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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 'Winning with Intelligent Supply Chains' held in September 2004
b) Membership of FARA (Federation of Asia Pacific Retailers Association
c) Report release on FDI in Retail in February 2005 during a Seminar' Retailing in India: FDI and Policy Option for Growth'.
d) Footfalls December 2005 This two-day Conference focused on Opportunities and Challenges in Indian Retail Sector.
e) Hindustan Times FICCI & NID Luxury Conference January 13-14,2006
f) Auto Retail Conference: Auto retailing: A framework for growth September 2006.
g) RETAIL REPORT April 2007 - *Organized Retail: Unfinished Agenda and Challenges Ahead.*
h) Winning with Intelligent Supply Chains (WISC) 17-18 December 2007.
i) FICCI- Ernst & Young Supply Chain report 2007.

EMERGING ECONOMIC SCENARIO AND ORGANIZED RETAIL



Mr. Dharmakirti Joshi *is currently the Director and Principal Economist at the Centre for Economic Research, CRISIL(C-CER).*
At CRISIL he is involved in consulting assignments that range from demand forecasting, assessment of macro economic scenario and its implication for the corporate clients. He also analyses and monitors the impact of macro economic shocks on the economy

Note: The views are personal

An average growth of around 8.8 per cent during 2003-04 to 2007-08 put India in the category of fastest growing economies. Buoyant consumption and investment together with a booming global economy were behind India's decisive movement to a higher growth trajectory. Private consumption grew at a rate of x per cent during this period. And more importantly investment as a per cent of GDP touched 40 per cent which is akin to that sustained by Asian tigers.

In 2008, a very severe financial crisis hit the advanced economies. The crisis was so severe that it triggered recession in most of these countries and in 2009 the world GDP is expected to contract by 1.4 per cent. By 2008, the growth in India had already started moderating due monetary tightening by RBI to ward off inflationary pressures. But after middle of 2008-09, growth started slipping at a sharper than expected rate. The global turmoil accentuated this growth slippage. The intensification of the global financial crisis and its contagion constricted the supply of credit, caused extreme volatility in equity markets, lowered confidence and last but not the least has led to a significant cut in growth prospects for India. The GDP growth in India slowed down to 6.7 per cent in 2008-09. Even at 6.7 percent, India emerged as the second fastest growing economy in the world.

As it became evident that India could not escape unscathed from the global recession, there was swift action by both the government of India and the RBI to tackle the crisis. RBI has reduced interest rates by 425 basis points since September 2008 and injected liquidity of over 400,000 crores into the system. Ministry of Finance too announced increased spending and tax cuts to stimulate the economy. This added to the earlier stimulus from farm loan waiver and Sixth Pay Commission and subsidies. All this prevented the growth from slipping further. Off late the economy has shown some signs of nascent recovery. Some sectors such as steel, cement and auto are responding to fiscal stimulus and lower interest rates.

When things were beginning to improve a bit in 2009, deficient monsoons emerged as another macro economic risk from growth as well as inflation angle. The overall deficiency in the first three months of the monsoon season is 23 per cent, enough to cause drought in half of India. The poor performance of agriculture has a direct impact on overall GDP and indirect impact some of the industrial sector through demand side as a result of fall in rural purchasing power. FMCG, tractors and two-wheelers are the products are among the vulnerable groups. This not withstanding, over the years we find a growing disconnect between the performance of agriculture and non-agricultural sectors particularly industry. The last two drought years 1987-88 and 2002-03 for instance saw virtually no impact of monsoons on industrial activity. In 1987-88 and 2002-03 industry expanded at the rate of 6.6



and 6.8 per cent respectively. Some thing similar will happen this year. Industry will improve its overall performance despite poor performance of agriculture as it is being supported by fiscal stimulus and soft interest rates. So the current fiscal year could end up with GDP growth around 6 per cent- which would be quite an achievement in depressed global scenario and the hit from monsoons. What lies beyond that?

