



Global Market Opportunities: India

World SME Expo, Hong Kong

3 December, 2010





rai

RETAILERS ASSOCIATION OF INDIA

"rai"- voice of Indian retail industry

Retailers Association of India (rai) was launched in Mumbai on the 28th of September, 2004 with the principal objective of being the voice of Indian retailers. rai through its various efforts aims at uplifting the standards of overall retailing in the country.

rai's Vision

To develop, facilitate and propagate practices and processes that will grow the Indian retail industry, leading to increased consumption and growth of the economy.

RAI focus

Membership

Add members of various categories to include retailers and service providers to create critical mass.

And add value to members by :

Advocacy	Talent development	Industry Creation
Government & semi government bodies	Development programs across the lifecycle of retail employees	Events
Media : Internal (Storaii + replenish) and external	Specialist programs for verticals	Industry meets
Collaboration with communities & International organizations	Research and advisory services including probing recruitment help	Service provider database and related services

Agenda

1. India v/s the world
2. Changing structure of the Indian market
3. India Retail market
4. The Indian retail consumer
5. Strategies to deal with the Indian market



India vs the Rest of the World

GDP Growth Projections	2009	2010	2014
World	-0.6%	4.8%	4.50%
US	-2.6%	2.6%	2.40%
Euro (Germany, France Italy and Spain)	-4.1%	1.7%	2.10%
Japan	-5.2%	2.8%	1.80%
Russia	-7.9%	4.0%	5.00%
China	9.1%	10.5%	9.50%
India	5.7%	9.7%	8.10%
Brazil	-0.2%	7.5%	3.70%

