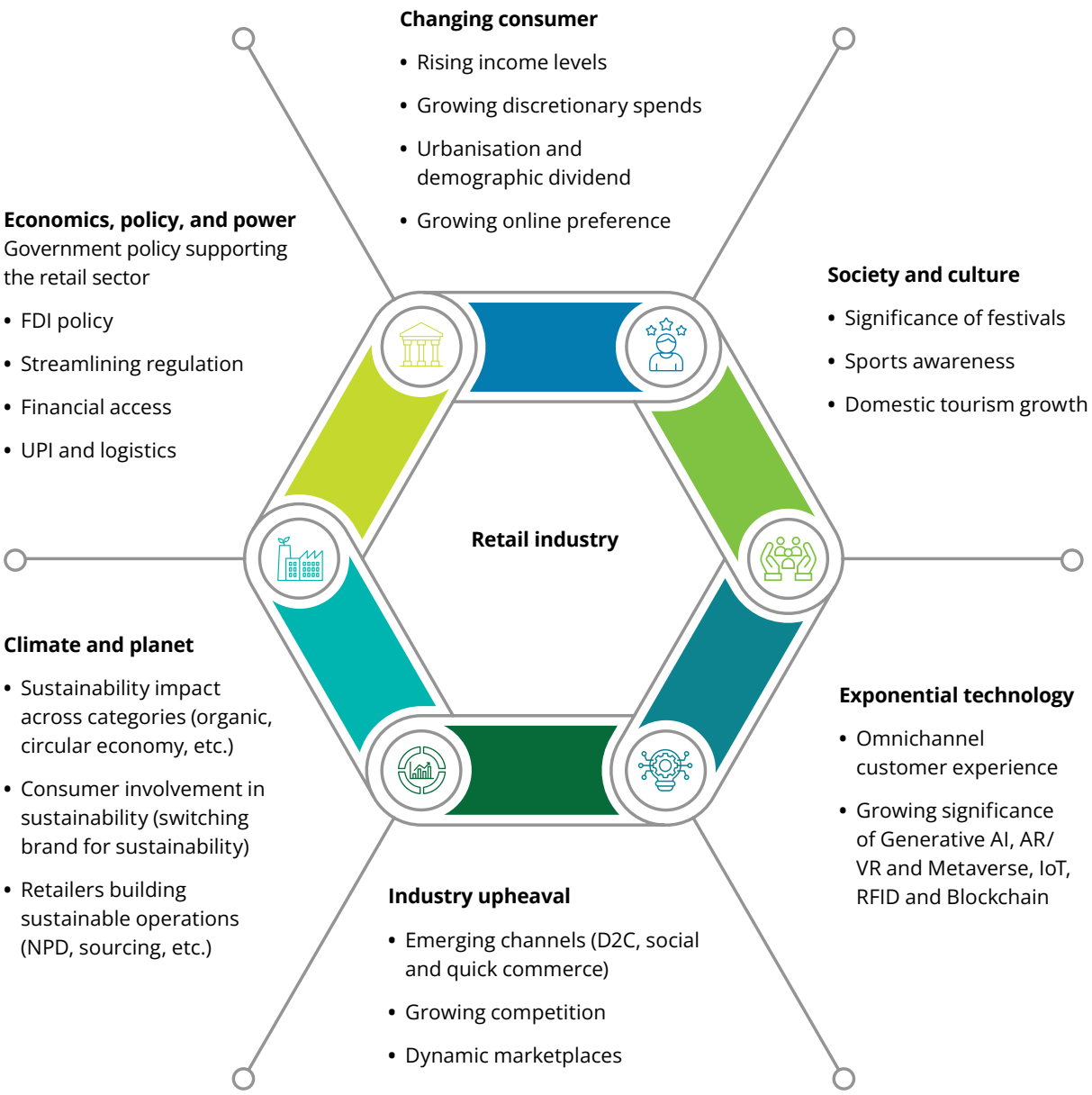
A comparative analysis of India's progress and future Outlook

- **India can be the next China:** India can potentially emulate China's economic success, given its current position as the world's fifth-largest economy.[14] With faster GDP growth than China over the recent years, a younger population (28 years compared with China's 39 years)[15], and the promise of a demographic dividend, India is poised for significant growth.
- **Lowest gap in e-commerce:** India lags behind China by approximately 15 years in retail market size (China reached India's current level in 2005)[16], e-commerce market size (China achieved it in 2010)[17], and GDP per capita (China surpassed that milestone in 2006). [18]PE/VC investment, digital adoption, and rising income levels have helped minimise the gap for e-commerce.
- **Impact on sectors:** These include the e-commerce market, with social commerce and direct-to-consumer (D2C) models poised for expansion (India currently at 8 percent compared with China's 25 percent of retail).[1] The luxury market is also projected to grow significantly, transitioning from 0.8 percent to 1.5 percent of the retail market.[20] Additionally, live commerce shows potential with India standing at 0.3 percent as compared with China's 2.3 percent of retail.[21] Further, there is significant headroom for growth in omnichannel operations as many leading Chinese retailers have omnichannel operations.

The six forces shaping the retail sector



The retail industry has experienced significant disruptions in recent years, marked by the emergence of innovative business models, enhanced customer experiences, and widely pervasive digitisation throughout the value chain. In this dynamic landscape, understanding and responding to the forces shaping the market are crucial for businesses to thrive amidst constant change. These six major forces provide valuable insights into the evolving market dynamics, empowering companies to anticipate shifts, align their strategies, and unlock new opportunities. They encompass a range of transformative factors, such as evolving consumer behaviour, societal and cultural shifts, the rapid advancement of exponential technologies, industry upheaval, the economic impact of climate change and sustainability, and the evolving landscape of economics, policies, and power dynamics. As businesses strive for success, executives must broaden their mindset to incorporate societal and environmental dimensions, demonstrating clarity, vision, and courage to navigate the accelerated pace of change in the retail industry.



Changing consumers

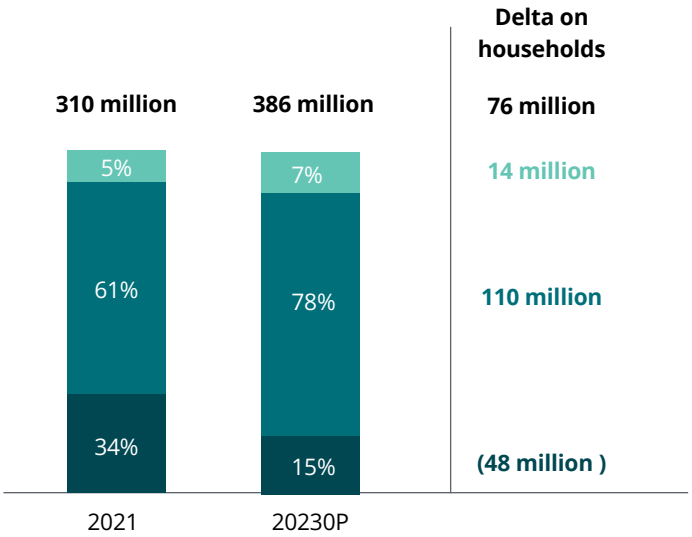
In recent years, India has experienced a substantial rise in disposable incomes, especially in the growing middle-class segment. This has resulted in a notable shift in consumer preferences, as individuals increasingly prioritise quality, convenience, and enriching shopping experiences. Additionally, India's demographic is undergoing a shift, characterised by a surge in the urban young, predominantly led by Millennials and Gen Zs.

In India, there has been a significant rise in per-capita income, with a substantial increase from approximately US$1,400 in 2014 to around US$2,200 in 2022.[22] This economic growth has led to the emergence of a rising middle class, projected to expand by 110 million households[1] (from 190 million) between 2021 and 2030[24], equivalent to one half of the current households in the European Union.[122]

As income levels rise, Millennials and Gen Zs in India are increasingly seeking convenience, value-added services, and are willing to pay a premium for it.

- Seventy-two percent of Millennials and 66 percent Gen Zs are willing to pay a premium for comprehensive after-sales support.[3]
- Close to fifty percent Millennials and Gen Zs are willing to pay a premium for quicker delivery and flexibility in product returns, respectively.[3]

Growing middle class and shifting consumer preferences



Note: Household income - Low: < INR 3 LPA, Middle: INR 3 - 30 LPA, High: > INR 30 LPA

Source: Secondary research

Preferences include comprehensive after-sales support, quicker delivery, product return flexibility, product customisation, and exclusive access to newly launched products.

Exploring household spending patterns: Discretionary category disparities

When comparing household spending patterns, it is evident that high-income households (HIH) tend to allocate more financial resources than low-income households (LIH). Our survey reveals that in select discretionary categories, HIH exhibit a spending capacity that is 2-2.5 times higher than that of LIH, with an average of 1.5 times greater expenditure[3].

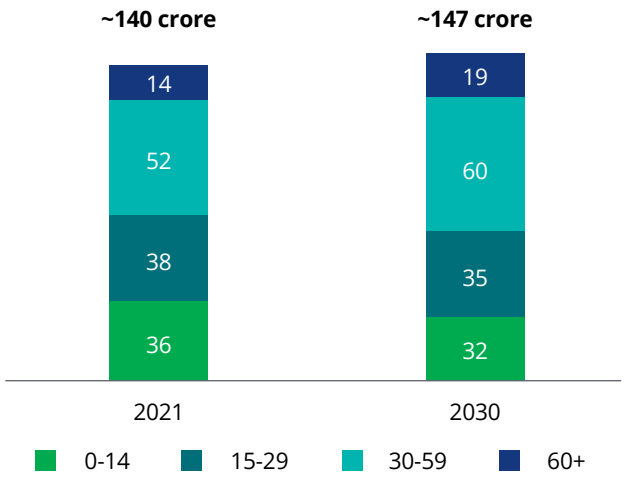
The specific categories where this disparity in spending becomes apparent are as follows:

- **Dining out/delivery:** High-income households allocate a significant portion of their budget to dining out or food delivery services, prioritising enjoyable meals outside of their homes.
- **Gems and Jewellery:** High-income households prioritise luxury purchases, allocating a significant portion of their discretionary income to acquire precious stones and fashion accessories.
- **Apparel and footwear:** High-income households exhibit higher spending on apparel and footwear, emphasising on quality, brand, and fashion trends.
- **Groceries:** High-income households prioritise premium packaged food, gourmet ingredients, and indulgent treats, showcasing their capacity to invest in higher-priced, high-quality grocery items.

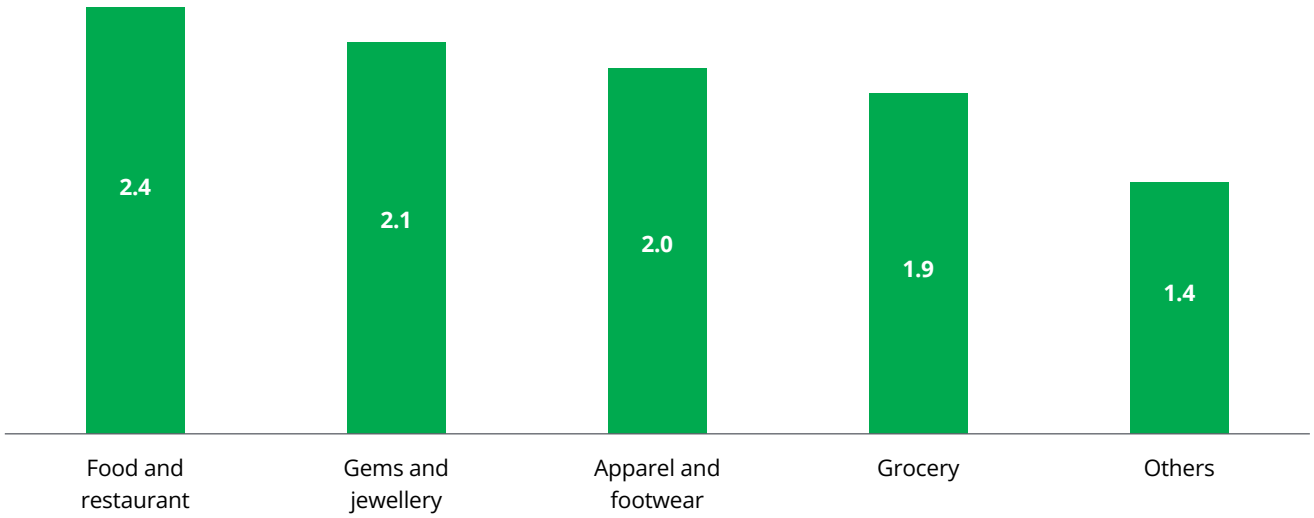
Towards an urban & productive India

By 2030, India's urban population is projected to experience a significant surge, with an additional ~100 million individuals[8] contributing to raise urbanisation from 35 to 40 percent. Amidst this, rural per capita consumption is expected to multiply 4.3 times by 2030, surpassing the 3.5 times growth in urban areas[26]. This demonstrates the untapped potential of rural markets and their contribution to India's economic growth. The key driver of India's economic growth will be the 15-59 age group, which is projected to reach a substantial size of 950 million people by 2030[27], representing an addition of 50 million individuals. Additionally, the retiree population (60+ years) is anticipated to increase by 50 million (from 140 million) by 2030, with states such as Kerala and Tamil Nadu leading in this age bracket.

Age distribution (in crore)



Expenditure ratio of high income & low income households



Source: Deloitte survey

Note - High > 30 lakhs, Medium - 10 to 30 lakhs , Low < 10 lakhs

Source: MOSPI and World Bank

Decoding purchase dynamics

Key purchase drivers
For over 70 percent consumers, including Millennials and Gen Zs across income groups, price remains the primary factor influencing purchase decisions. Following price is brand reputation, which plays a significant role and accounts for approximately 35-45 percent of consumer choices.[3]

Influencers
"Online research/reviews" plays the most significant role in the decision-making process for Gen Zs, Millennials, and income groups (55-65 percent)[3].

Unveiling the urban consumer's channel preferences

- Consumers show a strong preference for offline stores in categories, such as furniture and home furnishing, gems and jewellery, and pharmacy health and wellness. This preference highlights their desire for competitive pricing and convenience. In these categories, the preference for offline stores is significantly higher, ranging from approximately 2-4 times more compared with online options[3] .
- On the other hand, the e-commerce marketplace is the primary choice for consumer electronics and beauty and personal care purchases. This highlights the importance of competitive pricing and the availability of a wide range of products in these categories. In these categories, the preference for online shopping is moderately strong, ranging from approximately 1.5-2 times[3] more compared with offline options.

Consumer Channel Preference

Category	Offline Multi Brand Store	E-commerce marketplace	Quick Commerce	Offline Single Brand Store	Key Drivers
Grocery	**1** ~50%	**2** ~25%	**2** ~25%		Price Convenience
Consumer Electronics	**2** ~25%	**1** ~55%			Price Trust
Apparel & Footwear	**2** ~30%	**1** ~45%			Wide range of products Experience
Beauty & Personal Care	**2** ~25%	**1** ~45%			Wide range of products Price
Furniture & Home Furnishings	**1** ~50%			**2** ~30%	Price Convenience & Experience
Gems & Jewellery	**2** ~40%			**1** ~45%	Trust
Pharmacy, Health & Wellness	**1** ~50%	**2** ~20%			Trust Convenience

Source: Deloitte Conumser Survey (N=841)

Note: Online channels options include E-Commerce, and Quick & Social Commerce

Society and culture

In India, societal and cultural factors significantly influence the economic and retail landscape. Festive occasions fuel consumer spending, boosting both traditional retail and e-commerce sales. The increasing interest in sports mirrors a surge in related sectors such as the growing importance of health and growth in sports apparel, equipment, fitness, and nutrition. Moreover, the growing domestic tourism industry contributes to the economy, while stimulating associated areas such as airport retail through increased passenger footfall.

