FICCI

FOOTFALLS

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Footfalls

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Activities & Vision

VISION

To create an environment for growth of organized retail in India, which enables retailers to comprehend their potential and catalyze the corporate and political arena to participate in framing policies and growth framework for the sector.

RETAIL COMMITTEE

FICCI Retail committee comprises business leaders from the key retail business groups. The committee would endeavour to facilitate rapid expansion of retail industry by identifying roadblocks at all levels and making representation for policy change to both central and state governments.

ACTIVITIES

After the constitution of FICCI retail division following important events & policy papers were accomplished:

a) International Conference on backend retail supply chains "Winning with Intelligent Supply Chains" (2004, 2007)
b) Member of FARA (Federation of Asia Pacific Retailers Association)
c) Retail reports: FICCI KPMG retail report, FICCI ICICI report on FDI in retail, FICCI retail report- Organized Retail: Unfinished agenda and Challenges ahead
d) Footfalls: A two day international conference focused on opportunities and challenges in Indian retail sector
e) Luxury conference in association with Hindustan Times
f) Specialized conference on Auto Retail: Auto Retailing: A framework for Growth
g) FICCI Ernst and Young report on Supply Chains in retail

RETAIL IN NEWS

RETAILERS SEE DENT IN SHOPPERS' BILLS

On the threshold of a new financial year, branded retail bigwigs are estimating a dent in the average bill size (ABS) per shopper, mainly due to the economic slowdown in the last quarter of the previous financial year.

Westside, a unit of Trent Ltd (a Tata Enterprise), witnessed 30% to 35% dip in ABS per shopper during weekends in Q4 2009, as compared to a 25% dip during Q3 2009. During weekdays, however, the dip in ABS has been maximum, by over 50% at Westside stores.

According to Retailers Association of India (RAI), the decrease in ABS per shopper is directly related to their shopping mood. The malls where the retailers are giving higher discounts or value for money offers have seen some surge in ABS per shopper. Things are expected to look better by the third quarter of 2009-10.The revenue sharing model will be more popular in the coming days as it makes more sense for the developers and retailers to be partners in progress.

The Financial Express, April 2009

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RETAILERS END BOYCOTT OF NOVARTIS

Mumbai's drug retailers and stockists have ended their boycott of the products of Swiss drugmaker Novartis AG and its subsidiary Sandoz, with the companies agreeing to end the practice of selling some of their high-value medicines directly to consumers from June 1.

Over 7,000 retailers and stockists had stopped selling all the 198 medicines of two firms from April 1, protesting the drugmakers' practice of direct selling of super specialty medicines.

The agreement was reached on 11th April and retailers will start selling the firms' drugs from 13th April. The companies have agreed to give 8% and 16% margin to stockists and retailers, respectively, as per the drug price control order (DPCO) regulations.

The Economics Times, April 2009

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HIDDEN CHARGES AT MALLS A SALT RUB FOR RETAILERS

It's not just obscene rentals that are ailing retailers in these times of economic slowdown.

Even as they rush to renegotiate lease amounts, they're reeling under a number of hidden charges levied by malls owners in the form of property tax, common area maintenance (CAM), service tax, marketing costs, etc. On an average, these charges inflate the cost of an outlet in a mall by about 10-15%.

This is perhaps why Loot India Ltd, which owns the multi-brand discount format chain The Loot, has steered clear of malls. The retailer has 100 stores across tier I and II cities but just one of these is in a mall.

Many malls also charge for what they call the 'sinking fund'. The amount of Rs 3-4 per sq ft per month is meant for 'out of ordinary' expenses.

DNA, Mumbai, April 2009

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VIP IND CUTS PRICES BY 10-13%; SHUTS UNVIABLE STORES

The economic slowdown has forced luggage manufacturer VIP Industries to tweak its retail strategy. The company has shut a few of its stores that were unviable, apart from bringing down prices of its merchandise by 10-13 per cent.

The luxury segment is under pressure. Fewer people are traveling. VIP has closed down around 14 stores (eight in malls) that were not doing well. The prices have also been reset to 2007 level.

The slowdown has resulted in “down trading". If earlier people bought three pieces for say Rs 14,000, that has now come down to Rs 7,000 and fewer pieces.

Business Line, April 2009

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VALUE RETAILERS BEAT SLUMP, GROW 15%

Value retailers, including Megamart from Arvind, Big Bazaar from the Future Group and Reliance Super - who constitute 60% of the Indian retail market - are witnessing about 12% to 15% growth in Tier II and III cities in the country.

Their growth comes at a time when the Indian organized retail industry witnessed a growth of just 5% during Q4 of 2008, as compared to 35%

recorded during the previous corresponding period. This is because these retailers typically build a bond with their customers that larger formats cannot match in times of economic slowdown and offer repeated discount schemes and freebies.

Leading retailer, Future Group is witnessing about 25% to 30% sales growth in Big Bazaar hypermarkets in Tier II and III cities in Q4 Fy08 over the previous corresponding period.

The Financial Express, April 2009

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MALL STORES SEEK LOWER RENTALS, SHUT IN PROTEST

In a sobering sign of the recessionary times, a majority of retailers at two brand new DLF malls at Vasant Kunj and Saket both premier locations in south Delhi have decided to keep their shutters down till the mall promoter slashes rentals substantially and ensures better footfalls.

The retailers are demanding at least 75% occupancy at the malls which, according to them, will lead to higher footfalls and a reduction in rentals to the tune of 50%. These include franchisees of well-known brands like Meena Bazaar, D&A shoes, Bombay Selections, Pramod, TGIF, Smoke House Grill and Kalpana.

The retailers claim DLF has done very little to ensure footfalls in either of the malls. The occupancy at the Vasant Kunj mall is around 20% despite it having opened three months back, and that of Saket, which opened on November 17, is 40%, they say.

Most of the retailers, who booked space four-and-a-half years ago, claim to be paying anything between Rs 3 lakh and Rs 6 lakh as rental and add that new shops are being offered space at throwaway prices.

The Times of India, April 2009

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VISHAL RETAIL PLANS TO RESTRUCTURE RS 730 CR DEBT BY JUNE

New Delhi-based Vishal Retail is looking to restructure its whole debt facility by June 2009, as the company is not in a position to pay its outstanding in the near future.

Vishal retail had a gross debt of over Rs 532 crores in FY08.

The company had to repay Rs 140 cr by March 31.It repaid only Rs 50 Cr. The company's cost of debt is 13-14% and the expected interest outgo for FY09 is over 100 cr as against 38 Cr in FY08.

The Rs 730 cr restructuring will provide the company a breather for time being as the cost of short term debt is nearly 14%.However,it will still be paying early 10% on long term debt.

Business Standard, May 2009

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CARREFOUR DROPS OUT OF MULTI-BRAND RETAIL

French retail giant Carrefour has shelved its plans for multi-brand outlets in the absence of a local partner.

However, the company is on track with its plans for wholesale retail, where it is going solo. Carrefour, the world's second largest retailer, said it was not forging partnerships with any Indian firm, including Reliance Retail and Aditya Birla Retail.

Plans for the first cash-and-carry store in the country by the third quarter of 2009 are on schedule.

However, front-end retail plans have hit a hurdle in the absence of a local partner.

Speculations were rife that the company was in talks with Future Group, Reliance Retail, Aditya Birla Retail and Spencer's Retail for a joint venture on the lines of the Bharti-Walmart deal. However, after shortlisting six from 18 companies, it is yet to choose a partner.

The Telegraph, May 2009

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GAMING FIRMS TAKE TO RETAIL

Domestic gaming companies are increasingly plunging into the retail arena, a market segregated into two segments mom and pop outlets and large format stores. They feel the segment offers a quick return on investment (RoI) besides providing an additional revenue stream.

For instance, Reliance Big Entertainment's online gaming arm Zapak Digital, which entered gaming retail by launching 25 titles in partnership with various publishers from the US and Europe in June 2008, reckons that personal computer (PC) and broadband penetration would be the key growth

drivers and therefore there would be a huge opportunity for gaming companies to get into retailing game CDs.

Business Standard, May 2009

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MALLS GET PART OF RETAILERS' REVENUE

Big retail companies have succeeded in forging revenue sharing arrangements with mall owners and developers. This is expected to be the model of business relationships between organised retail and property owners in the future.

At least three large retail firms, Spencer's of the RPG group, the People store chain of the Aditya Birla group and independent retailer Vishal, have been able to win over developers who have now agreed to lower rents in lieu of a part of store revenues.

Caught between shrinking margins and high rentals, several retail companies had started with mall owners and developers as far back as December.