The two key factors that supported the India's movement to a higher growth trajectory in the five years beginning 2003-04 were 1) low interest rates and aggressive lending by the banks and 2) buoyant global environment. Both these factors will remain relatively subdued in the next 2-3 years. Interest rates have come down but are quite high given the extent of slowdown in the economy. RBI has is running out of both ammunition and motivation to bring them down further as the inflationary pressures are expected to pick up. The high borrowings of the government too are putting upward pressure on interest rates. So the kick to growth from low interest rates and retail credit expansion by the banks of the kind witnessed in the recent high growth phase is unlikely. The global environment is far from encouraging. While a consensus is emerging that the worst is behind up, the recovery is expected to be extremely sluggish in the advanced economies. I expect the Indian economy to grow at around 7 per cent in 2010-11 and inch closer to 7.5-8 per cent in 2011-12 as the global economies limp towards normalcy. In this situation it becomes critical for the government to push reforms to raise the growth potential of the economy. This will allow us to take advantage of the opportunities which will resurface when normalcy returns to the advanced economies. This will facilitate our transition to a higher growth path of 9-10 per cent in over the next few years.

What does all this mean for the organized retail sector which grew by 28 per cent per year in the recent high growth phase of the Indian economy? Favorable macroeconomic conditions and demographics supported the growth in the retail segment. India has large and fast expanding population in the working age group. It is estimated that India will contribute around 60% of the world incremental working age population between 2010 and 2020. Together with fast growing young population, India also saw high growth in higher income categories. Income and age demographic transition will continue to create significant opportunities for consumption growth in future which augurs well for retail sector. To facilitate this India needs to quickly get back to 9 percent plus growth path. As argued earlier, prospects of that happening in the near term are quite bleak. So the retail sector expansion will be to some extent constrained by a relatively weak macroeconomic environment in the next 1-2 years. Apart from this the organized retail sector needs to sort out issues of unplanned expansion and high leverage which is biting into the performance of some of the players. Cost rationalization particularly in lease rentals is also needed to improve prospects for the organized retail sector.

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RETAIL IN NEWS

Apparel retailers ready to woo customers after Q1 numbers

Apparel retailers, who witnessed a turnaround in the first quarter of this year, are bullish about the road ahead and are sewing plans to woo customers. For the premium brands of Madura Garments, the slowdown saw growth coming down to 12-13 per cent last year (in the previous five years, the brands had a CAGR of 28-30 per cent). There was also 15-20 per cent reduction in footfall across its brands (Allen Solly, Louis Philippe and Van Heusen).

But there has been a 20 per cent growth in revenues in the first quarter this year compared with the corresponding period the previous year.

Arvind Brands too had a steady first quarter with 33 per cent growth in revenue. Future Group company Indus League Clothing has seen a 10 per cent growth in top line and 15 per cent rise in bottom line in the first quarter. While last year the company's top line growth was 40 per cent till September, it then slowed down to 5-6 per cent the time when the slowdown was affecting retailers the most.

As retailers put the slowdown behind and look ahead, they are promising a lot of action.

Indus League hopes its recent launches at newer entry price points – the John Miller shirt for Rs 599 and the Rs 699 trouser will be a “huge volume driver.”

The retailer launched “the music shirt” as a tribute to the King of Pop under the Indigo Nation brand.

Madura Garments is also toying with a few ideas. The Rs 250-crore Allen Solly brand will go through a revamp to tap into a younger audience.

Madura is also looking to extend its Rs 150-crore Planet Fashion retail chain beyond menswear into family stores.

Retail expansion is also on the cards, though retailers are cautious.

Retailers hope the first quarter momentum will continue. The Rs 400-crore Indus League is targeting a growth of 20 per cent in top line and 40 per cent in bottom line this year. Madura Garments is looking to double the retail turnover of its lifestyle brands in 3-4 years. Arvind Brands too hopes to sustain Q1 growth in the coming quarters.