A country of festival sparking the retail boom

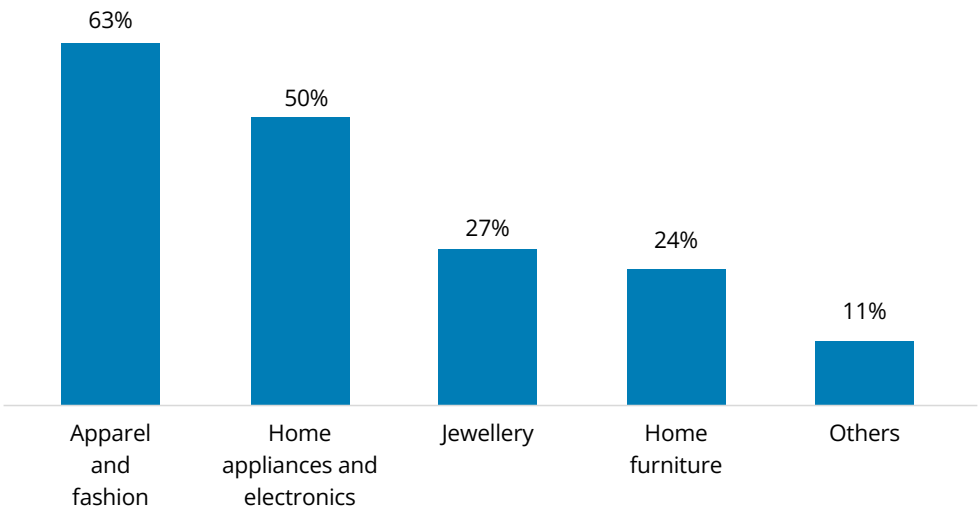
Consumer traction and brand initiatives for festivals

- There are 700+ festivals celebrated In India and consumers consider festivals to be auspicious occasions for purchases[28].
- In our survey, we found that ~55 percent urban consumers (across income and age groups) consider Diwali as the prime festival for purchase. Apparel and home appliances are the top two preferred categories during festivals[3].
- Retailers/brands offer discounts/incentives during the festival season to drive higher purchases.

Impact on sales

- Festival sales (Sep 2022– Oct 2022) saw the following trends:
  - E-commerce platforms experienced significant growth, generating a turnover of >76,000 crore[29]
  - The retail sector generated INR 1.25 lakh crore in revenue[31]
- Q3 (Oct to Dec) observed the highest sales for most retail brands.
  -

Preferred categories for festive shopping (2021)

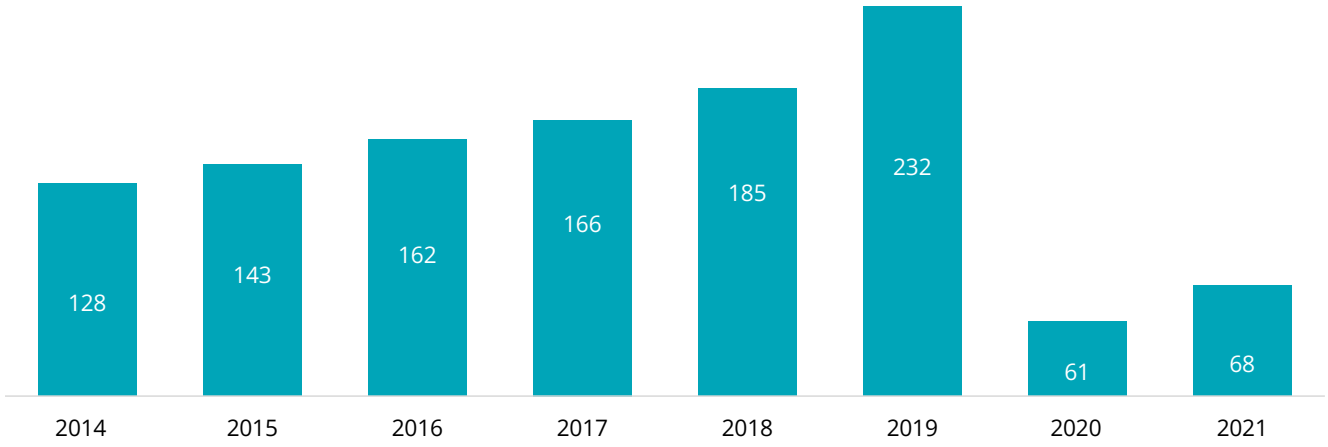


Source: Secondary research

Sports surge: Empowering health and revolutionising lives

- Growth of Indian sports: Over the last 10-20 years, India has won twice the medals in Olympics (three in 2008 to seven in 2020) and the Asian games (36 in 2002 to 70 in 2018).[32]
- Emerging leagues and viewership: Sports viewership in India increased to ~730 million in2022; professional sports leagues in football, hockey, kabaddi, and Women Premier League have hiked sports engagement in India.[33]
- Impact on consumption: Growing interest in sports has led to growth in nutrition, equipment, and sports apparel
  - The health-focussed F&B market is expected to grow three time to US$30 billion by 2026.[34]
  - In 2022, India's smartwatch shipments stood at 30 million; India became the world's biggest smartwatch market in Q32022[30,35].
  - A leading sports goods retailer in India grew 41 percent to reach INR ~3,000 crore in FY22[36].

Domestic tourism boom boosts retail transformation



Source: Ministry of Tourism, Government of India
No of domestic tourists in crore

- Over the past few years, there has been a growing preference for travel amongst Indians. Domestic tourism is driven by improved connectivity and stay options, rising disposable income, and India's rich culture and diversity.
- In 2019, India's domestic tourism of ~232 crore[38] grew twice within six years (CAGR 13 percent from 2014 to 2019); Additionally, 92 percent Indian travellers intend to explore domestic destinations.[37]

Impact on retail

- Growing domestic tourism has led to an increase in consumer expenditure and in 2021, domestic tourists spent US$151 billion[123].
- India's airport passengers have nearly doubled to 34 crores in five years (from 2014 to 2019)[39]; this growth is expected to continue and expand airport retail from US$1.4 billion to US$9.3 billion by 2030[124].

Exponential technology

India has emerged as a powerhouse in the digital realm, ranking second globally in internet users (830 million)[40] and smartphone users (750 million).[41] With 220 million online shoppers, India holds the third position in the world.[12] The Indian consumer market has a strong affinity for innovative technologies and their widespread usage has catalysed increased investment, product development, and technological advancements in the retail sector.

The digital revolution has reshaped the retail landscape, leading to "phygital" experiences that seamlessly integrate physical and digital elements. This transformation has disrupted traditional and online retail models, as brands and retailers utilise a comprehensive technology stack to enhance their customer journey. By using technology, retailers are simplifying product discovery, creating immersive experiences, and optimising internal operations to meet evolving consumer expectations. The adoption of advanced technologies such as Artificial Intelligence, augmented reality, and data analytics enables retailers to deliver personalised, engaging, and convenient experiences that bridge the gap between online and offline channels, ultimately empowering brands to thrive in the dynamic Indian market.

Technology stack for a seamless omnichannel experience

Sales and commerce platforms

- POS
- Commerce platform

Customer relationship management

- CRM
- Clienteling

Data management

- Data lake
- Data visualisation

Supply chain management

- TMS (Transport management system)
- WMS (Warehouse management system)
- Control Tower

Channel management

- OMS (Order management system)
- DMS (Distributor management system)

Marketing and content management

- Marketing tech
- DAM and PIM
- Content management

Tech-driven retail: Offering new experiences and convenience

Consumer preferences are shifting towards technology-driven experiences. Contactless shopping, AR/VR/MR, and services such as BOPIS/BORIS are gaining popularity. Ensuring product availability through optimised inventory management is also crucial in meeting customer demand.

Contactless shopping	ROPIS[1]	Product availability	AR/VR/MR	BOPIS[2]	BORIS[3]
90%	**65%**	**65%**	**65%**	**60%**	**55%**

Source: Deloitte Survey

(% of consumer who have used or likely to use in future)

Generative AI

With the emergence of ChatGPT, Generative AI usage amongst consumers and brands is growing exponentially. Key use cases for retailers include the following:

- **Customer/shopper-facing:** Generative AI can be a co-pilot with customers and deliver benefits such as the following:
  - Enable advanced searches with prompts
  - Latest product/design trends
  - Provide recommendations based on customer context
- **Operations:** AI tools streamline content production, optimise product descriptions, enhance SEO, and enable innovative marketing strategies, thus increasing operational efficiency.

Case study: An e-commerce firm is using generative AI and LLM to guide customers find suitable products.

- **Search optimisation and recommendation**
  - Improves search accuracy by understanding consumer context
  - Interprets queries, customises product suggestions
- **Catalogue optimisation**
  - Produces enriched product descriptions and images
  - Assists with catalogue verification (image and description) and refinement
- **Coding**
  - Utilising AI for code annotation, interface validation, automated coding, and refinement

AR/VR and Metaverse

- **AR/VR:** AR/VR technology is revolutionising the retail industry by providing immersive experiences and enabling virtual product trials, resulting in reduced return rates for e-commerce. The implementation of AR/VR has shown a significant decrease in product returns by 20-40 percent and a 3 percent increase in cart-conversion rates.[43] Additionally, AR/VR can assist consumers navigate malls or large departmental stores, while interactions and 3D experiences are further enhanced with the advanced low-latency and high-bandwidth connectivity of 5G.
- **Metaverse:** The four dimensions of service quality in metaverse retail are product, store, customer experience, and 3D platforms.

Innovative product differentiation: Fashion brands are distinguishing themselves through digital collectibles, digital clothing, custom-made articles enabled by MR/XR technology, and unique NFTs.

Virtual storefronts: Stores are transitioning to the digital world with virtual stores and new virtual boutiques, altering the traditional shopping experience.

Enhanced customer experience: Customer experience has evolved with the use of VR headsets, facilitating at-home product trials, product exploration, and reducing the need for physical store visits.

Customer engagement with 3D platforms: To foster customer engagement, 3D platforms are being utilised to establish immersive communities and host virtual fashion shows.

Case study: An eyewear retailer uses AR for virtual try-ons, frame selections, lens prescription measurements, and more leading to double-digit growth in online conversions. The brand also witnessed an increase in positive App Store and Play Store reviews.

IoT

In retail, IoT helps gather data (temperature/movement sensors, mobile devices, etc.) and using it for pre-emptive action, automation and analysis. IoT helps enhance operational efficiencies and improves customer experience. Currently, the control tower concept is used by various start-ups and corporates to realise the benefits of IoT.

Control tower - All operational data, including information from smart devices and sensors, are consolidated in one central hub. The data includes store compliance KPIs, operational metrics, customer orders, logistics tracking, etc. Key use cases include the following:

- Diagnostic (what has happened) – Diagnoses root causes of supply-chain failures
- Predictive (what is likely to happen) – Demand-surge forecasting
- Prescriptive (what actions are to be taken) – Recommendations in case of deviation

Key use cases of IOT are as follows:

- **Pre-emptive action:**
  - In a gym, temperature sensors detect higher temperature than the standard for an active session. Before any customer complains, the centre manager and services team are informed to take corrective action.
  - If a delivery is delayed, the internal control tower predicts the delay in delivery, diagnoses the root cause, and suggests necessary actions to resolve the issue, and communicates the delivery update with the customer.
- **Cost reduction:** In a cloud kitchen, if a chiller is active without any food items, the sensor detects it to centrally shut down the chiller automatically.

RFID

RFID technology offers numerous applications in the retail industry, primarily focussing on inventory tracking, optimising store operations, and enhancing the overall customer experience. Unlike traditional barcodes, RFID operates in the near field, allowing efficient long-range tag scanning. With its ability to handle large amounts of data and incorporate robust security measures, RFID enables retailers to streamline inventory management, improve operational efficiency, and provide a seamless and secure shopping experience for customers.

Case study[44]: A global sports-equipment retailer uses RFID tags on more than 85 percent of its items.[125] This enables faster, more accurate self-checkout, including a scan-and-go solution that allows customers to scan and pay with their smartphones, thus avoiding checkout lines. With the use of RFID technology, the retailer has tripled labour productivity and reduced stockouts, resulting in a 2.5 percent[126] increase in revenue.

Blockchain

Blockchain technology has significantly transformed India's retail sector, offering a powerful solution for enhancing trust, transparency, and security. Through its Distributed Ledger Technology (DLT) and secure tag-based information storage, blockchain empowers fashion retailers to effectively address counterfeiting and promote sustainable and transparent supply chains. Using blockchain, retailers can establish an immutable record of transactions, fostering consumer confidence and reinforcing the integrity of the industry.

Case study: Blockchain technology has been used by a retailer to digitalise the entire food supply chain, enhancing transparency in the ecosystem. Using the Hyperledger fabric makes the process transparent, reliable, and traceable, enabling employees to track product origins and current storage locations.

Industry upheaval

The Indian retail sector underwent significant transformation driven by the rise of online platforms and substantial investments from VC/PEs. With its position as the world's fifth-largest economy, faster GDP growth, a young demographic, and rising income levels, India has the potential to replicate China's economic success. This investment is fuelled by the expectation that India's retail industry will follow the footsteps of China, where a substantial portion of retail activities (~25 percent) occurs online.[1]

Additionally, the transformation in the retail industry is influenced by the increasing adoption of digital technologies and the growing comfort of Indian consumers with online shopping platforms. The influx of VC investments has not only reshaped the online retail landscape but also had far-reaching effects on the broader retail sector. This includes the emergence of new retail channels, intensified competition from Indian conglomerates, and rapidly evolving marketplace dynamics. Government regulations and policies also play a crucial role in shaping the retail landscape in India, adding to the ongoing industry changes.

Emerging channels and their quest for profitability

D2C market

The Direct-to-Consumer (D2C) journey has become more accessible for brands and consumers alike, thanks to reduced technological barriers and a growing preference for this business model. Consumers are increasingly drawn to D2C primarily due to the trust they place in these brands, as well as the positive customer experiences and product reviews they offer.

In terms of profit and growth drivers, brands are now expanding beyond digital channels and venturing into offline channels as digital growth stabilises. They are focussing on offering premium products, delivering personalised customer experiences, and providing curated content to drive growth in the D2C space. These strategies aim to attract and retain customers by offering unique and tailored experiences that set them apart from traditional retail models.

Quick commerce

Quick commerce, characterised by **10-20-minute deliveries**[45], has emerged as a popular trend driven by the convenience it offers to customers.[46] **Food and beverages are the largest contributors to quick commerce. Within online F&B, there is a growing significance of quick commerce, which is contributing 13 percent of the overall online F&B sales.**[47]

In terms of profit and growth drivers, quick commerce benefits from various factors. Retailers often encourage **higher order sizes** by offering free delivery, promotions, and **a wider assortment of high-margin products.** Improved checkout recommendations also play a role in driving growth. Moreover, cost reduction is achieved through **the optimisation of dark store networks** and the implementation of lower discounts, enabling retailers to streamline operations and improve profitability. The **major costs of quick commerce** include technology and operational costs (45-50 percent),[48] personnel costs (25-30 percent),[48] property and facility costs (5-10 percent),[47] promotional costs (5-10 percent).[47]

Social commerce

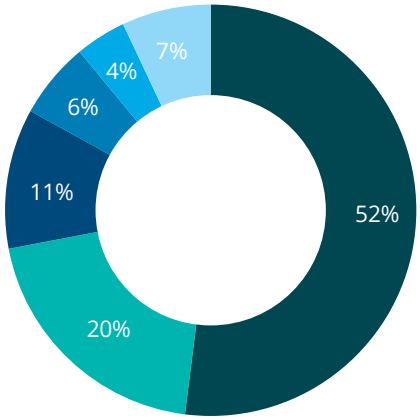
Social commerce is a unique retail model that harnesses the power of social networks and communities to facilitate product sales, particularly in the fashion and kitchen categories. This approach **involves incentivising small-scale suppliers** and **empowering women**, as a significant majority of resellers in this space are women.

Social commerce primarily targets tier-2 and 3 cities, with a focus on affordable and non-branded products. The key drivers of profit and growth in this sector include a wide supplier base that provides access to affordable and unbranded products, as well as the strength of the reseller network. Additionally, social commerce platforms often rely on advertising revenue rather than commission-based models to generate profits.

High traction in quick commerce and D2C amongst urban consumers

Quick commerce, with a **51 percent purchase rate**[3] (at least one purchase in the last 12 months) has emerged as a popular channel for consumers. It is particularly favoured for groceries, where 25 percent consumers reported it as their most preferred channel for grocery shopping.[3] On the other hand, Direct-to-Consumer (D2C) has seen a **41 percent purchase rate**[3], with the highest consumer traction observed in the beauty and personal care category.[2]

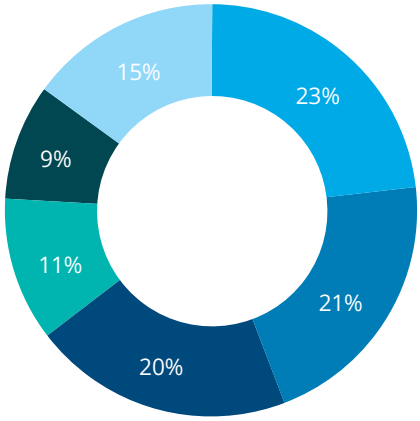
E-commerce breakdown (2021)



- Consumer Electronics and appliances
- Food and FMCG
- Beauty and personal care
- Fashion
- Furniture and decor
- Other

Source: Secondary research

D2C breakdown (2021-22)



- Fitness and wellness
- Food and beverages
- Fashion and apparel
- Home decor
- Beauty and personal care
- Other

Source: Secondary research

Growing competition

Entry of Indian conglomerates in e-commerce:
Indian conglomerates have made significant inroads into the Indian e-commerce sector through organic and inorganic routes. They have established strong presence in sectors such **as grocery, apparel, electronics, furniture, pharmacy, and FMCG,** which collectively contribute to 75-85 percent of the overall e-commerce market. These conglomerates have also collaborated with local kirana stores to explore opportunities in the quick commerce segment.