One part of such an agreement is a minimum guaranteed rent, usually 30 to 50 per cent of the market rate. The other part is variable -- a percentage of revenue generated in that rented property that is given to the developer. The percentage varies from store to store, depending on its format and size.

For a hypermarket, the percentage paid as rent is as low as 3.5 per cent; for other stores, such as those of private labels, it could go up to 15 per cent.

The Financial Chronicle, May 2009

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PANTALOON GETS NOD FOR BUSINESS RESTRUCTURE, NAME CHANGE

Kishore Biyani-promoted Pantaloon Retail has received shareholders' approval for restructuring the company into three separate entities catering to FMCG, retail and fashion, and rechristening the group as Future Markets & Consumer Group.

The shareholders have approved sale of the firm's fashion division, including the entire investment in Home Solutions (Retail) India, to its wholly-owned subsidiary, Future Value Retail and sale of its retail division to subsidiary Future Speciality Retail.

Shareholders have also approved the company's decision to change its name to Future Markets & Consumer Group Ltd or such other name as may be approved by the Registrar of Companies, Maharashtra.

Pursuant to the said transfer, Future Value Retail would be renamed as Future Merchandising and Future Speciality Retail would be rechristened as Future Consumer Enterprises.

The board had approved setting up of wholly-owned subsidiaries for Big Bazaar, Food Bazaar, Speciality Retail Business and Property and Mall Management Division.

The Hindu, May 2009

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TATAS TO START E-MALL IN TWO MONTHS

Salt-to-software maker the Tata Group is gearing up to start an electronic mall through which products made by all group companies would be sold on-line in the next two months.

The proposed e-mall of the Tata Group is aimed at serving people who find it difficult to spend time on shopping and ensuring them convenience of shopping at home thereby saving their time and efforts capitalising on the information technology penetration of the country.

Industry experts said that six triggers like, saving time and efforts, wide variety, convenience of shopping at home, good discounts, getting detailed information of the product to able to compare products and brands motivate the shoppers to buy on-line.

The Economics Times, May 2009

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MID-TIER FMCG FIRMS BEAT LARGE-CAP PLAYERS IN TERMS OF VOLUMES GROWTH.

Even as large fast moving consumer goods (FMCG) companies like Hindustan Unilever (HUL) and ITC struggle with their volume growth, mid-tier FMCG companies like Godrej Consumer Products, Marico, Dabur and Nestle have reported strong spurts in volumes as they focus on inorganic growth and rural markets.

Besides soaps and detergents, which are seeing consumers downtrade (switching to a smaller pack or a cheaper value product), the packaged goods market is seeing volumes grow at 6-7 per cent year-

on-year (y-o-y) in the metros, at 10-12 per cent in Tier-II cities and at over 15 per cent in rural India.

Rural demand and an increased focus on rural markets is driving the overall FMCG sector.

As such, Dabur which has over 35 per cent of its portfolio focused on the rural market has reported a volume growth of 13 to 14 per cent.

On the other hand, large companies have witnessed their volume growth decreasing. For instance, HUL's year-on-year volume growth slipped from 10 per cent in January-March 2008 to 8 per cent in the quarter ended June 2008, and, in the recently concluded January to March 2009 quarter, the FMCG giant's sales fell by 4 per cent.

Business Standard, May 2009

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NIKE TO SLASH 1,750 JOBS

Sportswear maker Nike Inc will be reducing nearly 1,750 jobs, representing nearly five per cent of its global workforce, as part of its restructuring efforts.

The American company has total employee strength of about 35,000.Nike Inc will reduce its overall global workforce of nearly 35,000 by approximately five per cent.

A major chunk of the job cuts are expected over the next several weeks. Nike has a significant presence in India and was also a sponsor for the Indian cricket team.

Business Standard, May 2009

BHARTI, WAL-MART OPEN FIRST JOINT STORE IN INDIA

India's Bharti group and Wal-Mart, the world's largest retailer, opened their first cash-and-carry joint venture store in Amritsar on 30th May, 2009 on an investment of $7 million, and they plan to open at least 15 outlets across the country in the next three years.

They have tied up with 30,000 retailers and 8,000 suppliers and expect more to join.

The stores will be run under the brand name of Best Price Modern Wholesale.

The Amritsar store, spread over about 50,000 square feet, will provide 200 direct and 500 indirect jobs.

Best Price Modern Wholesale will offer an assortment of around 6,000 items, including food and non-food items, at competitive wholesale prices.

Over 90% of the goods will be sourced locally, helping keep down costs.

Bharti Wal-Mart, in association with the Punjab government, has also started a training centre offering full scholarship to bridge the shortage of skilled workers for cash-and-carry and organized retail formats.

The Times of India, May 2009

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NEED FOR LOCALIZATION/ADAPTATION FOR A GLOBAL RETAILER

Purnendu is the Associate Vice President in the Retail & Consumer Goods Division of Technopak. He is based in Technopak's Gurgaon office (National Capital Region of New Delhi). He is working with the firm since 2004. Purnendu has over 5 years experience in management consulting in Retail and Consumer sector with work spanning across Corporate Strategy and Organic and In-organic growth Strategy. Purnendu is an MBA from Indian Institute of Management, Ahmedabad. He also has a Bachelor's in Mechanical Engineering from the Ranchi University, India.



PURNENDU KUMAR,

Associate Vice President, Technopak Advisors

Global retailers looking for expanding beyond their territory, especially in the large Asian countries like India & China, face a big challenge of adaptation of their retailing value proposition for the country. One of the key decisions that they face is the degree of replication of the characteristics of their format, which is successful in their local market. While there are merits in carrying forward the retailing skill-sets and the marketing & branding programmes, there is always a dilemma of "how much to localize?"

While, Global retailers acknowledge the differences between Western and Eastern preferences, still there are many nuances that will continue to affect shoppers' choices within India. The challenge is to find the right balance between uniformity and customization. We know that too much uniformity will hurt sales productivity whereas too much customization will lead to lower margins.

The Indian retail industry is poised to reach US$ 615 Billion turnover by 2013 and about US$ 860 Billion by 2018, propelled by economic growth and a large pent-up demand for consumer goods. However, the market also possess unique challenges due to poor back end infrastructure and also the fact that middle-class disposable income in India is much lower than in developed countries.

A global retailer must understand the uniqueness of the Indian market and carefully identify which aspects of its business model require local adaptation and which needs to be wholly reinvented. It's very important for them to acknowledge the diversity and hence reinvent its business model to operate within the reach of key target consumer segments.

This adaptation has been done very well by most of the Food & Beverages retailers like McDonald's, Pizza Hut etc. They realized very early that India is a unique country; with a large proportion of the population being vegetarian and also "beef" or "pork" based fillings/toppings is completely no-no for the others. Also, there has been an effort in adapting to the service requirements by introducing home delivery, which now accounts almost 30%+ for most of the QSRs in the country.

In the apparel category, a lot of International brands tried to enter through a master franchisee route, and selling them their existing goods with a mark-up. The basic premise was there is a big latent market for their products as their brands have a high awareness and are aspirational to the Indian middle class consumers. There was very little effort in product adaptation or development of a local sourcing network for the country. This resulted in a high retail prices due to imports duties and logistics costs, leading to sub-optimal performance for the brands.

In recent times brands have acknowledged these facts and worked on developing local vendors and also reworked on their price points. There is no doubt that India is going to be a substantial business for consumer goods and hence it's important to align strategies with a target for a long term returns. Some of the brands which have done very successfully are listed below:

Case Studies of some of the Successful sourcing strategy by International Brands in India				
	Indian Business	**India Specific Strategy**	**Local Sourcing**	**Pricing Strategy (for a Representative Product)**
Levi's	Stores: 285 Y-o-Y Growth: 25%	Penetration Pricing, Focus on Exclusive Outlets,	95%	**Levi's 501** India: € 37 US: € 45 UK: € 45
Reebok	Stores: 720 Y-o-Y Growth: 35%	Penetration Pricing, Aggressive Distribution, Focus on Indian . Sports like Cricket, Hockey etc	90%	**Reebok DMX Shoes** India: € 40 US: € 49 UK: € 48
UCB	Stores: 140 Y-o-Y Growth:30%	India Specific Pricing, Focus on Exclusive Outlets	95%	**UCB Polo T-Shirt** US: € 8 US: € 8 UK: € 8
Ray Ban	Stores: Y-o-Y Growth: 35%	Aggressive Distribution, India specific Pricing	90%	**Ray Ban Aviator 3025** India: € 51 US: € 90 UK: € 95

Similarly, in the supermarket/hypermarket/cash and carry segment, the global sourcing will not be able to provide any sustainable built-in price advantage as in India the Food is largely consumed fresh and the lower shelf-life and poor back-end infrastructure will be a key deterrent for them. The key will be to think longterm and invest resources in organizing the supplier base and build long term relationships with the local vendors. Realizing these challenges, Metro Cash and Carry spent almost 3 years in setting-up of the supplier base and achieved a 90% local sourcing for their food as well as non-food items in the country.