Hindu Business Line, September 2009

Delhi to sell subsidised pulses thru' Mother Dairy booths

With prices of pulses on a high, the Delhi Chief Minister, Ms Sheila Dikshit, launched a scheme to sell the five most consumed pulses at subsidised rates in the capital.

The pulses will be sold through a chain of 288 Mother Dairy Vegetable and Fruit booths.

According to the Government, it already had an arrangement to sell pulses through 80 rationing offices. However, through a collaboration with Mother Dairy, the reach of this scheme has now been widened.

At the Mother Dairy booths pulses will be available in one-kg packets, between 6 a.m. and 2 p.m., and again from 4 p.m. to 9 p.m. everyday, said Ms Dikshit. She added that the Government had made foolproof arrangements to make sure there is no shortage.

According to the Government, the pricing would be less by Rs 5-10 per kg, over the current market rates. While chana dal would be sold at Rs 34 a kg, rajma would be available at Rs 40. For the same weight, moong dal would be priced at Rs 58 and arhar dal at Rs 75.

The Chief Minister added that this arrangement would provide relief to housewives and benefit a large number of families in the city.

Hindu Business Line, September 2009

Godrej restructures Nature's Basket into gourmet retailer

The Godrej group has restructured its exotic fresh fruit and vegetable retail business branded 'Nature's Basket' into a gourmet retailer of imported and Indian foods catering to the upmarket, urban consumer. The restructuring comes on the heels of the Godrej group divesting a majority stake in its rural retail venture Aadhaar to the country's largest retailer Future Group.

Their decision to reposition the retailer as a gourmet food lover's paradise replete with a boulangerie, patisserie and delicatessen, among others, comes after the move to transfer its stake holding in Nature's Basket from Godrej Agrovet to the Bombay Stock Exchange-listed Godrej Industries. Nature's Basket was originally set up as a bridge to market, for farmers who are customers of Godrej Agrovet, to get a better price for their exotic fruit, veggies and herbs.

The chain has now restructured its in-store offerings by bringing in imported wines and cheese with a longer shelf life. The store network too is being restructured. Stores opened in locations such as Mumbai suburbs of Kandivali and Thane are being closed. Instead, a new store in the upmarket Mumbai suburb of Bandra has been opened. The aim is to focus on upscale areas, where customers will be interested in the wide selection of local and international gourmet food now stocked by the chain.

In the restructured format, Nature's Basket stocks cheeses, cold-cuts, sea-food, processed meat, ready-to-eat foods and desserts, condiments and spices from around the world. The stores also offer exotic fruits and vegetables. For the connoisseur, the chain offers Amedei chocolates from Holland, cheeses from Italy, Foie Gras from France and wines from France, Italy, New Zealand, Africa and Australia.

The stores, which sport minimalist designs and plush interiors, have been designed by UK-based design house, Fitch.

The group hopes that the repositioning will help the chain make a mark as the preferred destination for specialty foods, for the indulgent customer.

Financial Chronicle, September 2009

Evok goes small with specialty formats

Having tasted success with its super format home improvement and adornment stores, Hindware Home Retail (HHRL) is going small with its specialty formats.

The company said its planned investment of Rs 250 crore by 2013 is still on track even as it is scouting for tie-up with realtors to enhance its footprint.

In the next phase of expansion, company will be heading to West and South besides setting up smaller specialty format. HHRL's retail outlet Evok comes in two formats large stores of 20,000 sq ft and smaller specialty stores in 800-1000 sq feet range.

The company is looking to establish 1.2 million sq feet of space over the next five years. The expansion will be through a combination of debt and equity.

The smaller format stores like Evok kitchen will be three by the end of March 2010and HHRL will continue with its company-owned model to expand.

The home interior solutions market opportunity size is estimated to be $9 billion plus, with annual growth forecasts of 15-20 per cent.