Indian conglomerates in the e-commerce sector differentiate themselves through **offline and online integration, loyalty membership programmes, WhatsApp integration, and luxury e-commerce offerings.** These strategies enhance customer experience, foster loyalty, and cater to the growing demand for premium products online.

Government-backed Open Network for Digital Commerce as a game changer
India's ambitious goal is to increase the e-commerce share of consumer purchases from 8 to 25 percent within the next two years.[49] To facilitate this growth, a cap on referral commissions for platforms has been set at **3 percent, significantly lower than the 15-35 percent charged by other platforms.**[50] Over the past year, ONDC has expanded to 236 cities and onboarded 36,000 merchants, with plans to add 160,000 post offices for logistical support.[51] Currently, ONDC covers the following sectors consumer goods, food and groceries, fashion, electronics, pharmaceuticals, etc.

Key benefits of ONDC include lower platform commissions and increased customer access for sellers, better pricing options for consumers, an increased customer and seller base with reduced technology costs through **the buyer app, and new revenue stream opportunities for logistics providers.**

Dynamics shaping India's retail landscape: Vertical marketplaces, strategic partnerships, and private-label growth

Rising vertical marketplaces in India
India's retail landscape boasts a diverse array of **over 165 funded vertical marketplaces,**[52] catering to sectors, such as food, apparel, pharma, kids' products, and online beauty and personal care. These vertical marketplaces offer specialised platforms for consumers to explore and purchase products within specific categories, enhancing convenience and choice in the Indian retail market.

Factors driving the adoption of vertical marketplaces

- Specialised buying behaviour:
  - Accommodating "touch and feel" needs (grocery), facilitating consultative purchases (e.g., fashion, pharmacy), and efficiently serving discovery-based categories (fashion categories - women, Gen Zs)
  - Marketplace can create tailored UI/UX, offer curated content, and feed-based experiences
- Specialised supply chains: Categories that need purpose-built supply chains (e.g., groceries and large furniture) can provide **superior pricing and faster deliveries**
- Supply fragmentation: Differentiating on price (driven by reduced costs via aggregating supply) and/or selection (via curation and building relevant width and depth)

Case study:
A dedicated app for babies, kids, and maternity products

- Expert advice, personalised vaccination schedules, and educational content for parents
- Online and in over 400 physical stores across India[53]
- Consistent pricing and loyalty programmes

Driving alliances
E-commerce firms are forming strategic partnerships with key stakeholders including organised retail chains to expand their essentials business, leading logistics firms to enhance reach and reduce costs and the government to support small businesses.

Additionally, e-commerce companies **are collaborating with kiranas** to enable them to register and sell on their platforms, effectively utilising them as fulfilment centres for customers.

Case study:
An Indian conglomerate aims to digitise 30 million local stores with an end-to-end digital and physical distribution stack using blockchain, IoT, AI, and other new technologies.[54]

Growth in private labels
The offline private labels market is experiencing a growth rate of twice that of the organised retail sector. On the other hand, the growth rate of online private labels is under pressure due to increased regulatory scrutiny. According to surveys, private labels are predominantly used in the F&B (50 percent) and apparel (45 percent) categories, followed by consumer electronics and furniture and home furnishings (35 percent each).[3]

The growth drivers for private labels include increasing awareness of product offerings, competitive pricing, the rise of online channels, declining brand loyalty in low involvement categories, the shift from unbranded to branded products, increasing commoditisation of consumer goods, and rising disposable incomes.

Case study:[56]

- A major e-commerce firm has 14+ private labels, with 10,000+ products in groceries, furniture, home furnishing, electronics where 10-15 percent sales come from private labels.

Climate and the planet

In the post-pandemic world, consumer awareness and concern for climate change and environmental impact has increased. This realisation has led to a shift in consumer preferences towards sustainability and eco-friendly products in the retail sector. Consumers now prioritise retailers that demonstrate a commitment to reducing waste, promoting circular economy principles, and minimising carbon footprints. This changing consumer behaviour is pushing businesses to adopt sustainable practices. Companies are actively embracing sustainability measures, reducing emissions, and adopting renewable energy sources. India now stands committed to reducing the emissions intensity of its GDP by 45 percent by 2030.[57]

Category-wise sustainability trends shaping the future

Food

- India ranks first globally with the highest number of organic food producers, and the industry is experiencing significant growth.[58]
- Residue-free farming prioritises minimal residue levels, ensuring that the produce is free from harmful chemicals and pesticides.

Beauty and personal care

- Consumers prefer sustainable beauty and personal care options that include regenerative agriculture and GMO-free products.

Apparel

- Upcycling (repurposing old clothing) is emerging as the preferred option over recycling due to its lower environmental impact.
- Brands are embracing a circular economy as a means for sustainable transformation and mitigating their environmental impact.
- There has been a 41 percent increase in the Indian organic cotton industry over the last two years.[59]

Home furniture

- Brands are utilising locally sourced, upcycled, and natural resources for creating sustainable designs; for example, a leading home furniture company is using recycled PET yarn to create a line of rugs.

Pharmaceutical

- Consumers are increasingly seeking green-chemistry-based (safe, eco-friendly chemical designs) pharmaceutical products due to their ability to reduce side effects through minimised use of potential toxins.

Sustainability revolution: Empowering consumers in their journey towards a greener future

Circular economy
Companies actively promote sustainability by implementing take-back schemes, which encourage consumers to return products for recycling and repurposing. As part of these initiatives, companies offer consumer discounts as incentives to participate in the recycling process, further emphasising their commitment to sustainability.

Consumer involvement via events or social media
Companies actively engage consumers in sustainability by organising events that promote eco-conscious practices. For example, an Indian FMCG player connects farmers with sustainability through events and initiatives, fostering awareness and collaboration. Furthermore, social media and digital platforms play a crucial role in spreading awareness and promoting sustainable products, utilising their influence to reach a wider audience and drive positive change.

At-home sustainability practices
Companies are implementing waste segregation systems and promoting recycling practices to minimise landfill waste and encourage sustainability. Consumers are also making conscious choices to reduce waste, such as opting out of disposable cutlery and returning packaging materials for reuse. For instance, a leading food delivery aggregator gives customers the option to skip disposable cutlery. Additionally, consumers are increasingly opting for energy-efficient appliances, reflecting their commitment to reducing energy consumption and promoting sustainability.

Case study:
A leading apparel brand[60] ran a campaign to raise funds for a foundation that raises awareness around ocean pollution and promotes sustainability.

- Consumers participating logged the kilometres they ran
- The company donated for every kilometre to support the foundation
- The foundation gathered plastic from the oceans and raised awareness on ocean conservation
- Crafted 30+ million shoes with the ocean waste plastic.

Retailers/brands embrace sustainability as a strategic imperative

New Product Development (NPD)
Circular design and product sustainability are at the forefront of promoting recycling, resource conservation, and durability. This is evident in sustainable collections and initiatives such as the use of shoe boxes made from 95 percent recycled paper.

Responsible sourcing
Retailers place a strong emphasis on sourcing sustainable products from certified suppliers. This includes the use of certified cotton, such as organic and recycled varieties, to ensure environmental responsibility throughout the supply chain.

Manufacturing
Sustainable manufacturing processes use renewable power focusing on energy efficiency, waste reduction and water conservation.

Packaging
Retailers are increasingly adopting environment-friendly materials for packaging bags, such as natural corn-starch packaging, jute-based bags, and fibre mesh bags. By utilising biodegradable materials, they aim to minimise the environmental impact after disposal. For instance, a major e-commerce player has successfully reduced the average plastic packaging weight per shipment by over 38 percent, resulting in the elimination of 1.5 million tons of packaging materials.[61]

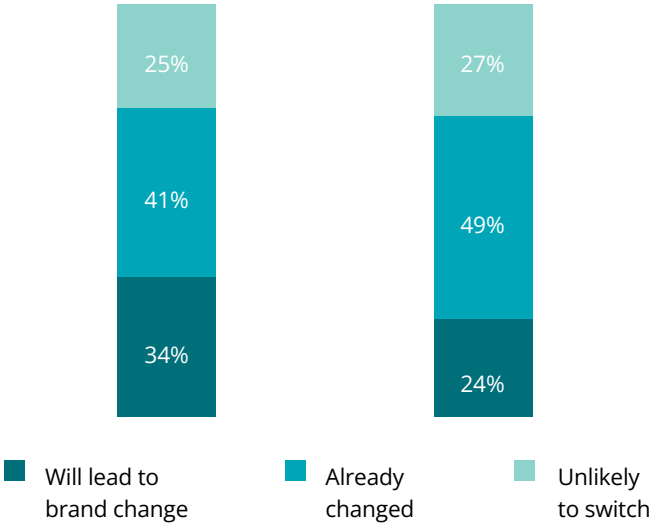
Store operations
Retailers are implementing high-efficiency Heating, Ventilation, and Air Conditioning (HVAC) systems and LED lighting to optimise energy usage within their establishments. This ensures a more sustainable approach to energy consumption. Additionally, they are adopting eco-friendly refrigerants for energy-efficient and sustainable refrigeration, reducing their environmental footprint in the cooling process.

Warehousing and logistics
Retailers are using electric vehicles for logistics, effectively reducing carbon emissions in transportation. They are also utilising IoT solutions for energy management, allowing for more efficient resource use. Additionally, green buildings, which are designed with sustainability in mind, consume 30-40 percent less energy as compared with traditional buildings.[62]

Case study:
A leading FMCG player[63] successfully decreased water usage in their manufacturing plants by 47 percent per ton of production. Strategic initiatives included the implementation of rainwater harvesting systems, optimisation of vacuum pump usage, meticulous water usage monitoring with metering, and the employment of solar water heaters.

Case study:
A major Indian e-commerce player[64] introduced eco-friendly alternatives such as paper shreds, recycled paper bags, and carton waste material, replacing unsustainable packaging options. The company executed multiple initiatives for 100 percent ethical sourcing and reduction in plastic packaging in its own supply chain. It delivered over 75 percent units in sustainable packaging and witnessed thrice the jump in the number of sellers switching to sustainable packaging. Joined undertook hands in on multiple initiatives for 100 percent ethical sourcing

Consumers switching brands due to sustainability



Source: Deloitte Survey

Economic policy and power

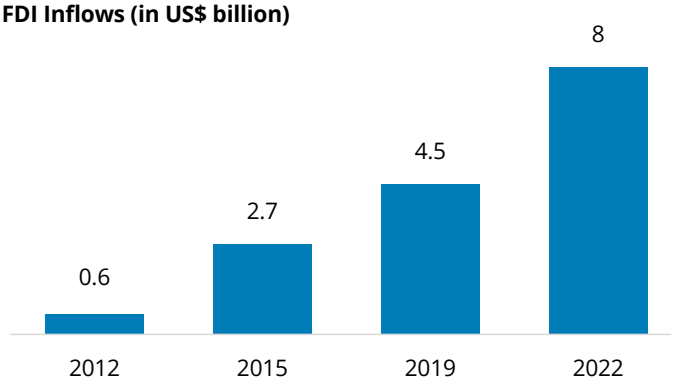
Retail policy aims to enable sustainable growth in the retail sector by creating a cohesive framework that addresses the challenges and bottlenecks faced by the industry. It also aims to streamline approvals and compliance mechanisms, create a win-win situation for the government and society, and generate more jobs in the sector.

Retail-specific initiatives

The impact and growth of FDI in India's retail sector

- At present, 100 percent FDI in single-brand retailing (2018),[130] cash and carry/wholesale trading (1997),[129] and the e-commerce marketplace model (2016)[131] is permitted via the automatic route. FDI in multi-brand retailing is allowed up to 51 percent via the government route (2012).[132]
- The change in FDI policy has had a transformative impact on the Indian retail sector. FDI in retail and commerce has grown 13 times in the last 10 years.[121]

FDI Inflows (in US$ billion)



Source: Department for Promotion of Industry and Internal Trade (DPIIT)

Transformative policy reforms

- In Budget (2023), the government removed 39,000 compliance requirements, repealed over 1,500 redundant laws, and decriminalised over 3,400 laws that were creating hindrances in MSME growth.[67]
- GST has provided benefits such as reduced taxes and increased efficiency in the supply chain.
- States such as Maharashtra, Karnataka, Tamil Nadu, and Telangana allow retailers to operate for 24 hours.[68]
- New labour codes recognise gig and platform workers, a move that could enhance workforce availability for the retail sector and reduce unemployment.
- The reduction of corporate income-tax to 22 percent and the exemption from Minimum Alternate Tax (MAT) of 15 percent could potentially stimulate growth by leaving companies with more funds for expansion and investment.[127]
- The implementation of faceless assessment and appeal schemes simplifies tax processes, enhancing efficiency and transparency for retailers by reducing physical interactions and human intervention in tax disputes and assessments.
- By increasing the presumptive taxation limit to turnover/ receipts of US$240,000 the government has potentially reduced the tax burden for small retailers, facilitating their growth and expansion in the retail sector.[128]

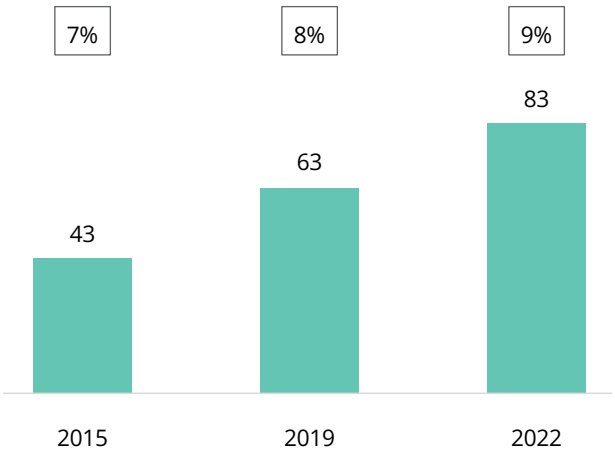
Case study:

- The **National Single Window System** (NSWS) is a digital platform and a one-stop portal for investors and businesses to identify and apply for approvals (hosts applications for approvals from 28 central departments and 20 state governments).[69]
- For example, the **MAITRI programme in Maharashtra has** shortened the online approval window to 48 hours, down from the previous six-month wait. Similarly, eBiz in Karnataka has also enhanced its single-window clearance.[70]
- These policies and laws have helped India improve its **Ease of doing business** (EODB) from 142 in 2014 to 63 in 2020. [71]

Enhancing financial access

- The Pradhan Mantri Mudra Yojana (PMMY) (2015) has helped entrepreneurs and small businesses gain easier access to business loans , with no collateral and zero processing charges[72]
- Trade loans have grown from 7% of retail to 9%; Trade loan AuM has doubled in 7 years (CAGR 10%)[73]

Trade loans AuM (in US$ billion)



Source: Reserve Bank of India
% is trade loan AuM as % of Retail market

Government-backed ONDC as a game changer[74]

- Incorporated on 31 December 2022 it has a mission and vision of creating an inclusive ecosystem of e-commerce
- Aims to raise e-commerce to 25% of India's consumer purchases from 8% in the next two years.[75]
- Twenty government (NABARD, SIDBI, SBI etc.) and private financial organizations (HDFC, Kotak, ICICI etc.) have invested ~$35 million in ONDC[76]

Labour productivity

- The government has launched skill development initiatives such as the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), and National Skill Development Corporation (NSDC) etc. to enhance the productivity of the workforce

Key enablers for retail

Growth of digital payments

- The BHIM and UPI AutoPay apps have supercharged the **adoption of digital payments,** giving consumers convenience, safety, and reliability with a total transaction value of more than USD 1.26 trillion in **FY22**—more than a **2X growth**[77] over the previous year, according to the National Payments Corporation of India
- Measures undertaken to promote digital transactions such as introduction of withholding tax on cash withdrawal in excess of USD 27K, limit of ~USD 121 for cash business expenditure, etc.[70]