There are merits in standardizing the product offerings, which helps brands in keeping the business costs minimal, as it provides economy of scale in product development, sourcing and marketing activities. The second important driver of standardization is the global image that a uniform retailing format is able to convey. Standard unique elements of the store, together with a homogeneous communication strategy, allow the development of a distinct and clearly positioned perceived retail image. At the same time, the challenge is to keep the core brand value proposition intact while still being relevant to the target consumer segment.

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RETAIL POLICY AND REGULATIONS

SERVICE TAX ON COMMERCIAL RENTALS TO GO

In a major respite for retailers and businesses, the Delhi high court has struck down levy of service tax on renting of immovable property as "unconstitutional".

The Delhi HC decision came on April 18, 2009, in a combined order while deciding on 26 writ petitions filed by petitioners from across the country, including retail chains, challenging levy of service tax on commercial property rentals imposed from June 1, 2007.

The order is understood to be applicable across the country with retrospective effect. In June 2007, the Union Ministry of Finance had brought renting, leasing and licensing of immovable property "for use in the course of furtherance of business and commerce" under service tax, forcing retailers and businesses to cough up 12.36 per cent service tax, including education cess, on rentals. This was reduced to 10.3 per cent from February 2009 after service tax was brought down to 10 per cent.

While the levy had put an additional burden on retailers, corporates and businesses leasing retail and office space, it had also put those who had rented out property before June 2007 in a fix as their rental agreements had not factored it in.

Businesses across the country had challenged the constitutionality of the levy on the grounds that renting does not involve any service, and that the Central government was not empowered to tax transfer of rights in immovable property, which is a state subject as per the Constitution of India.

While some high courts, including Gujarat high court, had granted interim relief to petitioners from payment of service tax until final disposal of their matters, the stays were granted subject to undertakings by petitioners, mainly tenants, to deposit the service tax amount with the government if the tax was ultimately held constitutional.

To avoid multiplicity of litigation, the Central government had sought from the Supreme Court transfer of all writ petitions pending before different High Courts of India, to the Delhi high court for single window adjudication.

The Times of India, April 2009

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NUTRITIONAL LABEL NORMS MAY RAISE SMALL COMPANIES' COSTS

A health ministry notification, making it mandatory for all processed foods and beverage makers to carry nutritional facts in their product labels, has sent the small-scale and unorganised sectors into a huddle, while market leaders said that the "one-time cost" would not impact operating margins significantly.

The ministry directive came to effect on March 19 and companies have been given three months more to fall in line or face imprisonment of up to six months.

The new labels will have to declare ingredients, weight, total calories (energy value), amounts of protein, carbohydrate, fat, sodium (salt), sugars, dietary fibre, vitamins and minerals, and amount of transfats in all foods and beverages. The notification also ruled that a fruit juice that does not contain a specified amount of fruit juice or pulp cannot be described as a fruit-based product.

While market leaders, such as Hindustan Unilever and Britannia, said that they were addressing the practical aspects of implementing the new directives, industry bodies said they want more clarity.

Manufacturers falling under the small-scale and unorganized sector will have to deal with increased packaging costs and will be under maximum scrutiny because unlike organised players, they don't source ingredients from a common channel.

The Economics Times, April 2009

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Don't Fall for the Hard Sell- Consumers unite to tackle MRP Violations

Alluring offers from service providers are pouring in daily. Whether it is an offer to give you a free telephone or internet line, a package on your DTH or cable service, or some great deal on your mobile tariff, these offers can be enforced only if the consumer is able to prove that they have been really made i.e. that they should be in writing.

Items that come in packages or containers are subject to the Packaged Commodities Rules (PCR), which mandate that the Maximum Retail Price (MRP) should be printed on the package prominently.

Complaints against packaged water and cold drinks being sold above the MRP are very common. Unfortunately, though most consumers grumble about this, very few would take the next step forward

to lodge a complaint against the retailer.
The Department of Legal Metrology, Government of Maharashtra, which is the nodal body to receive complaints about violations of the PCR, has expressed its dismay and limitations in tackling the menace of the MRP violations.
Stringent and clear guidelines, judicial backing and consumer unity thus appears the only method of tackling the menace of MRP violations.
Industry must also realise that if they tend to exploit loopholes in law, the government may have no alternative but to ensure Price Control Orders akin to those applicable to drugs and medicines.

DNA, Mumbai, April 2009

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RETAILERS REJECT TWIN REGULATORS

Rejecting joint regulation of the retail sector by the ministry of commerce and industry and the ministry of consumer affairs, organized retailers have called for the appointment of a single national regulator.
According to an Assocham study, it is extremely cumbersome to operate when two nodal ministries are regulating single sector.
While the commerce department is responsible for formulating policies, the implementation comes under the purview of consumer affairs ministry.
The study further revealed that 35% of the domestic retailers blamed the lack of quality and trained manpower as one of the constraints being faced by the organized retail sector in India.

The Asian Age, May 2009

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GOVERNMENT TO REVIEW DIAL RETAIL FIRM STRUCTURE

The civil aviation ministry has formed a committee to review a plan by the GMR Infrastructure Ltd-led operator of the New Delhi airport to half own a company that will run retail and duty-free shopping space at an airport terminal under construction.
The proposed structure of the retail business at the Capital's airport is a departure from the practice of leasing out such space to a third party in return for a rental or lease fee. Instead, the operator, Delhi International Airport Ltd (DIAL) plans to award retail concessions based on a revenue-sharing model with the winning bidder required to form a 51:49 joint venture with the airport firm for at least 10 years that can be extended by another five years.

MINT, May 2009

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DOORS MAY OPEN FOR FDI IN MULTIBRAND RETAIL

The newly elected UPA government may consider allowing FDI in the multi-brand retail. Senior officials in commerce ministry feel that reforms, which hitherto were put on the backburner, will now be fast tracked for all sectors including retail.
The erstwhile Left allies torpedoed government's move to extending FDI in retail to sports and engineering goods. This may be the first step in expanding the FDI matrix in retail sector. Organised retailers have been demanding spread of FDI into multi-brand retail and an industry status for the retail sector. The present rules do not permit any foreign company to invest multi-brand retail outlets. However, 51 per cent FDI (foreign direct investment) is allowed in retail of single brands. The retailers too seem upbeat on talks of reforms being put on fast track.

Financial Chronicle, May 2009

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ITDC GETS BACK TO DUTY-FREE SHOP BIZ

State-run India Tourism Development Corporation (ITDC) is making a comeback in the duty-free shops business.
In a fresh round of bidding to set up and run duty-free shops, ITDC has bid for eight shops in as many airports across the country.
ITDC's monopoly in the duty-free segment ended in 2003 after its bids for some airports weredisqualified by the Airport Authority of India(AAI)on the ground that it had not paid dues of about Rs 20 crore.
After the Delhi and Mumbai airports were given to private developers, ITDC did not bid for these duty-free shops. But now the field is wide open for other venues, especially those involving private developers.
The shops will sell liquor, perfumes, cosmetics, cigars, chocolates, packed food items and handicrafts.

Hindustan Times, May 2009

PHARMACY RETAILING MARKET



PRADIP KANAKIA,

Head of Markets, KPMG

Pradip's career at KPMG spans 22 years, having joined in 1985 in KPMG London in Audit. Pradip worked with KPMG Dubai in Audit for more than 8 years, between 1989 to 1998. During that period, he also assisted in the setting up of the KPMG Mumbai office in 1993 at the inception of KPMG India. He joined KPMG India as an audit partner in their Bangalore office in April 1998.His roles have included Audit Partner 1998-to 2006, National Industry Director for Consumer and Industrial Markets 2001-2003, Head of Marketing 2003-2004, Head of Markets and Knowledge Management 2004-2006, Head of Risk Advisory Services 2006-2008 and presently National Head of Markets. Pradip is also a member of the Leadership Team of KPMG India and a member of the Global Client Issues (CIB) Board.