Under the scheme, customers paying with credit cards for purchases made at Evok stores will now no longer have to pay interest on the credit.

Business Line, September 2009

Wal-Mart pvt labels in Bharti stores

Bharti Retail has introduced eight Wal-Mart private labels, including two of its largest'Great Value' and 'George'–in its supermarket chain Easyday, hoping to attract more consumers with their international design and packaging and more importantly the value they represent. This is the first time that a Wal-Mart private label has been launched in stores not owned by the retailer that grosses $400 billion annually through 7,800 stores in 16 countries.

Wal-Mart has introduced these private labels in its cash-and-carry wholesale store it recently launched in partnership with Bharti. This would mean these private labels can find way to other retail stores as well.

Private labels, or store brands, are those owned and sold by retailers in their stores typically at a lower price because of minimal marketing and advertising expenses. This also helps retailers keep a check on prices of the national brands or those owned by other manufacturers or suppliers, because of cheaper competition.

Bharti Retail gets 15-20% of sales from private labels and hopes to raise it to 30% in future. Introduction of more private labels may help Bharti follow its partner Wal-Mart's everyday low price philosophy. On average, Bharti stores offer 10-20% lower prices on private labels, as against national brands.

Easyday stores have so far introduced eight Wal-Mart brands across categories. It has introduced Great Value line of food (flour, dry fruits, spices, cereal and tea). Great Value, a 16-year-old private label that was redesigned mid-summer in the US amid a recession to attract more consumers wanting to pay less, is Wal-Mart's top-selling retail brand. Analysts estimate that Wal-Mart's private-label products account for about 16% of its overall food sales, which they say lags behind other retailers.

Bharti Wal-Mart, the JV company, has also readied more private labels for local consumption, including Astitva, a line for Indian ethnicwear.

Economics Times, September 2009

Kraft Food's Cadbury bid to give it access to Indian mkt

US-based Kraft Foods s $16.73 billion acquisition bid for the UK-based Cadbury Plc has an India angle to it. The world s second largest food and beverage maker after Switzerland-based Nestle SA has a presence mainly in the US, where it is the largest player, followed by Europe, where it faces stiff competition from the likes of Nestle and the France-based Group Danone.

Nonetheless, both the US and Europe are markets that are not seeing huge growth. Developing markets such as India and China is where the action lies. India, for the record, has been on the radar of Kraft for long. It forged an alliance with Dabur Foods in 2001 through a subsidiary (KJS India) of its parent Philip Morris, now called Altria, to distribute its popular powdered flavoured drink Tang in India. That deal however was terminated in 2003. Since then, Kraft has been looking at ways and means to have a meaningful presence here. In 2007, for instance, following its bid for the global biscuit business of Group Danone, company officials had articulated their interest to forge an alliance/joint venture with interested players to roll out their offerings in the country. This was done because Kraft had left out the Indian and South American markets when bidding for Danone s international biscuit portfolio. It had hoped that Danone would be able to offload its stake in Britannia to it provided the Wadias, the Indian partner in the venture, allowed the company to do so. That never happened. It then said it would go alone in its attempts to get its products especially biscuits into the country. That hasn t fructified as well.

Kraft s current bid for Cadbury, though spurned by the latter, will give the company the much needed access it is seeking into a market like India, where the unlisted subsidiary of the British chocolate and confectionary maker has been doing exceedingly well. It registered sales of Rs 1,588 crore and a net profit of Rs 166 crore for the calendar year 2008 - a growth of 23% and 41% respectively over the previous year. Kraft is hoping that Cadbury s investors will be able to convince the board to accept its offer which was rejected on grounds of being too low. It is said not to be considering a hostile takeover of the latter. But Kraft s overtures have hardly gone unnoticed among its rivals.