Source: Technopak - World Retail Congress - November 2010

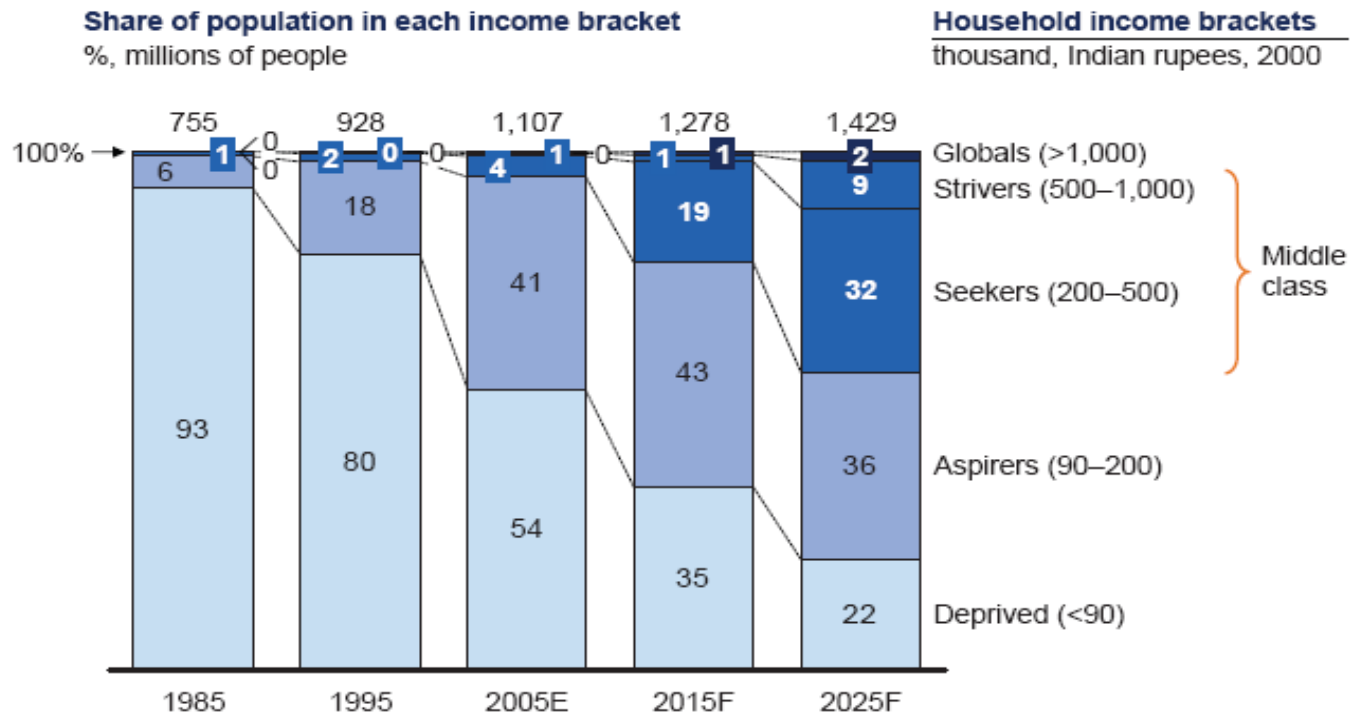
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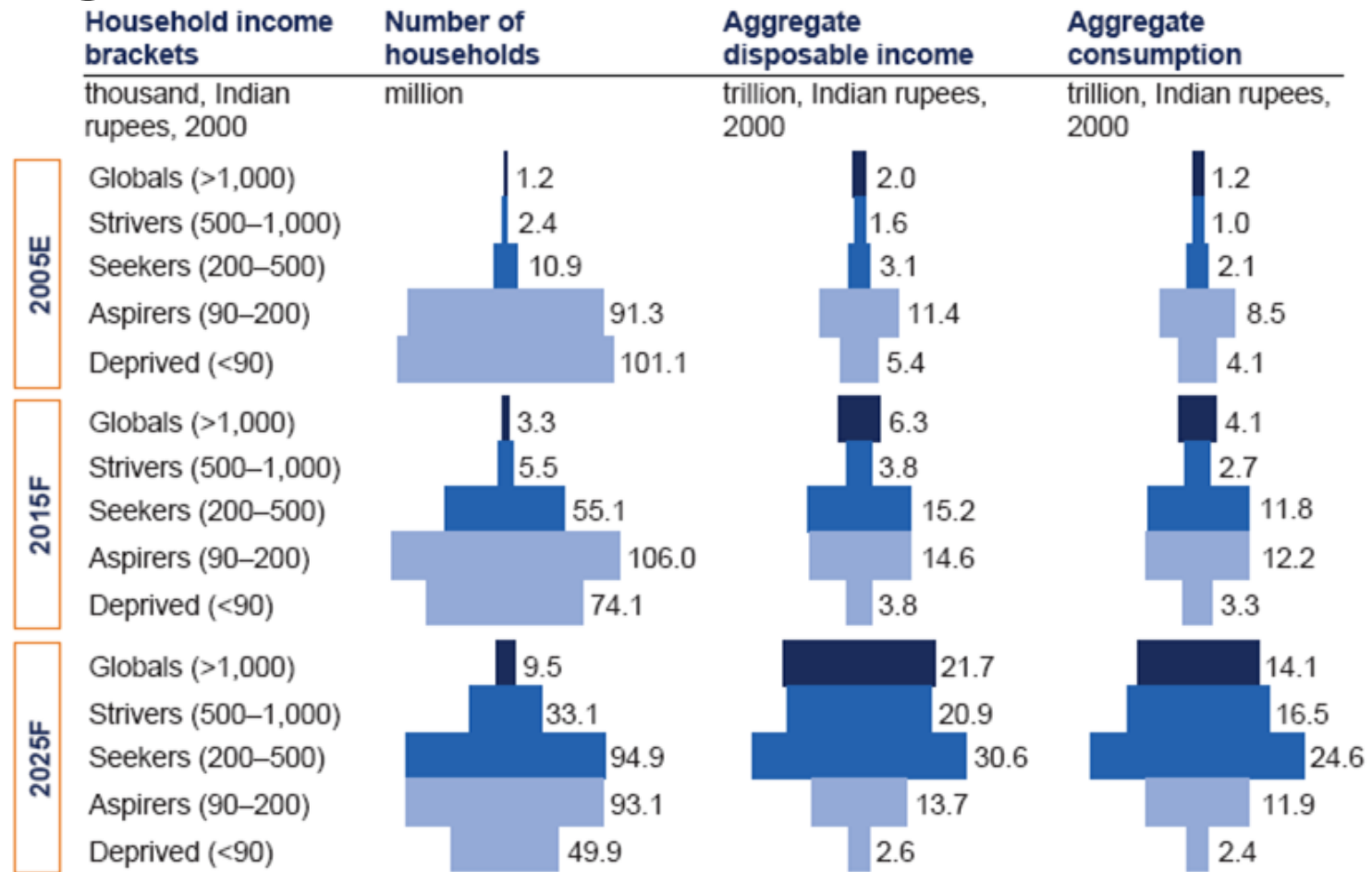
Over the next 15 years, the “Great Indian middle class” will come into play

INDIA WILL SEE FURTHER REDUCTION IN POVERTY AND GROWTH OF ITS MIDDLE CLASS



Note: Figures are rounded to the nearest integer and may not add up to 100%.
Source: Mckinsey Global Institute