Advancements in logistics

- Multimodal logistics parks like JNPT-SEZ Multi-Modal Logistics Park, Mundra Port Multi-Modal Logistics Park etc. leading to 10% **reduction in transportation cost, reduction in freight pollution & improved warehousing[133]**
- In 2020, the Indian government approved **27 integrated cold chain** development projects under the Pradhan Mantri Kisan SAMPADA Yojana[79]

Future of retail: Key scenarios

The Indian retail ecosystem is currently undergoing rapid transformations driven by shifts in income distribution, high adoption of technology, and efforts to uplift rural India through interventions by both the government and the private sector. The online and offline retail landscapes are fiercely competing to capture consumers' attention. While e-commerce itself is growing at a rate of 20%[80], a new form of online selling, known as new-commerce, has managed to capture one-fifth of the e-commerce market through various channels such as D2C, social, live, and quick commerce. China serves as a notable example, where these commerce models have crossed USD 300 billion and is expected to see double-digit growth.[81]

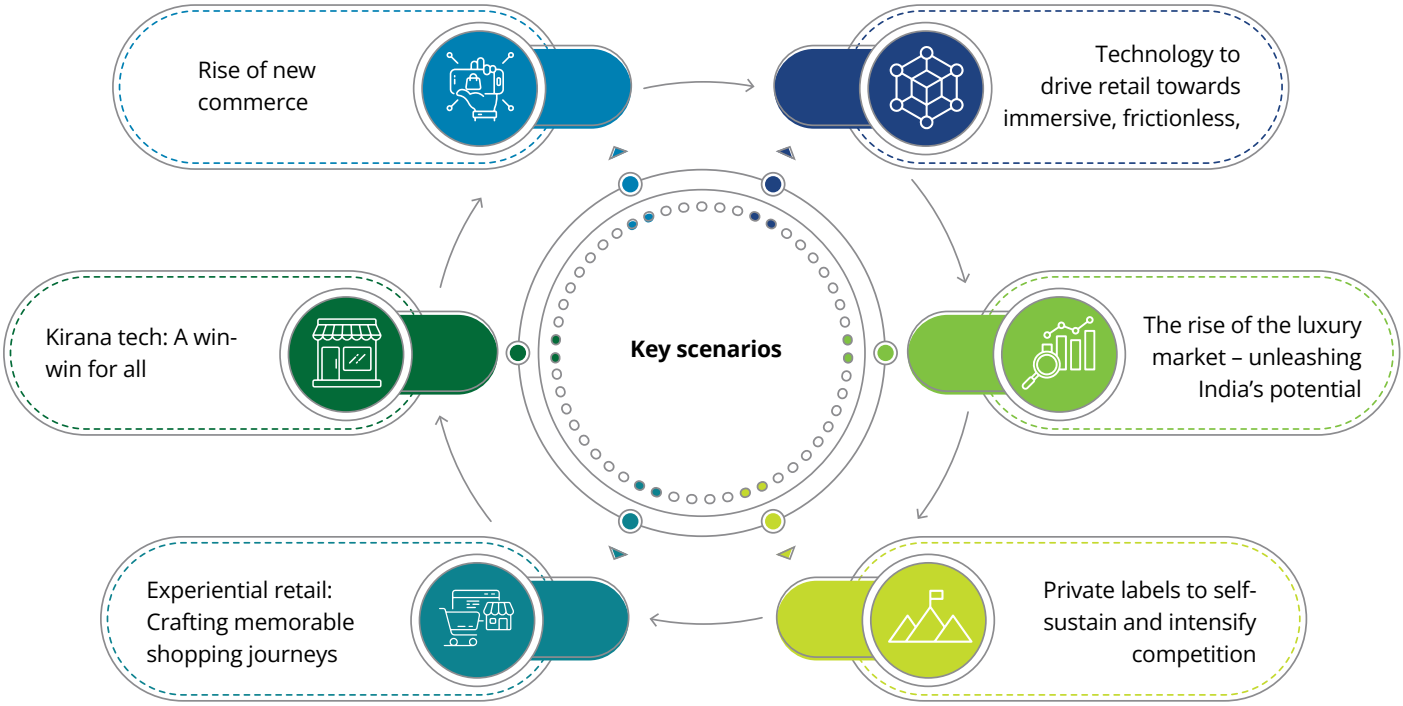
Despite the significant shifts occurring in online e-commerce, offline retail still dominates the Indian subcontinent. Retailers are actively promoting the growth of modern trade across the country, as it opens up opportunities for private label sales to consumers seeking value products at affordable prices. With category margins reaching as high as 60% [135], some online sellers are already earning over 40% through private label offerings.[82] Additionally, large format retailers continue to introduce in-house brands to attract value-conscious customers.

While large format stores continue to expand across key markets, technology is playing a pivotal role in transforming traditional mom-and-pop stores, commonly known as Kiranas, into quasi-digital retailers. Small shops are adopting technology solutions to manage procurement, inventory management, and credit management. Medium and large Kirana stores are also undergoing a makeover to become modern trade stores, incorporating e-commerce enablement and modern store layouts. The introduction of ONDC (Open Network for Digital Commerce) is expected to help these tech-enabled retailers expand their customer base while reducing customer acquisition costs.

As India's middle class grows, the rise of the high-income segment and aspirational upper-middle class is driving the growth of luxury consumption. Ultra-High Net Worth Individuals (UHNIs) are expected to increase by 58%[134] over the next five years, while High Net Worth Individuals (HNIs) will grow by 107% to reach 16.5 lakh individuals.[83] Luxury e-commerce has provided non-metro cities' affluent population with access to luxury items, leading to an increased demand for luxury products compared to their counterparts in metro cities.

As the retail sector becomes increasingly crowded with numerous brands offering similar products, companies are reimagining the customer experience by leveraging transformative technologies such as AR/VR, IoT, and storytelling in both online and offline formats. These approaches aim to differentiate their product offerings and provide customers with a unique and unparalleled experience.

In the following section, we will delve deeper into the expected future scenarios in the Indian retail industry. We will also explore the key areas where retailers need to focus their strategies to adapt to the changing market dynamics, evolving business models, and mechanisms required for a successful transition in the new retail landscape of the country.

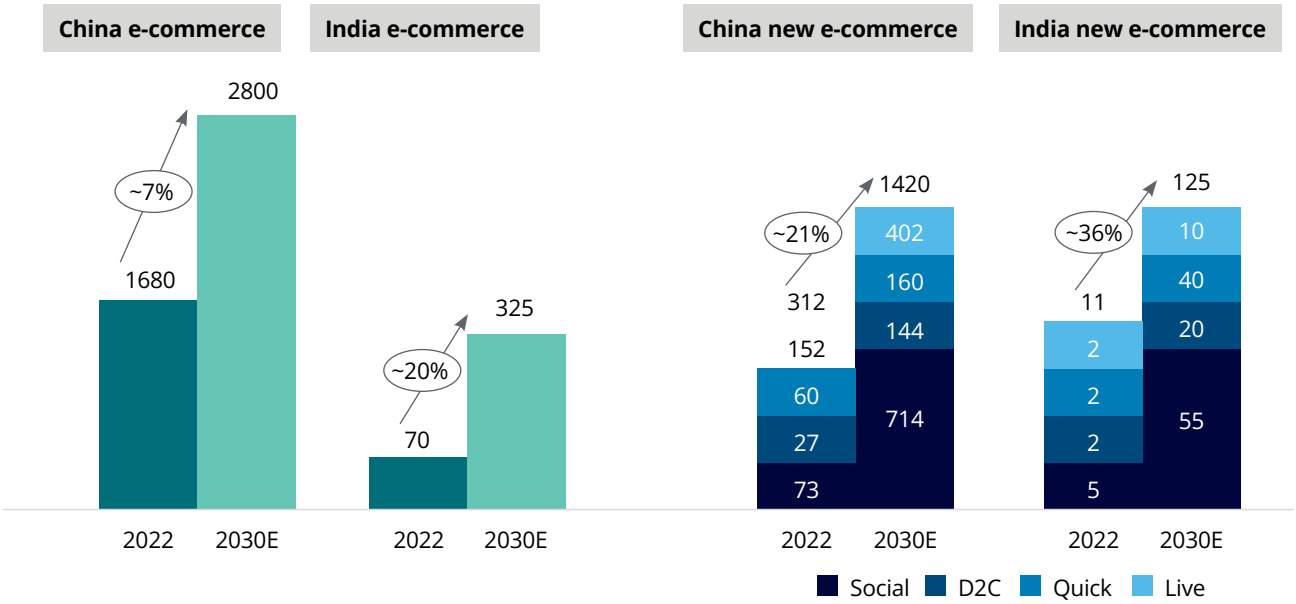


Rise of new commerce

Despite offline retail picking up pace post the pandemic; online retail continues to experience a robust growth trajectory. This can be attributed to the emergence of online marketplaces and the introduction of new e-commerce models such as Direct-to-Consumer (D2C), social commerce, quick commerce, and live commerce. These models have emerged in recent years to address previously unmet consumer needs and currently account for approximately 16 percent of online retail sales in India. It is projected that these models will continue to grow at a rate of 36 percent and reach US$125 billion by 2030.[2]

With the continuous increase in the number of active internet users, widespread smartphone adoption, greater e-commerce penetration, increased use of social media platforms, and favourable government initiatives to promote the digital economy, new commerce channels are poised to play a vital role in reshaping the world of commerce.

New commerce market to reach US$125 billion by 2030, while the Indian e-commerce market is set to grow over $300 Bn[87]



Note: For D2C channel figures, only brand website sales have been considered

Growth drivers include the following:

- **Increased use of internet in tier 2 and similar cities** (53 percent active users belonged to rural areas in 2022)
- **Ease of starting online business** as a host of enablers are available leading to low entry barriers for over 60 million MSMEs and start-ups)[85]
- **Government push for online business** through initiatives such as ONDC and Digital India
- **Convenience, personalisation, ease of discovery and payment, trust on influencers** along with **expected increase in the share of purchase from Gen Zs** and Alpha

How did China achieve exponential growth over the last decade?

- High internet penetration: Internet penetration in China was ~42 percent (2012) and ~71 percent (2023) with ~1 billion active users in 2020.[86]
- High payment transactions through mobile: Annual transaction value of mobile payments in China increased from ~US$1.2 trillion (2013) to ~US$80 trillion (2021).[87,136]
- A digital ecosystem that fosters innovation: China has transitioned themselves into one of the largest digital innovation hub and has successfully created digital equivalents of globally leading social media platforms, ecommerce marketplaces and beyond.
- The role of the government: In the early stages, pioneers were granted flexibility to explore new business models, with regulators only stepping in to establish guidelines once significant scale was achieved or when negative impacts were identified. Simultaneously, the government intervened to safeguard consumer interests, disrupt perceived monopolistic practices, and effectively manage potential risks.

How is India faring on some of these parameters?

- Non-active internet users a minority for the first time: India has ~52 percent active users in 2022 (760 million) in 2022.[88]
- UPI expected to be a gamechanger: In 2022, India had 338 million digital payment users and witnessed 13 percent growth in users over the last year. Thirty-six percent of digital payment users hail from rural India.[89]
- Tech start-ups: India is home to over 27,000 active tech start-ups, with more than 1,300 joining annually. Amongst them, 108 online start-ups have achieved unicorn status with VC funding.[90]
- Government's support for online start-ups: With campaigns such as Digital India and innovations including ONDC, the government aims to help small retailers expand their business and reduce the dominance of e-commerce giants.

Future scenarios

D2C: Entrepreneurship made easy

D2C is the business model of selling products directly through the website, bypassing conventional retail channels.

- Faster go-to-market: D2C start-ups with a digital-first strategy can earn high margins by targeting relevant target groups from day-one (bypassing conventional channels); additionally, leading D2C brands are reaching US$12.2 million in revenue within 2-5 years.[91]
- Aggregation of D2C brands: Brand aggregators to follow the Thrasio Model and bring D2C brands under a single parent company to scale the overall business, for e.g., Mensa Brands and Global Bees.
- Grocery and gourmet, apparel and footwear, personal care, and electronics expected to be the biggest D2C categories by 2027.
- Valuations and funding will remain the key to D2C growth.

Case study:

A leading D2C electronics/wearables brand became a digital-first brand. It started operations in 2016 and reached ~US$339.534 million in revenue in FY22 with more than 75 percent of it being generated from online marketplaces.[92]

The company created a strong brand by targeting Millennials and Gen Zs, providing high-quality, stylish, and affordable products, roping in celebrities and youth icons as ambassadors in media campaigns. Further, the brand expanded into an adjacent category by leveraging brand equity to introduce wearable tech.

Social commerce: Content with commerce

Social commerce is the integration of social media and e-commerce, enabling businesses to sell products directly on social media platforms (Meta, Pinterest, Instagram), utilise user-generated content and recommendations, and create interactive shopping experiences to enhance customer engagement and facilitate online transactions.

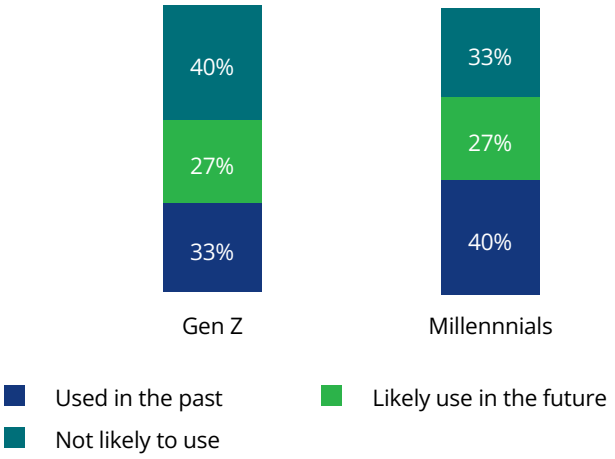
- A new avenue for selling: Discovery and referrals through content on social media with seamless transition to brand websites/payment gateways lead to purchase decisions.
- Growth to come from tier 2 and similar towns: With the availability of low-cost, non-branded products, more business is expected to come in from rural India (with the AOV of INR 400-500) with resellers acting as influencers and driving sales in native languages.
- Fashion and apparel, groceries, and personal care are expected to be major beneficiaries with the AOV of INR 400-500 (AOV on marketplaces is ~INR 2,000-3,000).

Case study:

A leading social commerce brand from China

- Rapid growth riding social commerce: Started with ~US$250 million revenue in 2016 and generated ~US$19 billion in 2021 with ~52 percent social commerce market share[93]
- Unique business model: Under this model, users get discounts on products by inviting their friends and family to join the purchase, in turn creating a community and driving sales
- Focus on rural customers: The brand targeted price-sensitive customers from rural China by offering affordable products

Assessing the current and future use of social commerce apps



Source: Deloitte Survey

Live commerce: Retail from home

Live commerce refers to a form of e-commerce where real-time video streaming is used to promote and sell products or services. It combines elements of live video broadcasting, product demonstrations, and interactive engagement with viewers to encourage immediate purchases. This interactive and engaging format aims to replicate the experience of shopping in a physical store while leveraging the convenience and reach of online platforms.

- Brand/product differentiation: Live commerce can ease the process of establishing points of differentiation in an online setup by recreating the offline shopping experience.
- Accelerated conversions: It would ease the process of differentiation and directly impact marketing, creating high engagement, and resulting in accelerated conversions.
- Fashion, health and wellness, home decor, toys, electronics, and beauty/skincare expected to be the largest categories.
- Roping in celebrities on the short video apps and creating product lines around them is expected to become a go-to strategy.

Case study:
A leading live-commerce brand from China

- Aids in active and passive buying: Provides flexibility to KOLs to either stream live videos on the platform or generate pre-recorded short-form videos.
- Exponential growth in GMV: With more than 730 million users in 2022, the annual GMV from live commerce business stood at ~US$212 billion, up from ~US$1 billion in 2018.[94]

Quick commerce: Convenience redefined

Quick commerce is a type of e-commerce where emphasis is on quick deliveries, typically in less than half an hour.