SATISH MENON,

Manager, KPMG

Satish works in the core group of Healthcare markets with KPMG. Prior to joining KPMG, Satish has worked with the healthcare chains like Fortis healthcare and Max healthcare in Strategy and Corporate Planning domain. In his earlier role, Satish was involved in the budgeting exercises both at the corporate as well as the unit level by translating management objectives into tangible deliverables at business unit level. Satish have also been closely involved in screening of new projects from pre-sanctioned stage & conducting feasibility studies to determine their financial viability; projecting cash flow & growth opportunities

The retail revolution was one the most phenomenal waves that India saw over the last half a decade. A revolution which saw the neighborhood “mom and pop” store concept changing into organized retail chains. For a long time Indians still preferred the “near to home pharmaceutical store”. Soon the organized pharmacy retail caught up which is now estimated at around Rs 33,000 crore but is highly fragmented marketspace. There are over 500,000 small chemists operating in the unorganized sector.

The year 2009 came in with much joy for the industry recording nearly 15% growth in January. The same had grown by nearly 10% during January-December 2008. As a sectoral growth, the industry is growing at the rate of 20-25 per cent annually.

In the organized space of pharmacy retailing the domination is mainly by 10-12 big players who amongst themselves share around 4000 organized pharmacy retailing outlets in the country. The number is seen to surge to around 12,000-15000 by the year 2012.

The organized pharmacy retail market is dominated by big industrial houses like Apollo Pharmacy, Fortis Healthworld, 98.4, Life Spring, Reliance retail, Planet Health, Dial for Health, Medicine Shoppe, Guardian Pharmacy and MedPlus to name a few. On the organized side apart from allopathic medicines, mostly of which are branded generics, the organized pharmacies are also taping on the fast growing market for wellness products that among others includes a wide range of personal-care, nutrition, health supplements, and health monitoring products. With a surge in lifestyle diseases and increased consciousness amongst the masses on wellness and healthy lifestyle the demand for health supplements and nutritional products has increased substantially.

Primarily the retail chains operate as either a Company owned or Managed Stores or as a franchisee outlet. The company owned outlets are owned and managed by company itself. Fortis, Apollo, Dial for Health etc work on this model. However a franchisee model operates through having affiliated franchisee's with predetermined norms being followed. Major players like Medicine Shoppe, MedPlus etc operate through the franchisee model.

Apollo Pharmacy started the revolution of pharmacy

retailing by a healthcare group. Apollo pharmacy is India's has now become India's largest branded pharmacy network, with over 1000 outlets operating out of more than 17 states. To add to the service basket, Apollo Pharmacies started the offer of providing free health insurance on purchase of more than Rs. 6000 in a year. Another major player in the sector is Fortis Healthworld again started by a well know healthcare chain, Fortis healthcare. Fortis currently has around 40 stores and has plans to widen its reach to over 100 stores by 2010. It operates both Company owned as well as Franchisee owned stores. MedPlus Health Services, Hyderabad based pharmacy chain, which started in 2006 currently operates around 500 stores in the states of Andhra Pradesh, Maharashtra, Karnataka, Tamil Nadu, Gujarat and Rajasthan. As a massive expansion route it plans to increase its presence to around 1000 store by 2010. Well known retail outlet, Future group also operates in the space with its pharma retail brand named Tulsi, most of which are co-located with Big Bazar. The group currently has over 40 outlets across the country. Lifetime Healthcare promoted LifeKen is a leading Pharmacy Retail chain in Mumbai, Chennai and Bangalore operating around 90 stores. Guardian Lifecare Pvt. Ltd which is North India's largest retail chain of Pharmacy has around 150 outlets in 20 major cities and planning to add another 400 new stores across India by 2010 investing Rs.100 crore.Global Healthline promoted brand 98.4 operates pharmacy chains in Delhi and NCR with 27 stores and expecting to ramp up the count to more than 300 by the 2012.

In terms of market space, the retail pharmacy space would soon become a battleground, with heavy investments pooled in from big corporate houses and healthcare providers. Though it may be very early to compare the industry with the likes of its US and European counterparts where organized pharmacy retailing has evolved over the years but with the rampant growth in the sector there are signs of bigger things to come.

Going by emerging scenario of organic and inorganic growth pattern of the organized pharma retailing, it is being seen as a possibility that small chemists are likely to close shop due to organized retail pharma chains which are mostly subsidiaries of pharma companies themselves, thereby marking the end of unorganized pharma retailing in the country. This trend would result in wiping out of intermediaries and it would be the ultimate customers who would benefit from the saving of margins.

However looking at the other side the unorganized chemists, whose numbers are huge, are also getting united and have started counterattacking the organized retail chains through an integrated approach. Ultimately, whoever wins the pitch, eventually it would be the consumer would be passed on the benefits in terms of various additional facilities and services and at a cheaper rate.

MASSMERIZE 2009

A one of its kind initiative of FICCI, which brings together the best minds in the Industry and the Government and offers a cerebral platform to:

Debate the Key policy issues within the FMCG sector.
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FMCG A sector that affects the lives of each and every individual of the society, and is an inevitable part of every household's consumption and expenditure, is today the 4th largest in the country with a current turnover of over US $28bn and an expected growth rate of 10% CAGR.

India, with its favorable demographics and ever rising middle class provides a further impetus to the growth of the sector. Market potential of more than Rs 13,500 crores is untapped at the bottom of the pyramid.

Quiet a lot has been talked about this sector but still much more needs to be identified, explored, debated and analyzed.

Issues like, how Indian consumer market will evolve in the future? How the distribution and allocation of income will change? How will the slowdown impact the sector in the long run? What will be the changes in the consumers spending pattern and how the Government fiscal policies and reforms will affect the overall sector, needs to be addressed.

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CONSOLIDATION IN RETAIL

WADIA'S GET A GOLDEN GOOSE

The three-year-long battle for control of biscuit maker Britannia Industries has ended with France's Groupe Danone agreeing to sell its 25 per cent stake to equal partner Wadias for about Rs 900 crore. With that, the 15-year long association between the two which began with the hostile takeover of the company from Rajan Pillai has also ended.

The buyout is a fresh lease of life for Nusli Neville Wadia, the gritty chairman of the $1-billion Wadia group, which otherwise has a clutch of companies turning up lackluster performances.

But analysts now fear that the burden of debt may stunt Britannia's growth at a time when it needs investments. Britannia needs to invest more in branding, portfolio expansion and aggressive strategies to take on growing competition from smaller players such as Priya-Gold and ITC, and private labels such as Pantaloon.

Wadias may be gung-ho about gaining control over Britannia but this goose that lays golden eggs may need more nurturing than burdening.

Business World, April 2009

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MODI REVLON TIES UP WITH FRENCH FIRM

Slowdown in the organised retail business has impacted sales for Modi Revlon even though the mom-and-pop stores are generating good business for the brand.

The company, which has tied up with French company Pierre Fabre Dermo to market and distribute its premium scalp and hair treatment brand Rene Furterer, said it is looking to enter more areas in the professional beauty segment.

Modi Revlon, 74:26 joint venture between Umesh K Modi Group and Revlon of the US, said the tie-up with the French company would help it carve a niche in the professional beauty business.

The company is looking at a turnover of Rs 200 crore with modern retail contributing about 20 per cent. It also plans to double its 'store in store' outlets from the current 1,800 in the next three years.

Business Line, April 2009

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ESSAR PHONE ARM GOES SHOPPING WITH $75 MN

The Essar group's mobile retail arm, The Mobile Store, plans to raise $75 million (approximately Rs 375 crore) to fund its acquisition plans, among other things, in India.

For this, the company is in talks with both foreign and Indian private equity players.

The company plans to raise the number of mobile retail outlets to 1,800 by 2010 and to take it to 2,500 by the next two years.

As another sign of consolidation in the mobile retail space, BK Modi's Spice Group fully acquired the Indian arm of Dubai-based mobile retail player, Cellucom. The deal, which happened last month, is through a share-swap involving Spice acquiring Cellucom's India stake, while Cellucom invested to acquire 26 per cent in Spice's mobile retail arm, HotSpot. Spice Corp will now invest Rs 100 crore in the retail arm.

Business Standard, April 2009

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GUARDIAN PHARMACY TIES UP WITH KENDRIYA BHANDAR

Guardian Pharmacy has entered into an alliance with the Kendriya Bhandar chain of cooperative retail stores for opening pharmacy retail outlets in Delhi and the National Capital Region to provide medicines and health foods at discounted rates.

The pharmacy shops will also offer the facility of home delivery to customers in their neighbourhood. They will remain open from early morning to midnight on all weekdays. On May 12, the first co-branded retail pharmacy store was inaugurated at Lancers Road Market in Timarpur under the banner of Guardian-Kendriya Bhandar Pharmacy retail store.