As incomes grow, the income pyramid will change



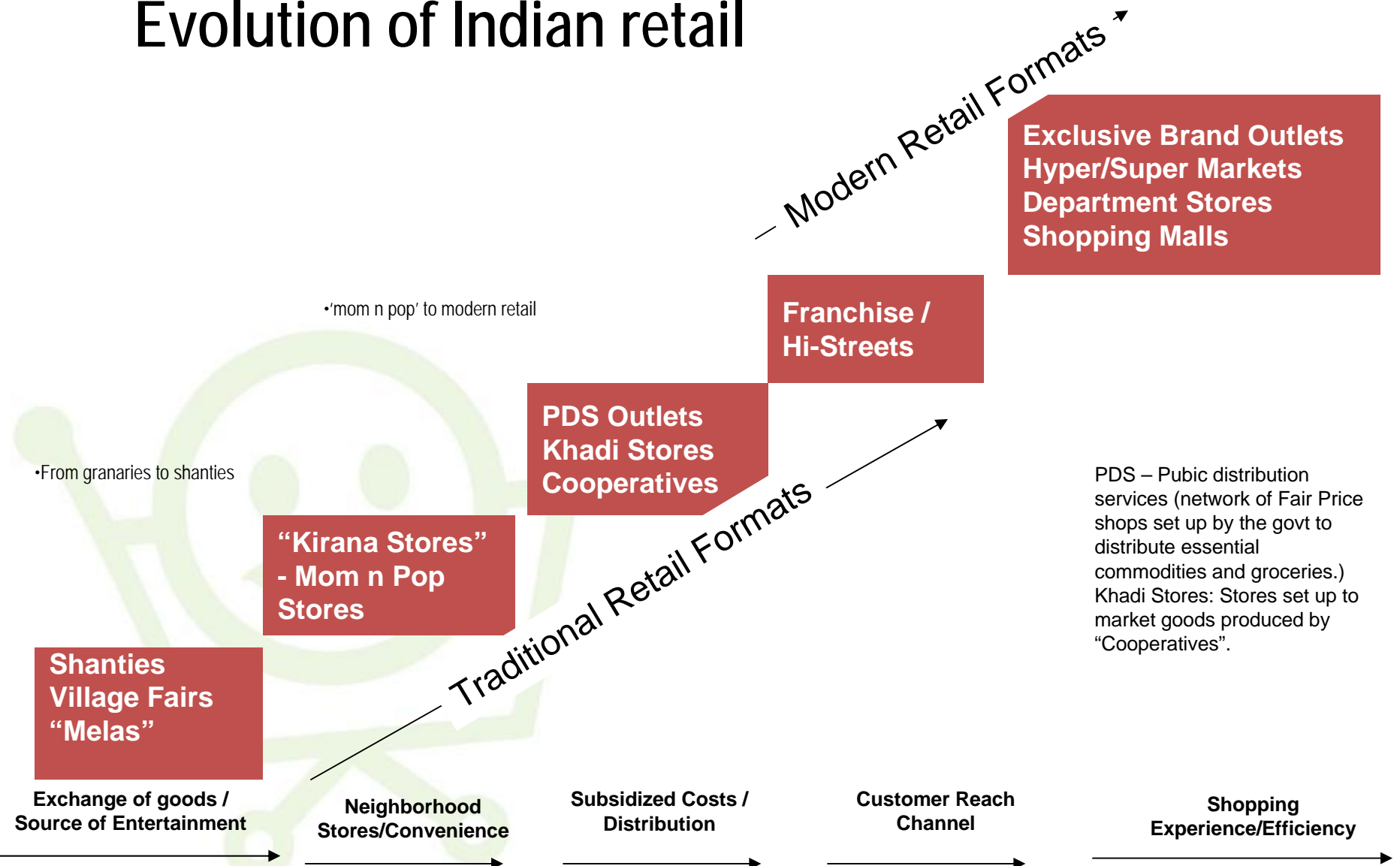
Source: Mckinsey Global Institute

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Evolution of Indian retail



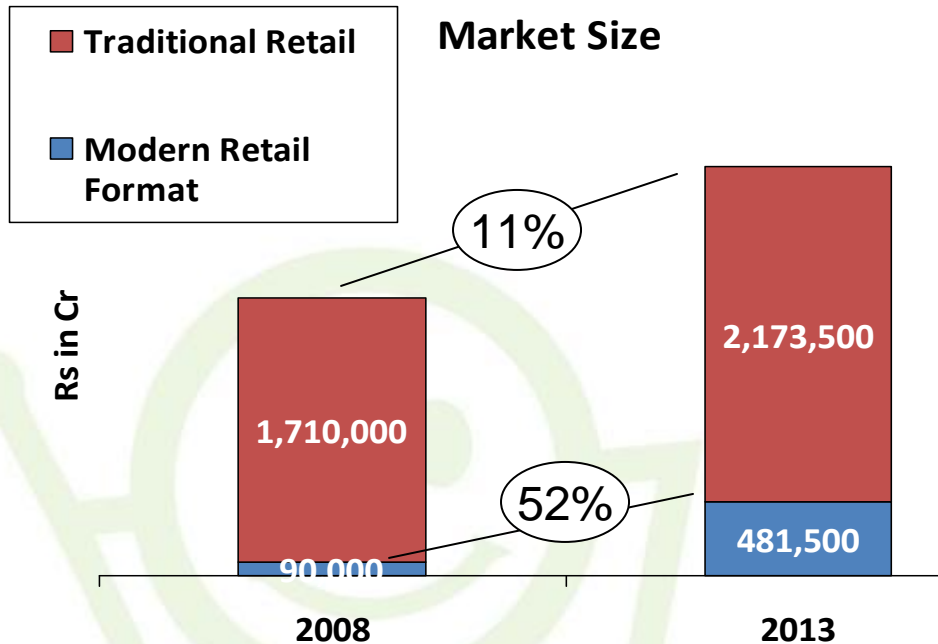
Co-Existence is a virtue exclusive to India!

Uniqueness of Indian retail

- Caters to a scenario where food, language and clothes change every 100 kilometers
- Co-existence of formats
- Scope for transformation
- Multi-channel retailing – The Future



Indian Retail Market



While the retail market is expected to grow at ~10%, the organized market (modern retail format) is expected to grow 5x by 2013 – at a CAGR of ~50%

PERFORMANCE SNAPSHOT

- ❑ 5th largest retail destination globally
- ❑ Ranked most attractive emerging market by A T Kearney
- ❑ Share of retail trade in India's GDP was between 8–10 per cent in 2007. It is currently around 12 per cent, and is likely to reach 22 per cent by 2010
- ❑ Largest numbers of retail outlets in the world : around 12 million stores with an average size of around 120 sq.feet
- ❑ Total mall space in the 8 major metros of the city is about 40 million sq ft. Smaller cities would add to another 6-8 million sq ft, totaling to 46-48 million sq ft.

Indian Business Houses – Diversified to Retail

- ❑ *Tata*
- ❑ *Reliance*
- ❑ *Aditya Birla*
- ❑ *Mahindra & Mahindra*
- ❑ *Dabur*
- ❑ *Godrej*
- ❑ *ITC*
- ❑ *K Raheja*
- ❑ *Videocon*
- ❑ *Bharti Group*
- ❑ *RPG*
- ❑ *BPCL*
- ❑ *Hiranandani*
- ❑ *Arvind*
- ❑ *Bombay Dyeing*
- ❑ *Essar*
- ❑ *Nilkamal*
- ❑ *Future group*



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Indian Consumer

- ❑ Highly value driven.
- ❑ Expects high functionality in goods with very low prices
- ❑ Accustomed to high and personalized service levels - including home delivery, high availability, CRM and credit