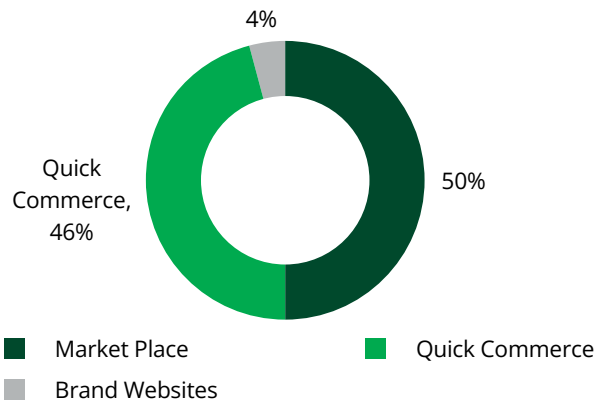
- Disruption in online grocery delivery: Q-commerce is in its nascent stage but has already captured 13 percent market share of online groceries and is expected to grow 15 times over the next 3 5 years.
- Consolidation to achieve profitability: To earn profits, companies would need to overcome competition and scale up, leading to consolidation amongst incumbent players.
- Grocery is expected to remain a focus industry in q-commerce; however, it may expand to include electronics, stationery, and pharmaceuticals.
- Valuations and funding will remain crucial for the growth of Q-commerce companies.
- High costs associated with last-mile delivery is likely to **taper off the initial promise of 10-minute deliveries –** most deliveries are expected to happen in more than 30 minutes.

Case study:
A leading quick commerce player in India

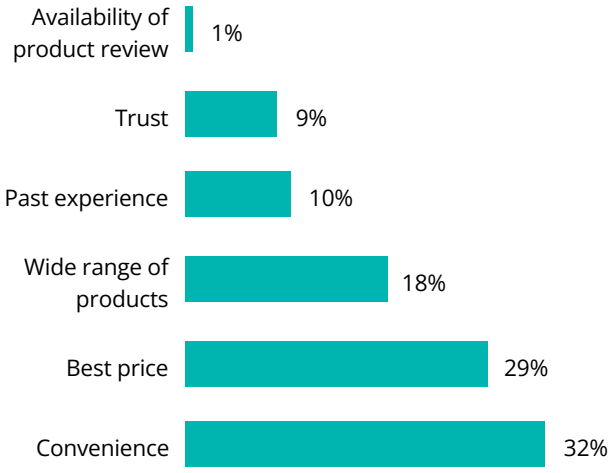
- Salient features: The company is the largest q-commerce company in India with a presence in over 20 cities. The company generated ~US$330 million in revenue in 2022, delivering ~1.25 lakh orders daily (December 2022).[95]
- Inventory-based model: The company operates on an inventory-based model with fulfilment from low-cost dark stores located in high-density localities.
- Different types of deliveries: It offers a variety of delivery options, including express delivery, same-day delivery, and scheduled delivery.

Quick commerce has quickly grown as it is equally preferred to ecommerce marketplace for Grocery

Customers preferring online shopping for grocery



Attributes customer prefers while purchasing Groceries from various shopping mediums



Implications for companies

Build a brand targeting communities by adopting an effective marketing and operations strategy.

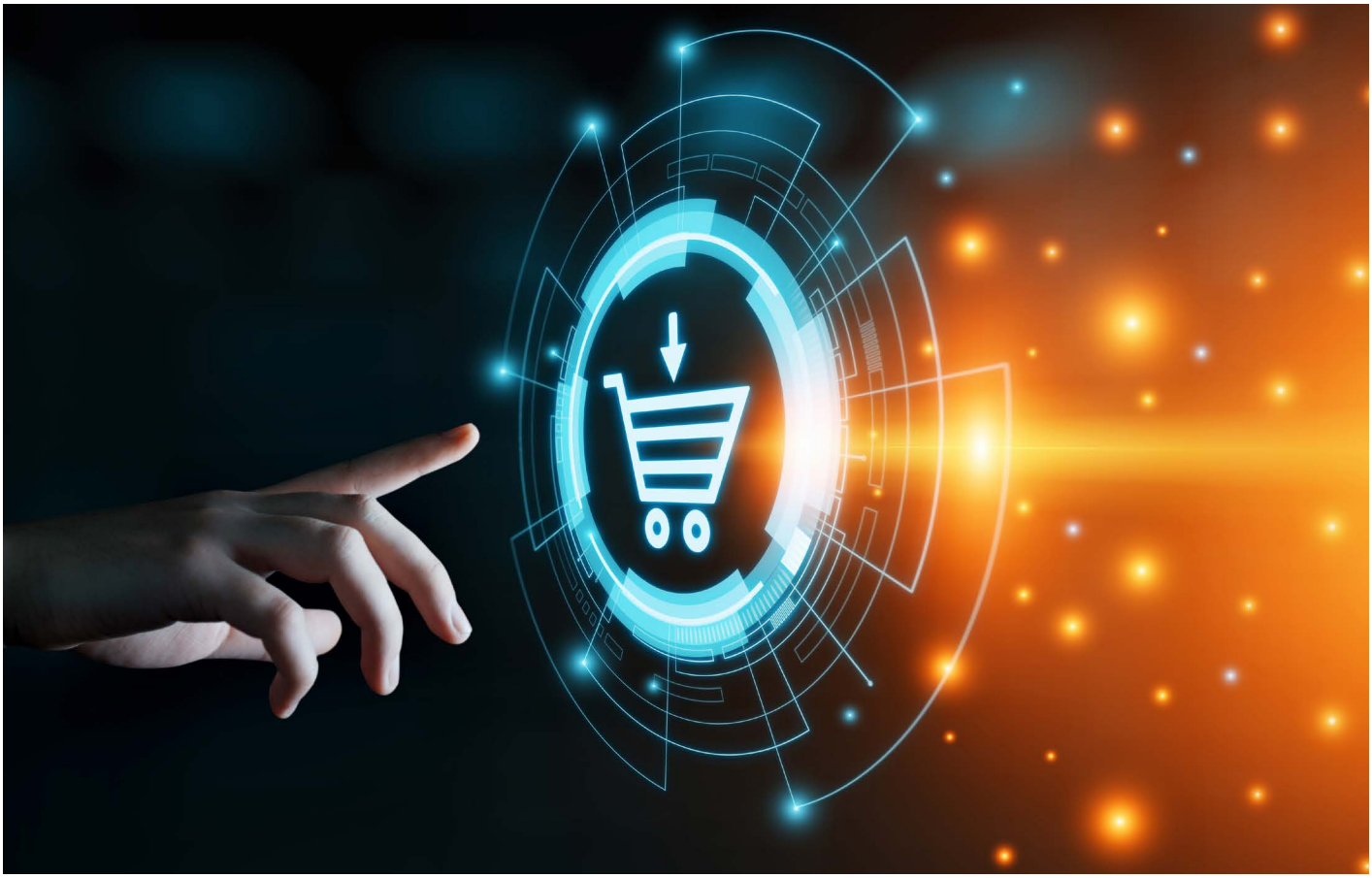
The rise of new commerce models presents an opportunity to tap into community-based shopping, especially focussing on the emerging consumer base in the non-metro and rural areas of India. To effectively target community-based shoppers, companies should adopt a comprehensive marketing and operations strategy. This strategy should include an understanding of the unique preferences and needs of consumers, creating localised and culturally relevant messaging, and utilising appropriate marketing channels to reach these communities. Additionally, optimising operations to cater to the specific logistical and infrastructural challenges will be crucial for success.

Work towards enhancing the customer lifetime value by engaging with customer through strategies such as personalisation, loyalty programmes, etc.

To maximise the potential of new commerce models, businesses should focus on building strong and lasting relationships with customers. This can be achieved by implementing strategies that enhance the customer lifetime value. Personalisation plays a key role in this process, as it involves tailoring the shopping experience to individual preferences and needs. This can be accomplished with personalised product recommendations, customised offers, and targeted marketing communications. Additionally, implementing loyalty programmes and incentives can incentivise repeat purchases and foster customer loyalty, leading to long-term customer relationships, and increased lifetime value.

Focus on creating quality and effective content with the seamless integration with commerce to increase the customer purchases and advocacy.

Content plays a crucial role in attracting and engaging customers in the new commerce landscape. Businesses should prioritise the creation of high-quality and effective content that resonates with their target audience. This includes product descriptions, images, videos, and other forms of engaging media that provide valuable information and help customers make informed purchase decisions. Furthermore, seamless integration of this content with the commerce platform is essential to create a smooth and frictionless customer journey. By reducing the barriers to purchase and ensuring a seamless transition from content consumption to conversion, businesses can increase the customer's propensity to make purchases and become brand advocates, thereby driving growth and loyalty.



Technology to drive retail towards immersive, frictionless, intelligent experiences

The retail industry will undergo a significant transformation by focusing on technologies centred around making the customer experience more immersive, frictionless, and intelligent.

Immersive purchase experiences, enabled by augmented reality (AR), virtual reality (VR), the Metaverse, and experiential retail, are poised to revolutionize customer interactions. By creating captivating and interactive shopping environments, retailers can increase customer engagement, satisfaction, and sales. Simultaneously, frictionless retail aims to streamline the purchasing process using technologies such as the Internet of Things (IoT), artificial intelligence/machine learning (AI/ML), computer vision, blockchain, and drone delivery. This approach eliminates barriers, optimises inventory management, automates checkouts, and enhances logistics to provide seamless and efficient shopping experiences. Additionally, generative AI enhances the intelligence and personalisation of the retail experience. It enables tailored recommendations, predictive analysis, and contextualised shopping, allowing retailers to better understand and cater to individual customer preferences. Moreover, generative AI automates tasks, optimises supply chains and enhances inventory forecasting, leading to data-driven decision-making and operational efficiency.

Key technologies expected to make the future customer experience more immersive, frictionless, and intelligent

AR/VR

The future of augmented reality and virtual reality holds a lot of promise as they have the potential to transform how customers interact and shop with brands. Companies are using AR/VR for product visualisations, educating customers, and entertainment by creating immersive experiences for customers.

Future use cases:

Reality to move online

- **Sensory expansion**
  Until now, immersive technologies have focussed on visual and auditory stimulation, but the future will expand sensory stimulations to include smell, touch, and feel for consumers.

  Start-ups such as OVR Technology are developing scent packs to connect to VR headsets, while companies such as HaptX are building gloves to deliver the sense of touch.

- **Thought-based control**
  Brain-computer interface (BCIs) represent the extremity in simplifying user interactions with technology. While chips in brains may sound like science fiction, non-invasive BCI technology is already finding its way into AR/VR headsets, which will eventually allow users to control digital avatars and environments using their thoughts.

- **All-in-one devices**
  The next generation of devices may connect users to metaverse without requiring additional headsets or handheld devices. Use cases like users stepping into a media room, displays metaverse as a hologram across the walls

- **Spatial interaction**
  AR tools such as smart glasses and motion sensors can enable spatial interaction, allowing users to interact directly with physical data without creating a digital copy. For example, patrons can walk up to a restaurant wearing smart glasses and be treated to a display of hours, current promotions, and reviews.

IoT

IoT revolutionises connectivity by extending it to physical devices, objects, and spaces. It creates opportunities across diverse fields such as transportation, manufacturing, health care, and the workplace. In retail, IoT combined with data analytics and machine learning provides real-time insights for complex challenges. It enhances operations, customer experiences, and optimises business processes throughout the value chain.

Case study:

A French beauty products retailer

The company has developed in-store beacons in conjunction with their mobile app, catering to various digital demands of customers. These beacons provide features such as birthday alerts, loyalty programme updates, access to immersive augmented reality experiences, and the ability to scan and read product ratings and reviews. Upon entering the store, the beacons instantly provide the app with a store map, daily promotions, and personalised suggestions based on wish lists. Additionally, the beacons allow store representatives to access a customer's purchase history, aiding in locating the product, and suggesting new items based on their preferences.

Computer vision and sensor fusion

Leading retailers are utilising computer vision, deep learning, heavy surveillance, and sensors to create a next-gen shopping ecosystem. Their objective is to eliminate redundant steps in purchases, checkout processes, supply-chain management, and inventory control. The amalgamation of technologies, known as "just walk out", does not involve facial recognition but relies on hundreds of cameras to monitor shopper activities.

Case study:

A global e-commerce retailer developed a chain of cashier-less convenience stores that uses computer vision to track customer movement and automatically charges them for the items they take. The stores use a combination of cameras, sensors, and machine learning to track customers as they move through the store. When a customer picks up an item, the system identifies the item and adds it to the customer's virtual cart. When the customer leaves the store, the system automatically charges the customer's credit card for the items in their cart.

Blockchain will enable trustable, decentralised architecture and ecosystems

Use of blockchain technology is expected to impact industries as it promotes security, trust, transparency, and traceability across the business network while delivering cost savings with efficiency. In retail, blockchain can resolve various business issues such as inventory management, product authenticity, and supply-chain tracking. Increasing use of data and AI leads to charges of bias and increasing deepfakes, while concerns around privacy and data use continue to grow. Integrating blockchain into new aspects of technology architectures will help organisations regain the confidence of key stakeholders.

Discovery of counterfeits

Implementation of blockchain technology will aid the discovery of fake products by enabling tamper-proof and transparent record of the entire supply chain, making it simpler to trace and verify product authenticity and enabling prompt identification of any fraudulent activity.

Digital advertising

In addition to giving consumers control over their data and who uses it—in itself a massive disruption—it could also help eliminate advertising fraud caused by internet bots, and domain spoofing, which fraudulently creates traffic, clicks, impressions, conversions or other data events that causes losses exceeding US$50 billion to advertisers.

Trustable artificial intelligence

Blockchain's transparency and immutability could provide insight on the origin, integrity, authenticity of the data used by AI, improve the security of the data by preventing it from being altered, and provide an audit trail.

Generative AI

Generative AI is an artificial intelligence system capable of generating text, images, or other media in response to prompts. Some examples of Generative AI are Chat GPT, Bard, Dall-E, and AIVA. Generative AI is being implemented by industry leaders to enhance their customer experience. Product development, personalisation, enriched product descriptions, and seamless mobile app experiences are a few focus areas transforming customer experience. ChatGPT became the fastest-growing consumer application, reaching 100 million monthly active users in just two months since its launch.

Case study:

Conversational application experience

- A major US retailer is using natural language understanding (NLU) within large language models (LLM) at a retail-specific scale to boost its products such as "Text to Shop" and allowing customers to add products to their cart by texting or saying item names out loud.

Engaging product descriptions

- The gen-AI model analysed product images for a luxury fashion retailer and automatically generated detailed and engaging descriptions for each item.
- The exercise allowed the scaling of their product listing and provide rich, accurate, and consistent descriptions.

Implications of evolving retail technology for retailers

- Strategic investments in technology infrastructure and upgrades
- Essential skill upgrades for emerging technologies
- Investments in focussed business units for data-driven decision making
- Managing customer data privacy per government norms and regulations

Strategic investments in technology infrastructure and upgrades

With the emergence of new technologies such as generative AI, blockchain, and IoT in the retail industry, strategic investments in technology infrastructure become crucial. Retailers should prioritise upgrading their existing systems and infrastructure to accommodate these new technologies effectively. This may include investing in robust hardware and software solutions,

cloud computing capabilities, and network infrastructure to support the increased data processing and connectivity requirements. By making these strategic investments, retailers can harness the complete potential of these technologies and gain a competitive edge in the market.

Essential skill upgrades for emerging technologies

As new technologies continue to shape the retail landscape, it becomes imperative for businesses to invest in skill upgrades for their workforce. Employees should be trained and equipped with the necessary knowledge and expertise to understand and utilise these emerging technologies effectively. This may involve providing training programmes, workshops, or partnering with educational institutions to ensure employees have the required skills. By upskilling the workforce, retailers can utilise the benefits of new technologies to drive innovation, improve operational efficiency, and deliver enhanced customer experiences.

Investments in focussed business units for data-driven decision making

The integration of generative AI, blockchain, and IoT technologies in retail generates a vast amount of data. To capitalise on this data and derive meaningful insights, retailers should consider establishing a dedicated business unit focussed on data-driven decision making. This unit would be responsible for collecting, analysing, and interpreting data to inform strategic decisions across various business functions, such as marketing, inventory management, supply-chain optimisation, and customer personalisation. By investing in this focussed business unit, retailers can unlock the potential of data-driven decision making and gain a competitive advantage in the market.