The Hindu, May 2009

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HOTSPOT TO INVEST RS 200 CRORES FOR RETAIL EXPANSION

Mobile retail chain Hot Spot is scouting for acquisition to strengthen its presence in the organised retail space. The company, which recently had acquired stake in Cellucom, is looking

to invest Rs 200 crore for its retail expansions. Currently, it is perceived as a North-centric organization. Therefore is looking at acquisition which will bring a strategic fitment, besides increasing pan-India presence.

For this year it will be increasing the number of stores from 620 to 1,200.With Cellucom's acquisition, HotSpot has got about 120 stores under its umbrella. HotSpot also plans to expand its outlets in rural areas. Tier-III cities and towns will be the next drivers of growth.

Business Line, May 2009

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ESQUIRES TIES UP WITH BIG BANG

Canadian coffee chain Esquires New Zealand ltd has entered into a master franchise agreement with Chandigarh based Big-Bang coffee(BBC) to open coffee houses in India.

It plans to open 200-300 stores across the country in the next five years. As per the agreement BBC will be the master franchisee for the Indian territory. In the first phase of operations BBC, as a master licensee will bring in investment resources, management skills, business experience and knowledge of local markets.

In the second phase BBC will take the sub-franchisee route wherein each sub-master licensee will pay BBC a 5-10% of their daily turnover from the stores they operate for the use of the Esquires trademark and exclusive rights to an area.

The Economics Times, May 2009

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BIRLA GROUP LOOKS TO SELL STAKE IN RETAIL VENTURE

The Aditya Birla Group, a $29-billion diversified conglomerate that operates in 25 countries, may sell a stake in its loss-making retail venture to private equity firms, as it looks to raise additional funds to scale up its fledgling retail business. Private equity players, such as Warburg Pincus, KKR and Goldman Sachs, are in talks with the group.

Chairman Kumar Mangalam Birla said the group was open to the idea of roping in financial investors, but declined to comment on specific discussions.

His comments come amid confusion on the guidelines that govern foreign investment into the Indian retail sector. Although, foreign firms are not allowed to invest in multi-brand retail, government rules make it possible for them to pick up stakes in Indian retail companies at the holding company level.

Aditya Birla Retail is currently revamping the format of its stores. More has stepped up its private label offerings to improve margins. And they are moving to hypermarts of 30,000-40,000 sq ft.

The Economics Times, May 2009

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FUTURE GROUP CLOSE TO BUYING 20% IN TURTLE

Retail giant Future Group is close to picking up about 20% stake in menswear brand Turtle. The deal is expected to be closed shortly.

An industry source said this will be a win-win situation for Turtle as it will get additional shelf space on a priority basis at Future Group's retail formats. The Future Group has several retail businesses such as Central mall, Brand Factory, Pantaloon, Big Bazaar, etc, where Turtle can get shelf space on a priority basis. This will increase sales and eventually add value to the stake sold.

The buzz is that the Future Group is likely to buy the stake through its flagship company, Pantaloon Retail India. Though there was no confirmation on this from the Future Group, it has been confirmed that the deal won't be through Indivision, the private equity fund under Future Capital.

DNA, May 2009

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RETAIL EXPANSION

TIMBOR HOME TO OPEN 300 STORES IN TWO YEARS

Timbor Home Pvt Ltd, leading manufacturer-retailer of modular kitchens in India, would invest Rs 40 crore to increase the number of its stores to 300 in the next two years in the country.Timbor currently has 72 exclusive kitchen, furniture and door showrooms and plans to take this to 300 stores. It will be closing this financial year with a top line of Rs 32 crore and has plans to double the same next year.

Over the next two years, it plans to take the current 25 acres under plantation to 2,000 acres. Timbor Home has also started production of Wood Log Homes a new product for the Indian market, for weekend homes, farm houses and affordable housings.

Business Line, April 2009

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AERENS PLANS JEWELLERY SEZS AND 100 MALLS

Aerens Gold Souk Group (AGS), the Rs 10,000-crore privately held diversified company with an interest in real estate, retail, entertainment and hospitality sectors, has proposed to develop at least three gems and jewellery parks and 100 malls over the next few years

The group is currently involved in developing jewellery SEZs in Kochi, Haryana, Jaipur, Chattisgarh. The company has acquired huge land in each of these sites and would invest anywhere between Rs 600 crore to Rs 700 crore depend upon the place and requirements.

In addition to basic facilities, these SEZs will also have training institutes to train local people who in turn can be deployed by the exporters, manufacturers of jewels, diamonds and gems.

The group also proposes to develop 100 malls across the country over the next two to three years in phases.

The Financial Express, April 2009

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GUARDIAN LIFECARE TO OPEN 100 STORES

Retail pharmacy chain, Guardian Lifecare, plans to open 100 new stores in 2009-10 with an investment of Rs 75 crore. This will take the total number of its stores to 260.

The company expects to earn revenues of Rs 250 crore in (2009-10) FY10 as against Rs 100 crore in (2008-09) FY09. The company will expand through its internal accruals.

The company employs 900 people and plans to double its workforce in next one year.

Guardian Lifecare also plans to increase its revenue from private label products.

In 2008 Guardian had divested around 30 per cent of its stake to an unnamed private equity fund for Rs 100 crore.

Business Standard, April 2009

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INDITEX TO OPEN 25 STORES IN 3 YEARS

Inditex, Europe's largest clothing retailer, aims to open as many as 25 stores of its flagship Zara brand in India in the next 3 years as part of its expansion plans to the Asian markets. Spain's Inditex would open the stores in partnership with the Tata Group.

Inditex on February 5, had signed an agreement with Trent ltd, a unit of the Tata Group for forming Joint Venture to develop its low cost Zara Fashion chain of stores in India.

Business Standard, April 2009

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PAVERS TO EXPAND IN INDIA

Britain-based leather footwear major Pavers England, which entered the Indian market last year, is planning to set up a manufacturing facility in the country, besides tying up with retail chains as part its expansion strategy.

The agreement with Fly Flot is to set up a plant at Ranipet in Tamil Nadu at a cost of five million euros ($6.6 million).Eighty percent of the shoes manufactured here will be for exports and the rest for India.

The company currently sells through its Reliance Footprints, a speciality retail format belonging to the Mukesh Ambani-controlled Reliance Retail, and will have about 60 points of sale in various retail formats by April-end.

The Economics Times, April 2009

WOODLAND TO FOCUS ON CLOTHING SEGMENT

The Aero Group of companies is planning to expand the product portfolio of their Woodland brand, known for shoes, and will now focus on its apparel segment.

The company plans to open large format stores of 4,000 square feet. It would add 55 more outlets by the end of April 2010 and plans to invest around Rs 100 crore for expansion this year.

In the clothing segment, Woodland caters both men and women. This year, it plans to sell kidswear, too. So far, Woodland sells its shoes in multi-brand outlets. The company now plans to retail its casual wear in multi-brand outlets as well. At present, apparel constitutes 35 per cent of the overall sales of Woodland. The company wants to take this share up to 50 per cent.

Financial Chronicle, April 2009

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MARKS & SPENCER AND RELIANCE RETAIL JV TO OPEN 35 MORE STORES

Marks & Spencer Reliance India is planning to open 35 more stores over the next five years. It already has 15 stores in India. The 51:49 joint venture between UK's Marks and Spencer and Reliance Retail Ltd was formed in April 2008.

Marks & Spencer owns the brand and looks after products, store design and brand-related functions. Reliance Retail provides support in terms of helping to find out retail properties and other back end functions.

Stores will be opened in tier 1 cities in the first two years and will extend to smaller cities beginning the third year.

Hindustan Times, April 2009

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PHILIPS BETS BIG ON RETAIL SPREAD

Philips Electronics India is looking at expanding its retail presence by improving the display and presentation of its consumer electronics and kitchen appliances products by tying up with major multi-brand retail outlets to create special Philips zones. The company plans to set up 400 such retail points, spread across various formats.

In one such attempt, Philips Electronics India has tied up with a multi-brand retail outlet called Excite in Gurgaon. Spread across 20,000 sq foot, Excite stocks almost 200 brands across six to seven categories such as LCD, home theatre, television, air-conditioner, washing machines and refrigerators.

Financial Chronicle, April 2009

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CARLTON TO OPEN 50 FOOTWEAR STORES

Carlton Overseas, a wholly-owned subsidiary of UK-based fashion footwear and accessories player Carlton Shoes, is looking to ramp up its operations with plans to open 50 new outlets of its retail brand Carlton London across India by March next year.

Expansion would include opening 50 Carlton London stores, besides setting up around 120 shop-in-shops within larger format supermarkets and multi-branded outlets.

The company is also aiming to increase its exports from India.