The Financial Express, September 2009

Bharti Wal-Mart piloting contract farming in Punjab

Bharti Wal-Mart has initiated a development programme with the farmers of Punjab, which could well turn out to be the precursor to contract farming in the country. The programme will help farmers grow high-quality vegetables and fruits with assistance from the company at each stage of cultivation. The company also coaches farmers on post-harvest technology after which the farmers sell their produce to the retail company. The company said it has launched a pilot programme with 65 farmers in Punjab. "The farmers currently supply 16 vegetables to the stores on a daily basis." Bharti Wal-Mart says it is trying to build an efficient supply chain as the current system of mandis is inefficient. "The inefficiency is evident by more than 100 per cent price build up between farmer and consumer," the company spokesperson said. "It is not just about negotiating better prices with the suppliers, than removing any inefficiency in the supply chain."

Hindustan Times, Nov 2009

Domino's Pizza India changes name to Jubilant FoodWorks

Domino's Pizza India Ltd, which runs fast food chain Domino's Pizza in the country, today said it has changed its corporate name to Jubilant FoodWorks Ltd. The change of name comes in effect from September 24 this year, it said in a statement. "The decision to change the name has been taken to align ourselves with the branding of the Jubilant Bhartia Group, promoted by Shyam S Bhartia and Hari S Bhartia," Jubilant FoodWorks Chief Executive Officer Ajay Kaul said. Jubilant Bhartia Group holds the master franchisee rights for the Domino's Pizza brand and operations for the whole of India, Nepal, Sri Lanka and Bangladesh. However, the company will continue to use the brand name of 'Domino's Pizza' for marketing and other related purposes. Domino's Pizza operates 274 outlets across 55 cities in India.

Economic Times, November 2009

Dubai chains X-cite and Jumbo look to exit Indian retail

Dubai-based Jashanmal group's X-cite and Manu Chhabria-founded Jumbo Electronics, also based in Dubai, are looking at winding up their Indian operations. X-cite, a consumer durables chain, is negotiating with Reliance Retail for a sellout, sources told FE. In 2008, Tony Jashanmal, a promoter of the business group, had entered into a franchisee agreement with Kuwaiti conglomerate Alghanim to launch large-format multi-brand electronics retail chain in India. The chain was launched through an Indian firm, Impact Retail. X-cite was eyeing close to 30 stores across the country by 2009, investing more than Rs 200 crore, but could open only eight. Jumbo Electronics, with stores in key metros, is considering an exit from the Indian market, sources said. "Unlike in the West, Indian market is highly fragmented and organised retail has been a very hard learning even for established players. For instance, in the electronics segment, the market is still controlled by suppliers or manufacturers. Analysts say Reliance Retail, which targeted Rs 1-lakh-crore business by 2011, has managed just 4% of that as turnover so far. The story is no different for the AV Birla group, which operates about 600 stores under the More brand. These companies, however, have deep pockets and can sustain losses for a few years. But smaller chains do not have the cash comfort. Subhiksha and Vishal MegaMart are already gasping for breath. Vishal has filed for corporate debt restructuring with the lenders.

Financial Express, Nov 2009

Brand Imprinting Footfalls



Mr Atulit Saxena *is the Chief Operating Officer – Brands of Future Brands Ltd. His areas of interest and research are applied cultural anthropology, consumer marketing and the fast growing brand licensing practice. Atulit has given lectures at universities and management schools in India.*

In recent times, private labels have evoked awe & fear amongst manufacturers in developed modern trade economies. Titles like 'Private Label: Turning the retail brand threat into your biggest opportunity' or 'Retailization: Brand survival in the age of retailer power' have trailed the book 'Private Label Strategy: How to meet the store brand challenge'. Interestingly, the sub-text of these titles' has a pattern of perceived danger, fright of loss and a global terror as if the manufacturer's brands' survival is at risk.

Manufacturers, marketers, and authors seem to feeding each other with intelligence and insight to protect the world of own-brands much like political strategists, bureaucrats, and the media collectively worry about & try and protect their old turf from market forces of the new economy.