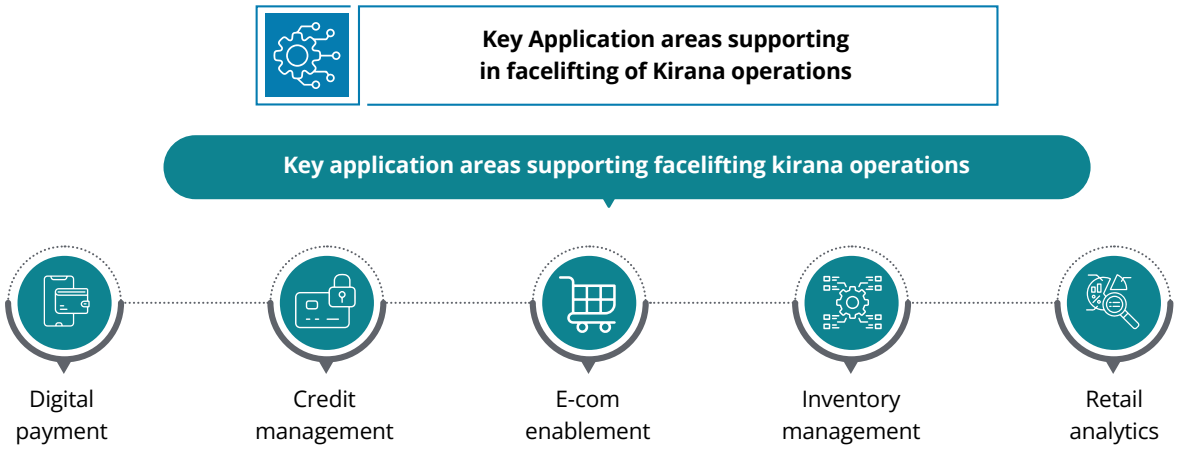
Manage customer data privacy per government norms and regulations

With the increased use of new technologies and the collection of customer data, it is essential for retailers to prioritise customer data privacy and comply with government norms and regulations. Retailers should implement robust data privacy measures, including secure storage, encryption, and access controls, to safeguard customer information. Additionally, retailers must ensure transparency in their data collection practices, seek appropriate consent from customers, and comply with regulations regarding data usage and sharing. By prioritising customer data privacy, retailers can build trust, foster customer loyalty, and mitigate the risks associated with data breaches or non-compliance with regulations

Kirana tech – A win-win for all

Kirana tech refers to the rapid emergence of technology start-ups focussed on enhancing the efficiency and profitability of kirana stores. These small, family-owned grocery establishments, play a crucial role in the Indian retail market, accounting for over 80 percent of its share.[96] With the growth in Indian FMCG industry, kirana stores will continue to remain an essential component of the retail ecosystem.

As online retail continues to grow, Kirana tech start-ups offer various solutions to empower kirana stores while competing with online retailers. Recognising the potential in this sector, major retail players have also joined the trend, aiming to modernise India's traditional mom-and-pop stores. By embracing technology and implementing modernisation strategies, Kirana stores can navigate the disruption in the traditional retail landscape.



Growth drivers for kirana tech

- Government support via ONDC to promote the co-existence of kiranas and e-comm players
- Rapid rise in technology adoption in Kirana stores through digital payments and mobile application-based procurement
- Growing competition in B2B e-commerce driving retail penetration in kirana stores across the country

Case study:
Innovations led by start-ups and large retailers are helping kiranas tackle supply chain, payment, and credit issues.

A major Indian conglomerate

- Extended its network of retailer stores to 2,000+ grocery stores[97]
- The kirana merchant base for the firm has grown four times, YoY per reports[98]
- Placing in-store ad displays and promotional offers according to the region has enabled additional revenue for merchants
- Merchandising teams are involved in fine-tuning assortments in rural and semi-urban areas

Major e-com retailer

- The company launched a “smart commerce” initiative for local stores to transform into a digital “dukaan”
- Stores can create their own online storefronts to digitise their offline shops
- Platforms have grown to 1.5 lakh stores across India[137]
- The company acquired a start-up that empowers Kirana stores with digital technology

Retail ERP start-up

- Provides omnichannel support to retail shops by integrating the shopping app, stock app, instore POS, and delivery through a dedicated platform

B2B E-comm start-up

- The company connects small retailers and kirana stores in tier-2 cities with FMCG brands for procurement

The future of kirana stores and the implications for retailers

Inclusion of Kiranas into larger retail ecosystem utilising the ONDC network to enhance the discoverability of buyers and sellers.

- Higher margins: Procurement at competitive prices, data-backed product assortments, additional income through branding opportunities
- Evolved customer relationship management through apps: Online capabilities, credit management, subscription management to empower Kiranas

Integrated part of last-mile delivery ecosystem - Partnership with quick commerce for delivery/warehousing

Focussed investments to drive change management and foster tech adoption

Inclusion of kiranas into the larger retail ecosystem, utilising the ONDC network to enhance buyers and sellers discoverability.

The adoption of tech amongst kiranas involves integrating traditional kirana stores into the larger retail ecosystem. This can be achieved with the ONDC network, which enhances the discoverability of buyers and sellers. By utilising the ONDC network, kiranas can connect with a wider range of customers and suppliers, expanding their reach and opportunities for growth. This inclusion into the larger retail ecosystem allows kiranas to tap into new markets, access a broader range of products, and strengthen their overall business presence.

Higher margins through various benefits:
Kiranas adopting technology can benefit from higher profit margins. They can procure products at competitive prices using technology to explore multiple sourcing options and prices. Data-backed product assortments enable kiranas to optimise their inventory management, ensuring they stock the right products based on customer preferences and demand. Further, kiranas can generate additional income through branding opportunities, such as selling private-label products or partnering with brands to promote their products in-store. These strategies contribute to higher margins and increased profitability for kiranas.

Evolved customer relationship management through apps
Adopting kirana tech involves utilising apps and digital platforms to enhance customer relationship management. Kiranas can utilise online capabilities to offer a seamless shopping experience, enabling customers to place orders, explore product catalogues, and avail convenient delivery or pickup options. Apps can also facilitate credit management, allowing kiranas to extend credit to trusted customers and streamline the payment processes. Furthermore, subscription management features can empower Kiranas to offer personalised subscription services, ensuring recurring business from loyal customers.

Integrated part of the last-mile delivery ecosystem
Kiranas embracing technology can become an integrated part of the last-mile delivery ecosystem by forming partnerships with quick commerce platforms. By collaborating with quick commerce providers, kiranas can offer efficient and speedy delivery services to customers, enhancing their overall customer experience.

Focussed investments to drive change management and foster kirana tech adoption
Driving kirana tech adoption requires focussed investments in change management initiatives. This includes providing training and support to kirana store owners and staff to develop the necessary skills to embrace technology effectively. Investments in infrastructure, such as providing digital devices, software, and connectivity, are crucial to enable Kiranas to access and leverage technology tools. Moreover, fostering collaboration and knowledge-sharing platforms within the Kirana community can accelerate tech adoption and help kiranas navigate the digital transformation journey successfully. These investments are key to empowering kiranas and ensuring their smooth transition into the digital era.

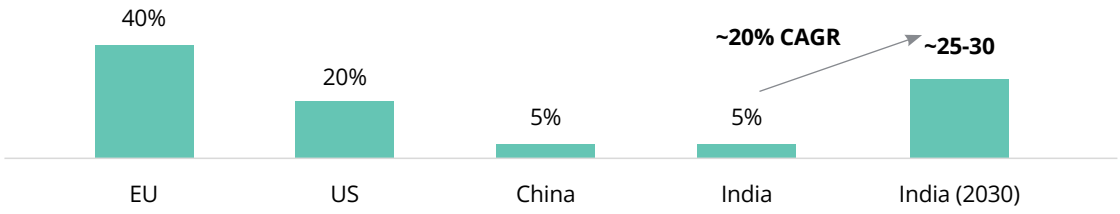
Private labels to self-sustain and intensify competition

The private label market in India has experienced significant growth in recent years, making it a focal point for large retail chains and e-commerce players. Private labels offer competitive products with quality that can sometimes surpass that of national brands. These private label products are priced (~30 percent) lower,[100] providing customers with cost-effective options.

Comparatively, developed markets, such as the US and Europe, have a significant market share of private labels, ranging from 20 to 40 percent.[101] A US-based private label brand serves as a prominent example, which is purchased by 72 percent of US consumers.[102] In contrast, the Indian private label market is relatively small, contributing less than 5 percent to the overall modern retail sector.[103] However, it is projected to grow and reach over 25 percent of the total retail revenue in the near future.[104]

Private label supermarket sales* to reach ~30 percent by 2030[138]

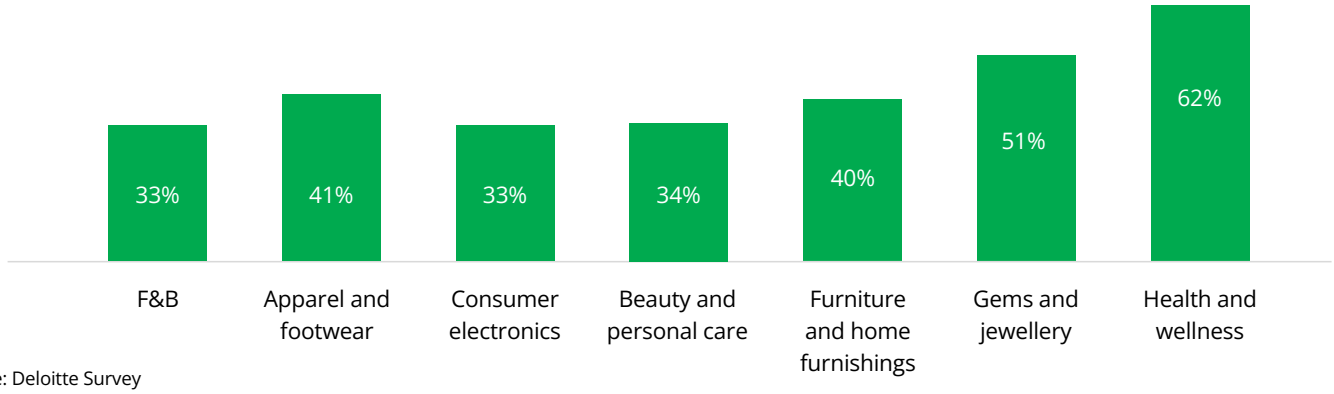
Modern trade penetration in non-metro cities will be a major growth driver for private label sales



Source: Secondary Research

Growth drivers

- An increasing number of Indian consumers (~40 percent) have bought or are likely to buy private labels across categories, driven by competitive quality and attractive prices.[105]
- The enhanced focus of retailers is likely to increase profitability and customer loyalty.



Source: Deloitte Survey

Creating private labels is driving profitable growth for both, online and offline multi-brand retailers

Category focussed e-comm players see major revenue contribution from private labels[106]

E-commerce Company	No. of PL Brands	PL Revenue %
E-commerce Retailer 1	80+	~5%
Online Grocery Retailer	5	~40%
Online Clothing Retailer	13	~35%
E-Commerce Retailer 2	10	~10%
Online Beauty Retailer	11	~25%

Source: News articles, Deloitte Analysis

Private labels offer significantly higher margins to retailers[107]

Category	Private Label Margin	Brand Margin
Apparel	60-65%	35-40%
Cosmetics	70-75%	20-25%
Grocery	10-14%	7-10%
Wellness	~25	~18%

Source: News articles, Deloitte Analysis

Case study:

A leading organised retailer in India operates 16 private label brands and sells over 800 brands across categories. The private labels contributed ~14 percent of its revenue and is growing at ~45 percent year on year.[108]

Recently, the brand announced the launch of a plus-size apparel private label in a move to strengthen its private label portfolio. The company had identified private labels category as the key growth pillar along with omnichannel, beauty, and loyalty programmes.

Case study:

An Indian conglomerate[109]

Category	Private label sales contribution
Apparel	75%
Footwear	60%
Grocery	~15%

The company has launched private labels across categories such as food, office wear, ethnic wear, active wear, footwear, electronics. Their private label brands are the top sellers on e-comm marketplaces, outselling national brands. It plans to **focus on health and immunity-boosting foods** as the next growth drivers. The company is planning to introduce a diverse assortment of products focussing on new commerce. It would also utilise its kirana network and digital ecosystem to sell/promote the products.

Future scenario and implications for retailers

Higher profit margins for retailers

Private labels offer higher profit margins for retailers compared with traditional branded products. Additionally, as private label programmes mature, retailers can expand into premium categories, further enhancing their profit margins and overall business performance.

Private labels to start competing for kirana space

Private label brands are expected to evolve into self-sustaining entities that can compete for shelf space at the kirana (mom-and-pop) store level. Previously, private labels were primarily associated with large-format retail stores. However, as these brands gain recognition and consumer trust, they will increasingly expand their presence in smaller, neighbourhood kirana stores. This shift allows private label brands to reach a wider consumer base and compete directly with established brands in the traditional retail landscape.

New categories and market to continue private label growth

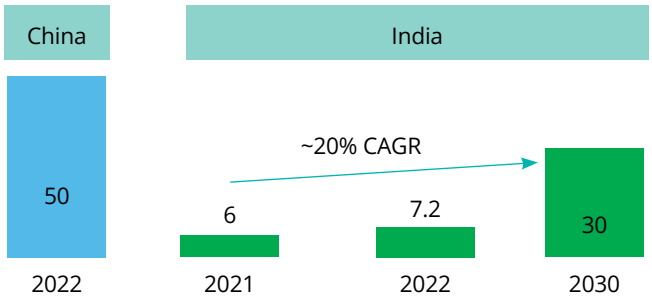
While private label sales in metro cities have seen significant growth, the next phase of expansion is expected to be driven by non-metro cities. These emerging markets present untapped opportunities for private label brands to penetrate and capture market share. Within the private label segment, categories such as health-focused and natural variants are expected to experience strong growth. As consumers become more conscious of their well-being and seek healthier options, private label brands that offer quality, affordable, and differentiated products in these categories are well-positioned to thrive.

The rise of the luxury market: Unleashing India's potential

The Indian luxury market is poised for significant growth, similar to that of China, as the country progresses towards becoming a high-income nation over the next two decades. Factors such as the rise of high-net-worth individuals, an expanding middle class, a flourishing entrepreneurial culture, and strong demand from non-metro cities contribute to the increasing luxury consumption in India.

Following the pandemic, there has been a surge in the launch of foreign luxury brands in India. These brands are entering the market through online luxury retailers and forming partnerships with Indian conglomerates. Mirroring global trends, Gen Z and Alpha generations are the key drivers of evolving consumerism in India. Brands that focus on capturing young customers through entry-level offerings can expect sustained brand loyalty in the future.

Indian luxury goods market is expected to grow at ~20 percent to reach ~US$30 billion by 2030[110]



Source: Secondary Research
*Luxury goods includes luxury leather goods, eyewear, watches and jewellery, fashion, cosmetics

Growth drivers

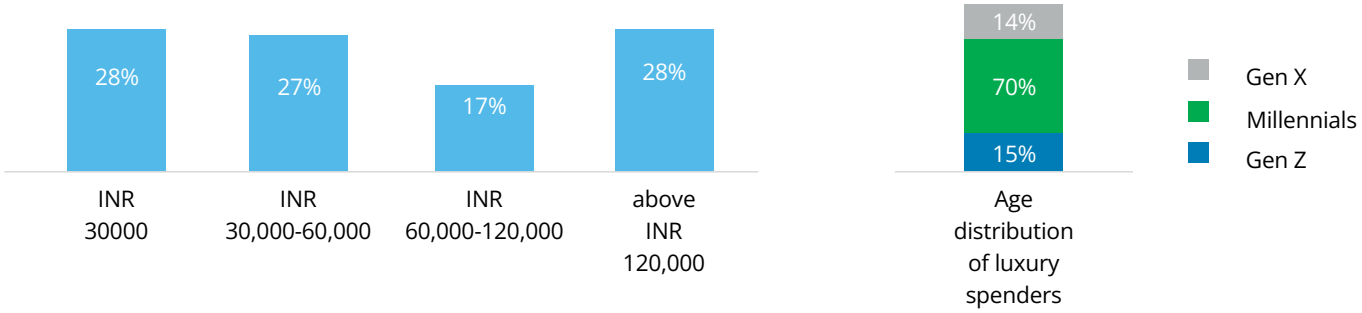
- Fundamental changes in Indian income distribution as upper middle-income households will become one-third and high income will triple by 2031.[111]
- There is increased willingness amongst consumers from tier-2 and 3 cities in India to buy luxury goods.
- There has been a significant shift in the age group of luxury consumers: Gen Z-ers (63 percent) and millennials (63 percent) purchase more luxury items than their elders (45 percent for Gen Xers and 25 percent for Baby Boomers).[112]
- There is a growing number of luxury brands entering India as well as creating India-oriented launches.

Key customer segments for luxury consumption

Corporate elites	Traditional rich	Returning NRIs	Startup founders	Overseas travelers	New Tech-preneurs

Roughly 60 percent consumers surveyed spend some amount on luxury purchases every year. Millennials drive the luxury spending.