Financial Chronicle, April 2009

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VAN HEUSEN SEEKS A BIGGER FIT IN MARKET

Van Heusen, the premium lifestyle brand from the Madura Garments stable, intends to expand its retail operations aggressively and also hike marketing spends by 50 per cent, never mind the slowdown.

The company would have 72 more stores in three years, up from the 60 exclusive ones it has now. The brand, whose sales last year stood at Rs 325 crore (on an almost equal footing with Madura's other top brand, Louis Phillipe), spent Rs 15 crore on marketing and advertising last year and intends increasing it to Rs 22 crore in the current year.

Business Line, April 2009

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CANON TO WIDEN ITS PRESENCE

Canon India will focus on building its presence across organised retail and electronics chains this year. The move will start from south India and the company plans to tie up with retail players for presence across 50 leading points in the region.

In the medium term, Canon will reach out to about 1,500 retail points across 300 towns in the country.

The move will start from South because customer spending is higher in the region and it contributed about 26 per cent of Canon's Rs 665-crore revenue last year.

The company has also launched the Canon League starting from Tamil Nadu to support its key channel partners across 88 towns in the south.

Financial Chronicle, April 2009

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SHOPPERS STOP PLANS 12 NEW STORES OVER 3 YRS

Department store chain Shoppers Stop plans to open 12 more outlets with a total area of 650,000 sq ft in the next three years by taking advantage of the fall in mall rentals, reversal of service tax thereon and possible revival in the economy.

The company required a capex of Rs 91 crore on the store openings and Rs 32.50 crore on the inventory for these 12 stores.

The company is planning to fund the expansion from internal accruals, debt and possible equity infusion. The company plans to open four stores this fiscal, in Bangalore, Ahmedabad and Hyderabad, and four each in the next two fiscals, each store measuring around 55,000 sq ft.

Business Standard, May 2009

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ADITYA BIRLA GROUP SEES 2,200 STORES AHEAD

For Kumar Mangalam Birla, 'More' means more even in a downturn that has made many a retail venture stop on its tracks.

His Aditya Vikram Birla Group, which runs 'More' chain of supermarkets and 'More Mega' hypermarkets in the Indian retail market is in the process of relaunching its 640 stores, starting this month. The plan is to take it to 2,200 by 2015.

After acquiring the 167 stores from Trinethra in 2006 and aggressively expanding to about 710 stores, the group had shut down 70 stores across the country after carrying out an evaluation exercise based on scorecards that saw poor performers out.

Hindustan Times, May 2009

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MCDONALD'S INDIA TO OPEN 180-190 MORE RESTAURANTS BY 2015

Fast-food chain McDonald's India on 26th May, 2009 said it plans to open 180-190 company-owned restaurants by 2015 with an estimated investment of up to Rs 570 crore.

McDonald's India has presence in 30 cities, adding all the proposed restaurants would come up in the cities where the company already has outlets.

The company would fund the proposed investment through a mix of internal accruals and debts. However, the ratio would be decided later on.

McDonald's India, employs over 5,000 people now and as the proposed new restaurants are opened up, the total headcount should go past the 12,000-mark.

The Economics Times, May 2009

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Scandic Food in brand-building mode, to expand footprint in India

Scandic Food India, the SIL brand formed after Good Food Group A/S acquired it from Marico Ltd is chalking out an aggressive growth strategy. To start with, Scandic Food is planning to rejuvenate the brand through investments in quality, innovation and expanding the brand footprint.

In addition, the company has also plans to introduce select global brands from the stable of the Good Food group in India. Currently, the brand has presence in 32 cities across the country.

As part of its marketing strategy, the company has just re-launched the entire range of 'SIL' brand in India. To announce the relaunch of SIL, the company has opted for "below-the-line" activities to start with.

According to industry analysts, though the market for SIL products is widespread, top cities where SIL products are sold include Mumbai, Pune, Hyderabad, Chennai, Cochin, Bangalore, Delhi, Kolkata, and Raipur.

The Financial Express, May 2009

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FOSSIL INDIA PLANS 350 POINTS OF SALES BY '10-11

Fossil India, a wholly-owned subsidiary of US-based watch maker Fossil, is planning to ramp up

its operations in the country by more than doubling its points of sale to 350 by 2010-11.

The company, which ventured into the eyewear and leather accessories market recently, is targeting multi-branded outlets and lifestyle stores as its main area of growth in the country.

They are looking at three main routes of expansion. The first is key department stores (such as Lifestyle), secondly, speciality chains (such as Regal for leather accessories and Titan Eye Plus for eyewear), and the third is prestige independent retailers.

Metros and Tier I cities would be the main target areas for expansion.

Fossil India is currently present in lifestyle stores and multi branded outlets like Helios in Bangalore.

DNA, Mumbai, May 2009

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NIPPON PAINTS TO GO PAN INDIA

Nippon Paints will invest Rs 350 crore in India as it seeks to grow into a pan-India brand in three years.

It will localise production in India by setting up two more manufacturing units and introduce several products in the high-end as well as medium segments.

By February next year, the company will also localise its entire production. Right now, 60 per cent of its products are imported from the group's plants abroad.

Having commissioned its first plant for decorative paints at Sriperumbudur near Chennai in February, Nippon paints will start its work on the industrial paint plant at Taloja near Mumbai this year. Around 18 acres of land has been acquired for this purpose.

For each plant, the company is spending around Rs 60 crore. The company will spend Rs 350 crore in three years, part of which will be used to open more retail outlets.

Nippon has introduced the concept of providing a shopping experience for the customer at its exclusive stores.

Financial Chronicle, May 2009

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NEW RETAIL STRATEGIES

RETAILERS PACK UP, GO TO TOWNS TO CUT COSTS

Faced with shrinking sales and falling footfalls, retail chain in the country are focusing on consolidation, moving to low rent premises and offering discounts to combat the current slowdown.

Retailers are likely to focus on cost reduction by closing down unprofitable stores, moving to tier II, tier III cities, with low rentals and offering heavy discounts on products to overcome the slowdown.

While the Bharti Retail plans to close down 5 of its 28 easy day supermarkets in North India, department store Shoppers Stop is set to close some of its airport shops and food outlets. RPG has also shut down 45-50 non performing Spencer's stores, some of which have been relocated.

To conserve resources companies such as Vishal Retail have decided to centralize their operations .Vishal has already closed its large distribution centres in Mumbai and Kolkata and opened a centralized warehouse in Gurgaon.

Kishore Biyani promoted Future Group has merged the back office operations of its different stores to lower costs.

The Telegraph, April 2009

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COKE, PARLE TO FOCUS ON INSTITUTIONAL SALES

Even as Coca-Cola India is looking at emerging sales opportunities in modern trade and institutional sales this summer, swadeshi major Parle Agro is setting up specialized sales forces dedicated to institutional trade across the country. Currently, Parle Agro has 15% of it's volumes from this segment and hopes to double the same in the next one year, with many inputs being introduced into this segment.

On the other hand, Coca-Cola India's strategy is to drive efficiencies through the existing sales channels and to tap opportunities in emerging channels to pump volumes. Realizing the growing importance of 'institutional trade' in the Indian market place, soft drinks majors are launching new initiatives to beef up their sales forces in this segment. The total estimated beverage sale within this category is said to be around Rs 1,200 crore.

Across the road, Parle Agro is training its sales team specifically to handle the segment effectively.

Financial Express, April 2009

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RELIANCE RETAIL TAKES FRESH STEPS TO BOOST SALE

RELIANCE Retail (RRL) is planning to counter the shrinking demand and rising costs stalking India's organised retail industry. The company is rebranding some of its existing stores as 'discount destinations' reducing the number of products on offer and taking away air-conditioning.

All Reliance Fresh stores in Jaipur, Dharwad, Aurangabad, Hubli, Mysore and Dhanbad will be converted into 'discount destinations', which will offer up to 10% reduction on existing price,

The initiative is on the lines of Future Group's KB Fair Price Shop, a chain of small neighbourhood grocery stores that offer discounts, fewer product categories and no AC.

The Future Group, India's biggest retailer, has championed the cause of value retailing in India, on the lines of international retail giant Wal-Mart, even though prices offered at its stores still may not be as lucrative as Wal-Mart's.

Reliance Retail, which runs over 800 stores across formats (hypermarkets, supermarkets and convenience stores) has been focusing on lower prices, a strategy that will take wings with the launch of “Reliance Super Value” in select towns.

The Economics Times, May 2009

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DURABLES RETAILERS RIDE ON IPL WITH SPECIAL SCHEMES, DISCOUNTS

Being an exclusively television-led tournament, consumer durable retailers are banking on IPL-2 as a lucrative tournament which could give a boost to their sales.