It will be unwise to argue against the notion of brands born in retail environments. The Indian retail industry is young; as is its brand world. With India being a largely under-branded market with some home grown brands it will be relatively easier for a retailer's brand to win against weak national brands. This is unquestionably not-such-good-news for Indian manufacturer-brands that will find themselves more vulnerable than their western peers in times to come.



In Big Bazaar, the leading denim, jeans & casual wear brand DJ&C is flashing its Rs. 100 crore net sales achievement in just 60 months. In Central and Pantaloons stores, Bare casual wear brand is real about its Rs. 100 crore ambition this year. Despite depressed demand in the past months, FMCG private brands have grown by 65% YOY in Food Bazaar during the April-August 2009 period. Enthused by Indian consumer response to retailers' brands, most retail players in India have envisioned bigger role for their own-brands and have created brand management teams drawn from the world of traditional marketing. It may be useful for the retail industry leaders to provide their brand teams the following perspective to brand imprint their store footfalls:

1. *One of the best ways to build private brands is by not seeing them as private brands.* It is easier said than done because when the store managers have to sell their brands to achieve the targets they naively use the expression like 'our own brand' in order to win over the customer. In the entire process of retail strategy development and execution, the term private label is etched so strongly that it is not easy to change its usage and meaning. However, what is possible is to change is the way we look at them. Just as some parents continue to see their children as only their own; enlightened parents see their children as citizens of society, country and the planet and nurture an open, outward and liberated mind. By changing our vantage points, we can see our brands from a wider perspective and appreciate the larger role they could potentially play in society. Therefore, physically locating brand teams out of the retail environment can help shift the vantage point and achieve the desired outlook. Positioning teams may be a good starting point but will remain futile if these teams are not provided with a new consumer contact lens. Brand teams will enjoy a new vision, a fresher view of the retail world when they wear the bi-focal lens of cultural anthropology and consumer marketing. This new found ability to zoom in and zoom out or change their axis to a larger socio-cultural perspective can provide amazing insights into consumer life.

2. *Consumers don't refer to retailer-brands as private labels, so why should store managers?* Consumers first walk in-stores trusting the retail brands and are free to compare and decide between brands from manufacturers' or the retailers' world. It will be imprudent to ignore their decision making behavior. People remember positive experiences and brands from stores and revisit to buy again. Over time, their affinity with retailer-brands increases, leading to a larger share of category.

3. *Manufacturers don't expect private brands to innovate, so one must 'look' innovative*. While it is easier disrupt design conventions in the fashion category, food and non-food FMCG categories pose greater challenges to innovations in retail environments. Fresh & Pure Atta, currently available at Food Bazaar, won the India Star Award 2008 a national award for aackaging for its widely recognized, clutter breaking brown paper bag. The fact that packaging is the medium to express brand values can't get more significant and brand managers of retailer-brands may have to constantly fight their brand battle with their category and retail teams. Given a brands' limited resources (incidentally brand budgets have never known to be sufficient in any case), display and sensorial



communication opportunities must be exploited to the fullest. Store facades become towering substitutes to national brands' OOH visibility and boldly evoke a 'sense' of big brands.

4. *Consumers love to see their chosen brands visible and feel assured, so you must invest to look bigger.* Smarter planning can make retailer-brands 'Look Big' at the appropriate moments e.g. new product launches, introduction of new collections or emphasis on color as a story for corduroy trousers etc. The art of moving in and out of media effortlessly is essential to managing brand visibility in-store. In modern trade, consumers are kind enough not to expect store brands to be omnipresent every time they are in-store. Media spends on brands' can be discretionary to a large extent as availability & display offsets the need for heavy investments in media. However, this might change as the competitive brand clutter in different categories increases.