Out of 60% consumers who spend on luxury goods, ~30% spend above INR 120k annually



Source: Deloitte Survey

Case study:

Luxury brands are curating India-based collections

- A Swiss luxury watchmaker launched 100+ pieces of a first-of-its-kind limited edition watch collection specially for India. While 100 pieces of the watch are designed in steel and gold, the rest are part of a rose-gold edition. Despite the price tag, 75 percent of the products were booked even before the watches went live for sale.[113]
- A French luxury fashion house launched a limited-edition collection of footwear priced at INR 75,000-1,20,000 to target the booming wedding season.[114]
- A bespoke luxury brand launched 100 percent India-sourced vegan handbags. Each piece of this India-only collection is finished to client specifications.
- Another luxury brand launched India-made Oxford twin Himalaya cotton shirts starting at US$3,000.[115]

Growth in homegrown India-based luxury brands

- An Indian designer, whose bridal pieces have been worn by India's billionaire heiresses and Bollywood superstars, has built a luxury brand that generates over US$35 million in revenue.[116]
- The designer label is eying global presence after opening its first international store in Manhattan.

Global luxury brands are entering India

- An Indian conglomerate announced a partnership to open a luxury French luxury retailer's high-end, large-format shopping stores in India. The flagship stores in Mumbai and Delhi will house more than 200 luxury brands.[117]
- Another Indian conglomerate that brought more than 50 international brands to India through partnerships, has signed a strategic deal with a global luxury brand to bring the best of global couture to the Indian market.[118]

Future of the luxury market and implications for retailers

- Winning non-metro cities: Luxury brands in India have predominantly targeted non-metro cities through online channels. However, as the luxury market expands and competition increases, establishing a physical presence through experience stores will become crucial to gain market share. Luxury brands will need to invest in creating immersive and personalised in-store experiences that cater to the preferences and aspirations of consumers in non-metro cities. By strategically expanding their physical footprint, luxury brands can establish a stronger connection with customers, build brand loyalty, and tap into the growing luxury market in these regions.
- Growing bridge to luxury brands: To capture a younger audience and nurture brand loyalty, luxury brands can leverage the concept of "bridge to luxury". This involves offering entry-level or diffusion products that provide a more accessible entry point into the luxury segment. By introducing lower-priced or more affordable luxury options, brands can attract a broader customer base, including younger consumers who aspire to own luxury products but may have budget constraints. This strategy allows luxury brands to establish early ownership amongst this demographic and build long-term brand loyalty as customers transition to higher-end luxury offerings.
- India's rising number of high-income households: India is poised to become home to the world's third-largest number of high-income households by 2030.[119] While established markets such as Delhi, Mumbai, and Bangalore have traditionally been centres for luxury spending, emerging cities such as Kolkata, Hyderabad, Pune, Ahmedabad, and Chennai are expected to witness significant growth in luxury consumption. Luxury brands need to recognise the shifting dynamics and consumer preferences in these emerging centres and tailor their marketing strategies and product offerings accordingly. By targeting these cities and adapting to the unique preferences of consumers in these regions, luxury brands can tap into the expanding market and secure a competitive advantage.

Experiential retail: Crafting memorable shopping journeys

In the realm of retail, a remarkable shift has occurred, expanding the focus beyond mere transactions to the creation of immersive and unforgettable experiences. Experiential retail has emerged as a powerful approach that transforms both physical and online shopping environments, as well as the perception of brands. This exploration delves into three essential dimensions of experiential retail: Captivating in-store encounters that foster immersion, expertise, and lasting memories; online experiences that simplify complexities and unveil new virtual realities; and brand experiences that prioritise personalisation, seamless omnichannel integration, and exceptional service. By venturing into these realms, retailers unlock the potential to engage customers in unprecedented ways and elevate the retail experience to new heights.

Market size and growth drivers

Luxury consumers have raised expectations from the store post pandemic, making stores pivotal for brand communities, customer service and storytelling

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70% of the consumers surveyed expect improved online-offline connect

~51% would prefer use of Virtual Reality while making online purchase decision

~51% would prefer contact-less shopping in offline stores (pickup product-pay online-walk out)

50% would prefer personalization in terms of recommendation of relevant products and showcasing relevant promotion

Source: Deloitte Analysis, secondary research

- **Changing demographics**, specifically the preferences of Millennials and Gen Zs, have sparked a shift towards technology-enabled and experience-driven shopping.
- **Key differentiator** in matured categories, such as consumer durables and cell phones, where product differentiation is limited
- **Increasing premiumisation,** as brands increasingly pivot to a premium positioning, it becomes crucial for them to align their customer experiences with premiumisation to meet the expectations of discerning consumers.

The future of experience

In-store experience

- Immersive experience: Create an immersive experience inside the store by making the customer experience the product/brand attributes using technology such as AR/VR
- Provide expertise: Appoint well trained ISPs (or enthusiasts) who could understand and relate to customer's needs and suggest appropriate product instead of repeating the same sales pitch
- Create unique memories (Retailtainment): Create a unique and memorable shopping experience though customer engagement activities like in-store events, interactive displays, etc. providing enjoyable environment to customers

Case study:

- A leading consumer electronics player has opened world's largest mobile experience center in Bengaluru to display its innovative products and services.
- Immersive Experience: Customers can experience brand's overall product portfolio through gamified AR and VR. And separate customized sections for each product category
- Store to transform into entertainment zone: The store intends to conduct events focused on fitness, music, stand-up comedy, photography, cooking, gaming, watching movies with friends and family, etc.

Digital experience

- Create new realities: Enable customers to identify their desired reality before they make a buying decision by blurring online and offline experiences around the product using technology including AR/VR. For e.g., a leading Indian paints manufacturer launched a visualiser tool that allows potential customers to virtually try on different paint colours on their house.
- Cut the complexity: Help cut the complexity of choice and decision making by upgrading websites with Generative AI to create a prompt-based, comparison-enabled, effective search result. For e.g., a major apparel e-comm player has integrated ChatGPT with the search function for better product discovery, which gives users better search results.
- Virtual influencers: Fictional computer generated "people" who have realistic characteristics, features, and personalities of humans can be modelled per brand attributes and used to communicate the brand story. For e.g., a company launched India's first virtual influencer, with 2.1 lakh followers on Instagram and collaborations with major Indian brands.

Brand experience

- Omnichannel retail: Ensure instant gratification through easily accessible, cross-integrated channels, readily available stock, with a variety of fulfilment options, and a seamless check-out process.
- Personalisation: Strengthen brand relevance and relationships through curated products, customised promotions, and tailored messaging in-store based on customers' omnichannel behaviour, demographic profiles, and value preferences.
- Service: Ensure a premium after-sales service experience in tandem with the positioning of the brand to build customer loyalty towards the brand.

Case study:
A French multinational retailer of personal care and beauty products with more than 340 brands and private labels provides customers with features such as:

- **BOPIS**-Buy Online Pick Up in Store service
- **Endless aisle** in the store and on the website and app
- **In-store consultations** from experts
- Virtual artists to allow customers to try on makeup virtually
- Unique subscription service that provides **personalised beauty products** every month
- Color IQ, **a virtual tool** that helps customers find the perfect foundation shade for their skin tone.

Implications for companies

Redesign stores: In the context of experiential retail, redesigning physical stores is crucial to provide customers with an immersive and memorable experience. Retailers should focus on improving the aesthetics of the store to create a visually appealing environment that aligns with the brand's story and identity. Incorporating elements such as unique decor, innovative displays, and interactive features can engage customers and leave a lasting impression. Additionally, organising customer engagement activities, such as workshops, demonstrations, or events, within the store can enhance the experiential aspect and foster a sense of community amongst customers.

Digital assets: To enhance the experiential retail journey, retailers can create digital assets that allow customers to experience the product before making a purchase. This can include interactive virtual tours, 360-degree product views, AR/VR experiences, or even personalised product configurators. Using digital assets, retailers can bridge the gap between the online and offline shopping experience, enabling customers to explore products, visualise their usage, and make informed purchase decisions. These digital tools provide an additional layer of engagement and convenience, enhancing the overall experiential aspect of retail.

Data and tech: Utilising data and technology is essential for experiential retail to identify unique customer traits and create hyper-localised and personalised products. Retailers can utilise customer data, including purchase history, preferences, and demographics, to gain insights into customer behaviour and tailor their product offerings accordingly. By employing data analytics and machine learning algorithms, retailers can identify patterns and trends, allowing them to curate personalised recommendations and experiences for individual customers. This could involve offering customised product assortments, targeted promotions, or personalised in-store experiences based on customer preferences. Embracing data and technology enables retailers to create meaningful and personalised interactions, enhancing the overall experiential aspect of retail.

Implications for retailers

The retail industry is on the verge of significant transformation, with changes anticipated in product offerings, target consumers, and the valuation of goods and services. The rise of new commerce and the adoption of transformative technology will revolutionise business organisation, sourcing capabilities, and the development of innovative models to create value.

To thrive in these markets and reimagine business models, retailers must ensure the effective execution of operations, utilisation of labour, and prioritisation of operational decisions to drive value creation.

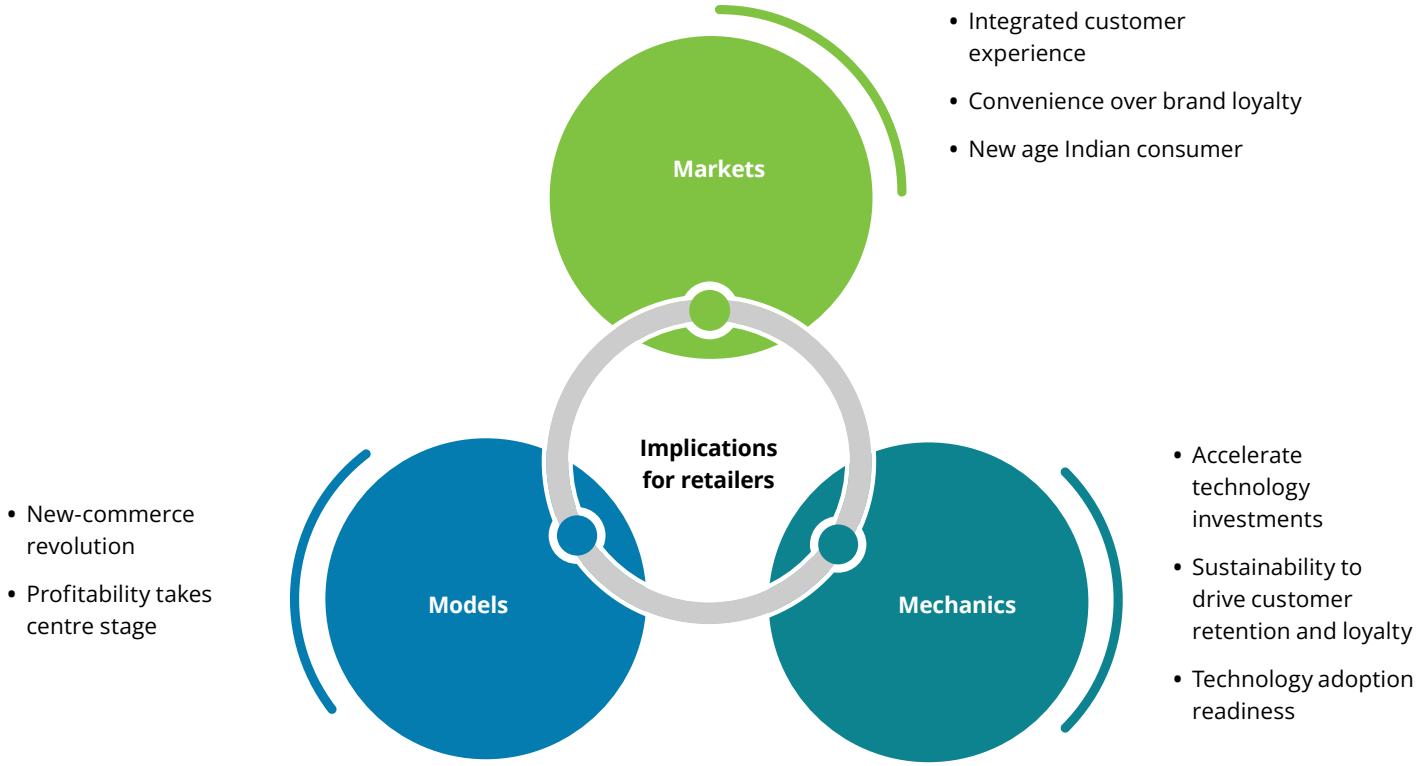
To succeed in this dynamic landscape, retailers must embrace market changes, integrate new models, and optimise their operations to deliver exceptional customer experiences while maintaining profitable margins.

Markets: With the increase in next-gen shoppers, relevance at an individual level becomes the new competitive battleground

- Customer experience as a differentiator: As the market becomes cluttered with an increasing number of players, customer experience is expected to emerge as a key differentiator.
- Convenience over brand loyalty: Gen Zs are known to not be as brand loyal as their preceding generations. Generation Alpha is also expected to follow this trend.
- The new-age Indian consumer: With increasing internet access, more consumers from rural India are likely to subscribe to e-commerce.

Integrated customer experience

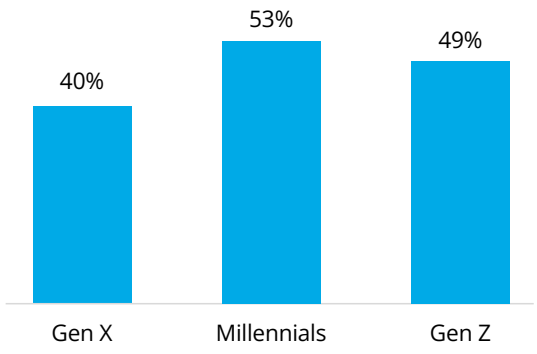
With the rise of Direct-to-Consumer (D2C) brands, the market is witnessing a dilution of product differentiation, resulting in reduced customer loyalty. However, a strong brand experience can serve as a powerful tool for differentiation and effective customer retention. To achieve this, it is crucial to enhance brand experience through hyper-personalisation and seamless omnichannel experiences, using services such as Buy Online, Pick Up In-Store (BOPIS), Buy Online, Return In-Store (BORIS), Buy



Online, Ship to Store (BOSS), and Endless Aisle options.

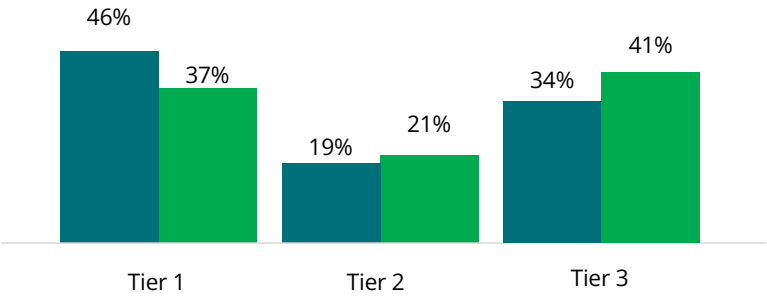
As physical stores transform into experience centres, retailers must redesign their stores to elevate the point of purchase experience, create immersive environments, and invest in value-added services through skilled employees who act as in-store brand promoters. To refine the first line of consumer engagement during sales and post-sales support, retailers can utilise the virtual salesman model and employ AI-powered applications for assisted recommendations on their brand websites.
By prioritising and investing in these strategies, retailers can differentiate themselves in the market, enhance customer experiences, and foster long-term customer loyalty in an evolving retail landscape.

More than 40% of consumers across the age groups are ready to pay premium for quick delivery



Source: Deloitte survey

Non-Tier 1 cities have exceeded e-comm market share, with increase in income, awareness and lack of offline physical buying spaces



Source: Secondary research

Convenience over brand loyalty

Retailers are currently faced with the challenge of attracting and retaining Gen Z and Alpha consumers, who exhibit lower brand loyalty and have different preferences compared with previous generations. Traditional promotional methods are less effective in reaching these digitally driven cohorts. The new generation values social shopping and convenience over brand loyalty. While consumers in general opt for quality and price in making their purchase decisions, outperforming when it comes to convenience can be a major competitive advantage. As delivery time expectations for customers increasingly reduce, retailers will have to reimagine their online and offline presence to serve targeted customers efficiently. Creating an all-in-one digital strategy that enables customers to conveniently engage from wherever they are while offering quick-delivery subscriptions and self-service options can establish a dynamic and resilient brand identity for retailers.