From Next Retail to local players such as Vijay Sales are luring consumers to gamble and win prizes and discounts from their stores.

For instance, 'Run Pe Dhan Offer' is the scheme being offered by Next where gifts and discounts are assured every time the KKR team plays. The scheme would be applicable across a host of durable brands ranging from Godrej to Videocon's

own brands like Kelvinator and Kenstar.

But other durable retailers are not exactly enthused by the tournament considering it is not being played in India. While categories such as colour televisions are expected to drive sales, retailers like Reliance Digital are waiting for the T-20 World Cup later to build promotions around the game of cricket.

Business Line, May 2009

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RETAILERS LOOK TO STREAMLINE LOGISTICS TO CUT COSTS

Indian retailers, plagued with declining sales and high cost of operations, are streamlining logistics to remain profitable. Experts say the biggest expenditure for a retailer is real estate, followed by manpower and sales and advertisement expenses.

Spencer's Retail, the Rs 1,000 crore retailing arm of the RPG group, is realigning logistics and supply chain strategies in an attempt to cut costs by at least 20 per cent. The supply chain accounts for nearly 2 per cent of the company's costs.

As part of the initiative, the retailer plans to reduce the space per distribution centre to lower the cost of real estate and encourage direct supply to stores, especially the bigger ones.

The initiative, started a couple of months ago, has lowered costs by almost 10 per cent. Over the next six months, the company expects costs to come down by another 10 per cent.

Business Standard, May 2009

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RETAILERS BANK ON SHOP-IN-SHOP APPROACH TO MAXIMISE RETURNS

In a bid to maximise sales per square feet, India's frontline retailers are increasingly looking at ways to restructure their stores.

Leading players like Future Group, Spencer's Retail, Shopper's Stop and Vishal Retail plan to right size their stores and replace slow-moving categories with speciality formats under the shop-in-shop model.

Future Group plans to offer a wider choice in large-format stores like Big Bazaar by setting up speciality zones under the shop-in-shop model.

Shopper's Stop recently tied up with Cafe Coffee Day to manage cafes within its stores. It is an ongoing process to maximise returns. Categories where retailers are looking for shop-in-shop outlets include food and beverage, saris and areas which have more customer-connect requirement like cosmetics, personal care products, fine jewellery and salons.

Retailers are also analyzing items left out from their portfolio. For this, they either set up new departments or give out space as concessions, to create more reasons for customers to come back.

The Economics Times, May 2009

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RETAILERS BET ON PRIVATE LABELS

With rising pressure on margins, retailers are now looking at private label sales to boost their bottom lines. Most retailers are eyeing 20 to 40 per cent growth in their private label segment in the next three years.

Aditya Birla Retail is aggressively pursuing the strategy of promoting sales of private labels. Currently, the segment accounts for around three per cent of its total sales but now they are targeting 10-15 per cent in the next two to three years.

Bharti retail, a wholly owned subsidiary of Bharti Enterprises, is eyeing 30 to 40 per cent growth in its private label segment in the next five years. At present, the private labels contribute to 8 to 9 per cent to the company revenues.

Private labels are brands owned, merchandised and sold by retailers themselves. They are also sold at least 5-20 per cent cheaper across various categories.

Most retail chains in the country are increasingly relying on private labels to bridge the gap in their product mix and are targeting specific needs of consumers.

Retailers like Pantaloons, Shopper's Stop, Reliance and Vishal Megamart are expanding their range of private label products from cosmetics, food apparel, healthcare products and furnishings to clothing to improve the profit margins of their stores.

Business Line, May 2009

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NEW PRODUCT LAUNCH

AGRO TECH FOODS PINS HOPES ON HEALTH PRODUCTS

Agro Tech Foods, a unit of ConAgra Foods, which makes cooking oil brand 'Sundrop' and popcorn brand 'ACT II', is planning to launch value-added food products next fiscal to build on the 'healthy' food concept and grow its business.

Simultaneously, the company plans to introduce discount offers on its existing brands to pass on the benefit of decreasing raw material prices to consumers.

The company is also entering the exports market for its branded foods and expects, building on 'health' concepts for its products will help boost sales.

Among new products, the company is currently test marketing hot chocolate mix and shelf stable pudding in Hyderabad. This will be rolled out nationally after successful trial runs.

The company has forayed into the Rs 500-crore bread spread market with the launch of Sundrop peanut butter. The company is eyeing about 10 per cent of this market over the next year.

Business Standard, April 2009

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GREEN TO GOLD

Twinings, headquartered in the UK, has opened up the green tea segment, known for its medicinal properties, in the fight for the top end of the tea market.

Green tea is the latest attempt by Twinings to move Indian tea consumers up the value ladder. The company, which came to India eight year ago, has created a new market segment of super-premium tea from scratch into a business of over Rs 200 crore.

Five years ago, premium tea constituted about 10 per cent of the Rs 3,200-crore packaged tea market and the super-premium segment was a mere 5 per cent of premium tea sales. Now, the premium segment constitutes 20 per cent of the Rs 4,200-crore packaged tea market in which super-premium tea contributes as much as 25 per cent. Twinings is the leader in that segment.

Business Standard, April 2009

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SPENCER'S TO MAKE BIG SPLASH IN LIFESTYLE RETAIL

RPG group retail flagship Spencers is making a major foray into lifestyle retailing. The retail major plans to set up five standalone stores of the iconic US fashion brand Beverly Hills Polo Club (BHPC). Spencer's will initially set up all five stores in the NCR, and then will take it across the country in a phased manner.

This comes in the wake of Spencer's exclusive brand license tie up with BHPC International LLC late last year. The standalone BHPC stores will be set up over 1,000-2,000 sq ft and will involve a nearly Rs 5 crore outlay.

The Economics Times, April 2009

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RIM OPENS BLACKBERRY SOFTWARE STORE

Research in Motion has launched an online store selling entertainment, games, news and travel applications to its Blackberry users. RIM said its online store was immediately available to Blackberry owners in Britain, Canada, and the United States. Unlike the iphone application store of rival Apple Inc, which offers 70% of revenue from each piece of software to the developer, RIM plans to offer 80 percent.

The Company's media rich Blackberry smart phones, such as the Pearl, Storm, Curve and Bold Models compete with Apple's iphone for retail customers.

Business Standard, April 2009

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GODREJ TYSON LOOKS TO ENTER READY-TO-EAT SEGMENT

Godrej Tyson Foods, the 49:51 Joint Venture Company formed a year ago, is getting ready to unveil the US-based Tyson brand through the food services channel comprising institutional sales.

The Tyson brand will be launched in the B2B segment as users of the food service channel are more familiar with the brand than the retail consumers.

Currently with two brands under its fold Yummiez and Real Good Chicken (RGC) Tyson is being introduced through a co-branding initiative with the

existing two brands rather than a standalone one at the retail level. Having entered the ready-to-cook segment under its Yummiez brand, the integrated poultry company is now poised to make a foray into the nascent ready-to-eat category in the near future.

Business Line, April 2009

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THE MOBILE STORE TO LAUNCH OWN LABEL

The Essar group's telecom retailing company, The Mobile Store, is close to launching its private label, 'Ray', with an initial portfolio of four handsets. The company, sourcing handsets from Chinese vendors, is looking at rolling out at least 40 models by the end of the current financial year. The handsets will be "competitively priced".

The Mobile Store was looking at garnering at least 50 per cent of the organized handset market. The handsets would be sold at its 1,350 outlets and other telecom retailing points. The plan is to raise the number of outlets to around 2,000 by the end of this year.

Business Standard, May 2009

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POLARIS, IBM LAUNCH SOFTWARE FOR RETAILERS

Polaris Retail Infotech, a wholly-owned subsidiary of Polaris Software, on Thursday partnered computer major IBM to launch software solution package for the Rs. 28,000 crore retail industry. The package Intellect Store developed by PRIL is based on the IBM software platform. The solution helps retailers track stocks and customers at all their stores simultaneously.

The Hindu, May 2009

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CAVINKARE TO FORAY INTO RESTAURANT BUSINESS

FMCG major CavinKare is all set to foray into the restaurant business. It is planning to open a fast-food joint in Pondicherry and has identified the location. The investment in the maiden venture is said to be around Rs1crore.

The Rs 700-crore FMCG player has products in the personal care (hair care and skin care categories, including Fairever, Meera and Chik) and food segments (Ruchi and Chinni's being a couple of them). It has recently forayed into the packaged liquid milk segment acquiring a dairy plant in Kancheepuram district.