- ❑ Television, mobiles and internet is speedily creating high expectations in the minds of rural consumers too. Half a billion mobile connections in the country , next only to China.



Modern vs. Traditional

- ❑ Traditional retail provides high service levels, customer recognition, high level of specialization, high availability percentage for key traded items, customer credit in some cases.
- ❑ Modern retail is currently offering higher range, in some cases better prices and takes responsibility for what they sell. Clear differentiation is being done by a few retailers.
- ❑ Cost of property and labor costs have been traditionally low in the country and this is being replaced with higher costs of occupation and higher wage bills for modern retail



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Partnership opportunities in India

- ❑ Creation of brands in India and doing shop in shops
- ❑ Creating License agreements with Indian Retailers/ Manufacturers
 - E.g.. Disney, Arrow, Lee etc.
- ❑ Catering to Larger retailers' private brand needs
- ❑ Working with retailers and mall owners to do promotions and marketing
 - The home/lifestyle shows
 - Setting the stage at the mall
 - Fashion shows
 - Lifestyle depictions on TV.
- ❑ Using Multichannel capabilities to address the market
 - Internet, Mobiles, social media networks, telemarketing, multichannel marketing etc.

Prospects / Market entry

- ❑ Through distributors / large retailers
 - Market push (low brand advertisements)
 - Work in the market with slow and steady growth
- ❑ By creating market demand
 - Strategic above the line advertisements
 - Educational and positional adverts
 - Promotions with key retailers
 - Using distributors to only create reach



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