The new-age Indian consumer

As the number of active internet users continues to rise, along with an increase in online purchasing from rural areas in India, it has become crucial for brands to acquire customers from tier-2 and similar cities. This also includes luxury brands, as a significant portion of online luxury sales currently originate from these markets. Therefore, strategic investments are necessary to tap into the potential of hinterland consumers, who will drive the next phase of growth in e-commerce and modern trade. By targeting these emerging markets, brands can expand their customer base and capitalise on the growing digital adoption and purchasing power of consumers outside major metropolitan areas.

Models: Reorganise the approach by adapting to new channels and customers while keeping profitability in focus

- New-commerce revolution: Creation and adoption of new e-commerce channels to drive business growth
- Profitability takes centre stage: Focus on profitable growth leading to higher focus on customer retention

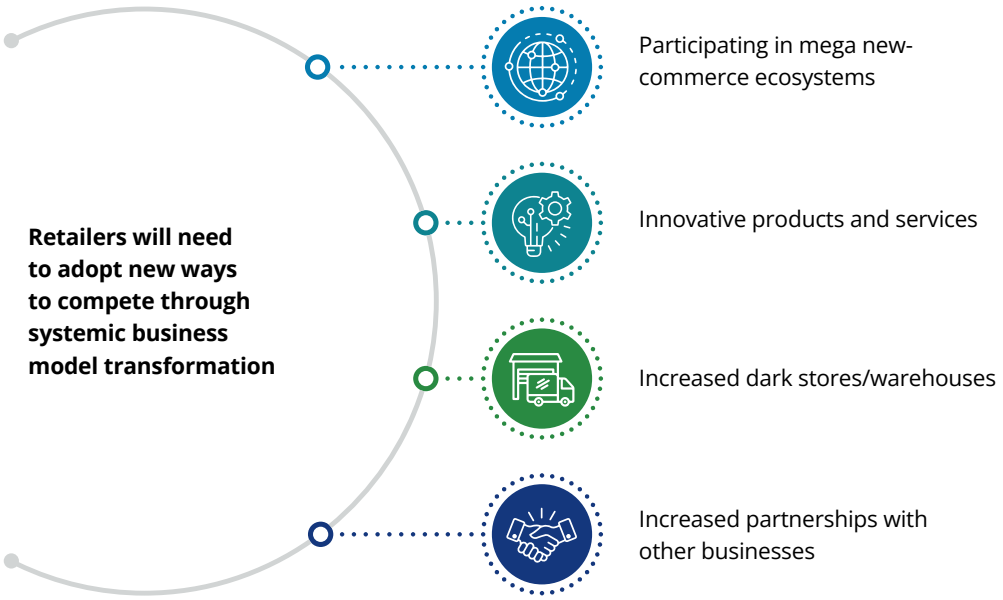
New-commerce revolution

The adoption of new selling models, such as D2C, social commerce, quick commerce, live commerce, has opened up a world of opportunities for retailers to enhance the customer lifetime value. These models enable retailers to engage with customers in unique and personalised ways, ultimately fostering stronger relationships and driving repeat purchases. To leverage these opportunities, retailers must focus on implementing customer-centric strategies.

Utilising these channels, retailers should target community-based shoppers by adopting an effective marketing and operations strategy which includes understanding the unique preferences and needs of consumers, creating localised and culturally relevant messaging, and using appropriate marketing channels to reach these communities.

Retailers should also focus on “retailtainment” by creating quality and effective content by seamlessly integrating with new-commerce channels for a smooth and frictionless customer journey. By reducing barriers to purchase and ensuring a

Profitability takes centre stage



seamless transition from content consumption to conversion, businesses can increase the customer's propensity to become brand advocates, thereby driving growth and loyalty.

To fully capitalise on the opportunities presented by new selling models, it is essential for retailers to seamlessly integrate these models with their existing channels. This integration ensures a cohesive and consistent customer buying experience across various touchpoints, whether through social media platforms, online marketplaces, or quick-commerce delivery services. By adopting an omnichannel approach and creating a unified customer journey, retailers can provide convenience, flexibility, and accessibility to customers, which drives customer satisfaction and loyalty.

In a competitive retail landscape, it is becoming increasingly important for brands to prioritise profitability alongside growth. While high growth may seem enticing, it is crucial for brands to achieve sustainable profitability by improving unit economics and optimising their operations. Rather than solely focussing on acquiring new customers, brands should also concentrate on retaining and generating higher value from their existing customer base.
The rise of quick commerce and single-day e-commerce deliveries has set a new standard for fulfilment speed. To remain competitive, offline retailers need to devise strategies to bring back low-ticket, non-profitable customers to their physical stores. By encouraging these customers to return to the store for their purchases, retailers can make the last-mile delivery more profitable.

Mechanics: The future of retail relies on how businesses execute, prioritise decisions, and empower partners to create value

- Accelerate technology investments: Adoption of core and adjacent technologies to run transformational initiatives
- Focus on customer retention and loyalty: Brand image around sustainability to drive loyalty from Millennials, Gen Zs and Gen Alpha
- Technology adoption readiness: Change management to be driven by readiness for technology adoption at each stage of the value chain

Accelerate technology investments
Companies must prioritise the acquisition of core technologies that customers now expect as part of their overall shopping experience. This includes essential capabilities such as online shopping, e-commerce platforms, "click-and-collect" services, cloud functionality, point-of-sale systems, and customer relationship management tools. Alongside these core technologies, it is also crucial to incorporate adjacent technologies such as advanced analytics for retail and supply chain optimisation, digital reality solutions including virtual reality and smart mirrors, automation technologies including automated shelves and IT services, as well as robust cybersecurity measures.

By embracing these technologies, companies can embark on transformational initiatives that not only enhance their current offerings but also create new business opportunities.

Core technologies

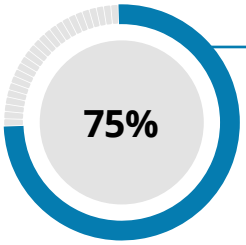
- Online shopping
- Discoverability on marketplaces
- Click and collect
- CRM tools

Adjacent technologies

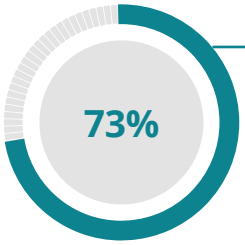
- Advanced analytics
- Virtual reality
- Automation technology
- Sophisticated cybersecurity

Transformative technologies

- IoT
- Generative AI
- Blockchain
- 3D printing



of Gen Zs have already changed or are likely to change their brand due to sustainability



of Millennials have already changed or are likely to change their brand due to sustainability

Source: Deloitte Survey

The disruptive potential of certain technologies should not be overlooked. Innovations such as the Internet of Things (IoT), Generative AI, Blockchain, and 3D printing can revolutionise industries and should be considered as part of a forward-thinking technology strategy.

By strategically adopting and using these technologies, companies can not only meet customer expectations but also stay ahead of the competition. This technology-driven approach enables businesses to explore new avenues, create innovative offerings, and position themselves as leaders in their respective industries. It is essential to continuously assess emerging technologies, identify their potential impact, and proactively incorporate them into business strategies to drive growth and maintain a competitive edge.

Sustainability to drive customer retention and loyalty

Millennials and Gen Zs are increasingly driven by causes of sustainability and social responsibility when it comes to their relationships with companies. They support brands that align with their values and actively contribute to positive environmental and social impacts.

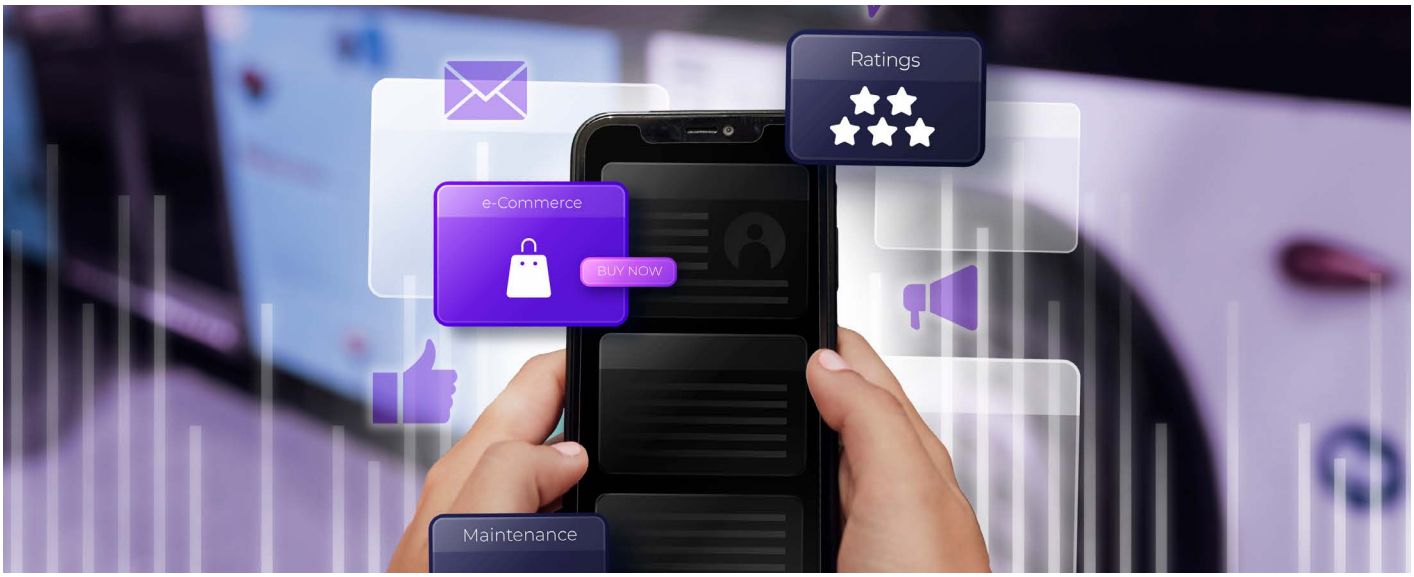
To establish and maintain relationships with these generations, companies need to communicate their sustainability efforts effectively. Communicating their environmental initiatives, partnerships with sustainable organisations, and the steps taken to minimise their carbon footprint can help build trust and credibility. By showcasing their sustainability practices, companies can appeal to the values and priorities of Millennials and Gen Zs.

Furthermore, engaging Millennials and Gen Zs in sustainability initiatives can deepen their connection with the brand. Encouraging them to participate in recycling programmes, offering opportunities for volunteering or donating to social causes, and involving them in co-creating sustainable products or services can enhance their loyalty and advocacy. Through this, companies can demonstrate that they value their input and are actively working towards a more sustainable future.

Technology adoption readiness

To build a successful retail business, retailers must recognise the importance of fostering trust and engagement with their channel partners. Channel partners play a critical role in product distribution and promotion, and their commitment and motivation are vital for long-term collaboration and success. Retailers should prioritise effective communication strategies to establish strong relationships with their partners. This involves maintaining open lines of dialogue, actively listening to partner feedback, and addressing concerns or issues promptly. By creating a culture of transparency, trust, and collaboration, retailers can foster a sense of shared purpose and align their goals with their channel partners. Driving change management at scale is another crucial aspect for retailers. As the retail landscape evolves, retailers must adapt to changing market dynamics, consumer preferences, and technological advancements. This requires a strategic approach to manage change within the organisation and amongst channel partners. Retailers should establish clear vision statements that outline their goals and objectives, providing a roadmap for transformation. Identifying key impact areas and understanding the implications of change on channel partners is essential for effective change management. By involving partners in the planning process, retailers can get their buy-in and commitment to the proposed changes.

Creating investment plans and allocating resources to support the necessary changes is also crucial. This includes providing training and support to channel partners, equipping them with the skills and tools they need to adapt to new strategies and technologies.



Deloitte Case: Designed and implemented a pan-India channel sales platform for a leading brand by creating a collaborative environment and garnering trust from channel partners

- Build an understanding of the challenges faced by organisation and channel partners
- Conduct design thinking workshops with key stakeholders to co-create solutions
- Develop solutions and run pilot testing in a controlled environment
- Build a stakeholder communication framework for effective engagement

Charter a structured change management programme for full scale implementation

Impact

- Smooth execution to maximise adoption amongst channel partners
- Enhanced stakeholder experience and improved process transparency
- Foster an environment of mutual trust

Retailers should also set realistic timelines for implementation and communicate these expectations clearly to channel partners. By providing a structured framework for change and ensuring that adequate resources are allocated, retailers can facilitate a smooth transition and minimise disruptions in the partnership ecosystem.

Building a supportive and collaborative ecosystem is essential for sustained growth and success. By prioritising trust, engagement, and effective communication with channel partners, retailers can establish a foundation of mutual understanding and shared goals. This collaborative approach encourages partners to actively contribute ideas, provide valuable feedback, and work together towards common objectives. Retailers should also celebrate shared successes and recognise the contributions of channel partners, fostering a sense of camaraderie and continued collaboration.

Conclusion

In conclusion, the retail industry is experiencing significant growth and transformation in India, influenced by six major forces that are shaping its future. These forces include changing consumer behaviour, industry upheaval, societal and cultural shifts, exponential technology, impact of climate change, and economics, policy and power.

The six key trends that will define the future of retail include new commerce, advanced technology, kirana tech, private labels, luxury retail, and experiential retail. These trends highlight the importance of using the power of new commerce models, embracing technological advancements, integrating kirana stores with digital ecosystems, harnessing private labels for higher profitability, catering to the evolving luxury retail market, and creating immersive experiences for customers.

The implications for retailers are evident. Customer experience will be a key differentiator in the competitive retail landscape, and convenience will outshine brand loyalty as consumers seek easy and efficient shopping journeys. The emergence of the new-age consumer presents opportunities for retailers to tap into non-metro markets and tailor their offerings to meet the unique needs of this segment. The ongoing e-commerce revolution, propelled by emerging commerce models, will persistently transform the retail industry, demanding a heightened emphasis on omnichannel strategies.

To succeed in this evolving industry, profitability must take centre stage, with retailers strategically managing costs and maximising revenue streams. Accelerated technology investments will be crucial to stay ahead of the curve and meet the demands of tech-savvy consumers. Building consumer confidence through sustainability initiatives will be essential, as conscious consumerism gains momentum. Retailers must also assess their readiness to adopt new technologies and adapt their operations to thrive in this changing retail landscape.

Glossary

Acronym	Full form	Acronym	Full form
Gen Z	Generation Z	AI	Artificial Intelligence
HIH	High-income households	VR	Virtual Reality
LIH	Low-income households	AR	Augmented Reality
GDP	Gross Domestic Product	MR/XR	Mixed Reality/Extended Reality
FDI	Foreign Direct Investment	NFT	Non-Fungible Token
MSMEs	Micro, Small, and Medium Enterprises	DLT	Distributed Ledger Technology
VC	Venture Capitalist	UI	User Interface
PE	Private Equity	UX	User Experience
D2C	Direct-to-Consumer	SEO	Search Engine Optimisation
B2B	Business-to-Business	LLM	Language Model
B2C	Business-to-Consumer	ERP	Enterprise Resource Planning
C2C	Consumer-to-Consumer	POS	Point of Sale
Q-Commerce	Quantum Commerce	VPN	Virtual Private Network
E-Commerce	Electronic Commerce	GPS	Global Positioning System
M-Commerce	Mobile Commerce	NPD	New Product Development
FMCG	Fast Moving Consumer Goods	RFID	Radio Frequency Identification
DIY	Do It Yourself	ONDC	Open Network for Digital Commerce
BOPIS	Buy Online, Pick Up In Store	UPI	Unified Payments Interface
BORIS	Buy Online, Return In Store	PMMY	Pradhan Mantri Mudra Yojana
BOSS	Buy Online, Ship to Store	NABARD	National Bank for Agriculture and Rural Development
KPIs	Key Performance Indicators	SIDBI	Small Industries Development Bank of India
SKUs	Stock Keeping Units	SBI	State Bank of India
GMV	Gross Merchandise Value	HDFC	Housing Development Finance Corporation

Acronym	Full form	Acronym	Full form
IoT	Internet of Things	F&B	Food and Beverage
ICICI	Industrial Credit and Investment Corporation of India	CAGR	Compound Annual Growth Rate
PMKVY	Pradhan Mantri Kaushal Vikas Yojana	GMO	Genetically Modified Organism
NSDC	National Skill Development Corporation	PET	Polyethylene Terephthalate
BHIM	Bharat Interface for Money	YOLO	You Only Live Once
EODB	Ease of Doing Business	SEZ	Special Economic Zone
MAITRI	Maharashtra Industry, Trade and Investment Facilitation Cell	PMKSY	Pradhan Mantri Kisan SAMPADA Yojana
KOLs	Key Opinion Leaders		
WPL	Women's Premier League		

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