



SOUND THE BUGLE: IT'S WAR TIME!

After successfully disrupting India's telecom space, Mukesh Ambani is all set to ride the next generation digital wave that will create uproar in the retail industry. The revolution that Jio sparked off last year will soon enter its next phase. A report on what's brewing on the backburner

BY PAYAL GULATI



Reliance Jio and Bharti Airtel have undoubtedly become the biggest competitors in the Indian telecom space. Both the telecom biggies have come up with impressive plans in order to lure customers. For instance, Mukesh Ambani-owned Reliance Jio has shaken up the telecom market with free calls and cheap data plans. But that's just one side of the story. There's much more taking place and the odds are currently in favour of Reliance. After creating disruption in India's telecom sector, Reliance Jio is now preparing to replicate the same in the Indian e-commerce market by leveraging its vast network and hundreds of millions of subscribers.

Reliance Industries' chairman, Mukesh Ambani, is a man who knows the pulse of the Indian consumer. When the trend was to invest abroad, Reliance invested Rs 3.5 lakh crore in India, which paid off handsomely. Then, with Reliance Jio he created a tectonic shift in the telecom space. And now he is making another contrarian bet in the sector of traditional retail.

THE NEW BATTLEGROUND

While e-commerce giants, including Amazon and Flipkart, are pumping in billions of dollars to take advantage of what the new fad of e-commerce has to offer, Reliance is riding high on its 'kirana' stores' concept. For retail giants, traditional retail might be a dying entity but that, in fact, is the new war zone for Mukesh Ambani. At a time when other retail companies are betting big on metro India, Ambani's next destination



is rural India, where 70% of the Indian population stays. E-commerce is only 3-4% of India's USD 650-billion retail industry. Organised retailers hold just 8% of that pie. Ambani wants to tap the remaining 88% of the market, which comprises these small kirana stores.

But consider this: for this new foray in retail, he is neither burning cash nor dirtying his hands with delivery issues. Rather, he is betting big on the Jio network and plans to link manufacturers and 'mom-and-pop' stores to his Jio customers and thus mint money. The company will offer Jio subscribers digital coupons on

its Jio Money platform or through text messages to buy goods at kirana stores at discounted rates. Reliance will not spend its own money on discounts and would simply play the role of a mediator between manufacturers and mom-and-pop stores.

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It will also offer a complete support to the mom-and-pop stores such as financing, help in GST compliance and managing an efficient supply chain and merchandising operations. In an age when online and offline are seen as two opposite models, Ambani is combining the two. While e-retailers are waiting for Indians in the hinterland to get online and buy stuff from them, Ambani is taking e-commerce to the brick-and-mortar platform and changing the way people in rural areas buy things.

"In e-commerce, the biggest threat to Amazon and Flipkart will be Reliance Retail because Reliance Jio (Reliance Industries' telecom arm) is present all over India; they can easily connect to all the small and very small retail stores and supply to them, thus improving their business dramatically," says T V Mohandas Pai, former CFO of Infosys.

THE WINNING FORMULA

Mukesh Ambani's online-to-offline play in smaller towns is seen as a long-term investment, considering that while the others are still engaged in tapping the urban consumer, he would have captured a big chunk of traditional retail even before the others wake up to what's going on. As the months go by, this will not only give tough competition to retailers but to digital wallets such as Paytm and Mobikwik, who will now need to pull up their socks for this new tsunami of disruption. Ambani's digital coupons model could be a win-win situation not only for the consumer and but also the brands and the kirana shops. Ambani has famously said that "data is the new oil". It's now for the industry to wait and watch. There will be mayhem for sure. The question is: how many of the existing players will survive. ©R

Riding high

Kirana store is the new war zone for **Mukesh Ambani**. He wants to enter **92%** of unorganised market

Kiranas will be offered services like

FINANCING

GST COMPLIANCE

MANAGING EFFICIENT SUPPLY CHAIN

MERCHANDISING OPS



After a trail of apparel distribution, it plans to expand into FMCG, white goods

Reliance plans to leverage its vast Jio network and hundreds of millions of subscribers

Distribution business has increased the contribution of consumer electronics and smartphones in total Reliance Retail turnover to 52% from 34% earlier