The Economics Times, May 2009

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BHARTI-DEL MONTE VENTURE TO INVEST RS 100 CR IN FOOD PROCESSING FACILITY

Bharti Enterprise in partnership with Del Monte Pacific ltd on 26th May, 2009 launched an exclusive range of International Del Monte products including food drinks, packaged fruits, ketchups and sauces and a range of Italian products in Indian market.

FieldFresh Foods Pvt Ltd, a 50-50 joint venture between Bharti Enterprises and Del Monte Pacific Ltd, will invest Rs 100 crore in establishing a greenfield food processing facility near Hosur, Karnataka.

The plant, which is likely to commence operation next year, will produce an array of processed food products for the domestic market.

Business Line, May 2009

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TATA TEA'S T!ON SET TO BREW SOFT DRINKS MARKET

Encouraged by test marketing results, Tata Tea launched its fruit based cold beverage brand 'T!on' in Chennai and is planning to roll out in a phased manner across the country by 2010.

Meanwhile, FMCG major Rasna which is in the soft drink concentrate market is now making plans to foray into the Rs 10,000-crore ready-to-drink branded cold drinks sector in India. Additionally, Parle Agro (Frooti), an established player in fruit drink and nectar segment is chalking out a fresh game plan which includes extension of its distribution network and product portfolio.

With the entry of new players like Tata Tea, the branded cold drinks sector will register a 20% growth this year-despite the economic slowdown, predict analysts.

The Financial Express, May 2009

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INTERNATIONAL RETAIL EVENTS

The European retail Forum Road show 2009
10th June, 2009, Tower of London

With a unique programme of customer testimonials, discussions and impressive industry speakers, the Retail Forum is an opportunity for speciality retailers to come together and discuss the event topic of Optimising the Performance of Your Retail Chain.

The Retail Forum is free of charge to all retailers.

For further information on the European Retail Forum, contact Lyndsey Sparnon on +44 (0) 1908 350550 or email lsparnon@cegid.com

International Retail Design Conference 2009
September 23-25, 2009, Dallas

IRDC is the premier educational and networking event for the store design and visual merchandising community, drawing several hundred attendees from the U.S. and abroad. This one-of-a-kind conference is three days of inspiration, education and conversation,targeted specifically to the retail designcommunity.

For any queries, email Kristin D. Godsey, IRDC conference chair, at info@IRDConline.com

European Retail Technology Summit
June 9-10, 2009, Dorint Hotel Amsterdam
Amsterdam, The Netherlands

Innovative multinational retailers from the Netherlands, Germany, United Arab Emirates and France will demonstrate how to leverage information technology not only to survive but also to prosper in the challenging global economic landscape at the European Retail Technology Summit 2009. The summit, co-organised by NRF and EHI Retail Institute, is a one-and-a-half-day educational programme focusing on how to quickly implement new business strategies by optimising IT-support applications.

Delegate Rate:
499 Euro for EHI and NRF member (retailer or non-retailer)
999 Euro for non-members

For more info visit: www.ehi.org/itsummit09

In Store Marketing Expo
October 6-8, 2009, Navy Pier, Chicago

- The In-Store Marketing Expo is the one place where you will acquire the knowledge, tools and resources to:
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- Reinvent your brand to align with shifting consumer values.
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To register visit website: www.instoreexpo.com

"MASSMERIZE" 2009 A conference on Fast Moving Consumer Goods sector in India,
July 23, 2009, Federation House, Tansen Marg, New Delhi

MASSMERIZE 2009 is a platform where pertinent issues related to FMCG sector and their implications in the current economic scenario and other important Government policy issues will be discussed by a panel of high profile expert speakers from the Industry and the government.

Agenda at FMCG 2009:

Counterfeits & Pass-off products: Stay Ahead of the curve
Goods and Services Tax (GST): Future Perfect Tax Regime
Evolving Retail: Organized and Unorganized
Needs & Expectations of Evolving Consumer: Evolving trends and spends
Current Economic Scenario: A short term correction or prolong doldrums

For more info contact Mr Arvind Singhatiya at: sarvind@ficci.com

FOOTFALLS

An ambitious initiative of FICCI retail division which is a platform for the retail fraternity to discuss and raise various policy issues of the sector. It will act as a vital source of information to its distinguished readers by bringing the latest happenings of the retail sector and unique array of articles from senior officials of retailer companies, academicians and consultancies.

"Footfalls" will have a reach to about 4500 stakeholders across the retail verticals. This newsletter is going to have a very broad spectrum of readership profile consisting of entire gamut of members from retail sector, foreign embassies, counterpart Chambers of commerce, Government officials and all those concerned with retail business and therefore it is definitely a perfect medium to market your products and services for reaching out to a wider cross section of Indian retail sector.

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ARE YOU A FICCI MEMBER?

Why it's beneficial for your esteemed organization to be a member of FICCI?

FICCI with a membership of over 500 Chambers of Commerce, Trade Associations and Industry bodies, it speaks directly and indirectly for over 2,50,000 business units - small, medium and large - employing around 20 million people.

FICCI has institutional mechanisms with 68 counterpart apex chambers in different countries to provide a variety of business facilitation services by closely working with Government, Business Promotion Organisations in India and the respective Partner Countries (ASEAN, SAARC, IORNET etc.).

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As a member of FICCI, members can access a world of opportunities, form networking with the corporate majors of Indian and global industry to assisting in framing economic and industrial policies, through close linkage with the government. FICCI's proactive approach focuses on helping you increase efficiency and competitiveness.

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- Platform to interact with other members, institutions, state & central governments
- Fora to meet global business and political leaders
- Participation in topical seminars, training programmes, conferences and meeting

Policy Work

- Participation in different National Policy Committees & Task Forces
- Expert advice on government legislations, regulations, etc.
- Representations to central & state governments and other institutions
- Provides information on export and import.
- Provides information for technology collaboration and investment
- Undertakes research studies

Business Services

- Participation in trade fairs & exhibitions
- Develop business through buyer seller Fora

Information dissemination

- Access to publications and reports on a wide range of subjects
- Directory of Members with company profile
- Free distribution of Business Digest, A Monthly update on Business News
- FICCI Awards for companies and institutions and also Individual Awards for Scientist/Technologist.
- Regional/State/Zonal and foreign offices providing assistance at all levels

Web Services

- Information on important events organized BY FICCI and other activities, press releases, membership etc.

Kindly send your request for a FICCI membership form and details at:

Arvind Singhatiya
Assistant Director
Retail Division
Federation of Indian Chambers of Commerce & Industry, Federation House, 1, Tansen marg, New Delhi
Phone: 91-11-23738760-70 (#221), Fax: 91-11-233202174, 23721504, Handphone: 9968360521

FICCI RETAIL DIVISION

FICCI retail division is instrumental in creating a pervasive podium for the modern retail sector to discuss government policies, formulate strategies, and catalyze growth of the sector.

To achieve above mentioned objectives the retail division has a focused retail committee which is represented by retailers across the country. This committee functions in a time bound manner to achieve its goals through representations to the Government, releasing reports, white papers, organizing workshops on retail, garnering international delegations, conducting B2B and B2C meets and by organizing international conferences.

RETAIL DIVISION'S ACTIVITIES INCLUDE:

A) FICCI Retail Report

B) Supply Chain report in association with Ernst & Young

C) Winning with Intelligent Supply Chains- An international conference on backend retail supply chain technology.

D) "FOOTFALLS" an International conference on modern retail

E) "Auto Retail: Frame work for growth" conference on auto retailing business in India

RETAIL DIVISION

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Set up in 1927, on the advice of Mahatma Gandhi, FICCI is the largest and oldest apex business organization of Indian business. Its history is very closely interwoven with the freedom movement. FICCI inspired economic nationalism as a political tool to fight against discriminatory economic policies. That commitment, drive and mission continue in the ever-changing economic landscape of India, chasing always newer agenda.

In the knowledge-driven globalized economy, FICCI stands for quality, competitiveness, transparency, accountability and business-government-civil society partnership to spread ethics-based business practices and to enhance the quality of life of the common people

With a nationwide membership of over 1500 corporates and over 500 chambers of commerce and business associations, FICCI espouses the shared vision of Indian businesses and speaks directly and indirectly for over 2,50,000 business units. It has an expanding direct membership of enterprises drawn from large, medium, small and tiny segments of manufacturing, distributive trade and services. FICCI maintains the lead as the proactive business solution provider through research, interactions at the highest political level and global networking.



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We look forward to your suggestions to make this delegation a grand success.
Should you need any further information please contact

Mr Sudhir Zutshi, Sr Assistant Director at at 09818611686,011-23738162, sudhir.cifti@ficci.com
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