5. *Co-creating new brands with celebrities is a highly successful brand management practice.* Dreamline, a brand Futurebrands co-created with the dream girl Ms. Hema Malini, is poised to be Rs. 100 crore brand in just 36 months. At the heart of co-creation of a brand lies a deeper understanding and instinct of people as brands, life cycles of the professional lives of celebrities and brand planners' ability to extend the celebrity's career graph while leveraging his or her equity. Consumers and celebrities love to see each other at a new place i.e. in stores across the country. They infuse energy in-stores, among sales staff and among consumers; and of course in the co-created brand. While retailers' brand managers will find celebrities from diverse socio-cultural landscape it is the strategic fit with the brand concept that will eventually determine long-term success or failure.

6. *Chase category growth, brand growth will follow.* It can be argued that share of category objective may be a marketing myopia and the collective need of the industry is to fire up consumption to expand categories. It will be useful for Indian retail players to *collaborate now and compete later* in non-core retail domains such as consumer insights & knowledge, fundamental socio-cultural studies, brand conception, design, packaging and communication development.

7. *Capitalize on the growing demand to rejuvenate trademarks languishing in general trade* e.g. an infant feeding bottle trademark that has been dormant for two decades but still rings a bell is keen to revitalize itself and open up its brand world, in and through our brand clinics. If we look around in general trade, there are opportunities galore in this brand space.

Should modern trade open up as a marketing lab for manufactures? Why can't it be the brand incubator for new ideas or the laboratory for tweaking the brand mix and measuring consumer response?

The answer lies in the thought & action leadership in the retail industry. After all, how long can one keep chasing more footfalls? It is high time retailers imprint their customers' footfalls with their own-brands to enhance brand value, grow revenues, ensure their product brands evolve as store differentiators as well as retail brand value builder.

RETAIL EXPANSION

Croma charts Calcutta course

Croma – the Tata group's chain of megastores selling consumer electronics goods announced its plans to debut in Calcutta, a day after Chairman Ratan Tata said the group was committed to Bengal, despite Singur.

Croma will launch many stores in Calcutta and also set up a distribution arm under the Woolworths umbrella. Woolworths, an Australian retail giant, has entered into a technical and sourcing agreement with Infiniti Retail.

strategy is to saturate a city once we set up shop. It's basically a hub and spoke model where we set up a distribution centre and put up multiple retail stores. The Taj group of hotels is a great example of this strategy where the group has more than one property in some cities.

At present, Croma is present in 11 locations, including Mumbai, Delhi, Chennai, Bangalore, Pune, Ahmedabad, Hyderabad, Surat and Baroda, and the company is now planning a limited entry in some cities.

Croma stores have two formats – the megastores spread over an area of up to 20,000 square feet and a smaller version – called Croma Zip stores – that focuses on digital categories such as television sets, computers and mobiles.

Croma launched operations in October 2006 and expects to touch a turnover of Rs 1,000 crore by the end of the current fiscal. In 2008, the chain posted a turnover of Rs 657 crore. It hopes to have 52 stores by March 31, 2010, from 31 now. Infiniti envisages Croma to become a 100-store chain with a turnover of Rs 3,000 crore by 2012.

Croma's range of private label products which may be cheaper by 10 to 15 per cent in certain categories compared with Korean brands include products such as wine coolers, split air conditioners, blenders, kettles, laptops and vacuum cleaners.

The Telegraph, September 2009

Cantabil heads to south, east India

Apparel and accessories brand Cantabil India is planning to open around 150 retail stores by the end of this financial year. A majority of these stores will be located in the southern and eastern parts of the country. Cantabil India is a part of Italian fashion brand Cantabil.

A large number of stores would be opened through the franchisee model.

The company had, in the beginning of this financial year, announced that it would open around 280 stores by the end of March 2010. The company had planned to aggressively enter tier-II towns of Uttar Pradesh, Bihar and Madhya Pradesh, but have now decided to go slow on these cities as it still do not understand the tastes and preferences of consumers in tier-II towns.

The company is planning new stores in Bangalore, Chennai, Hyderabad, Kolkata, Gwalior and Siliguri, among others.

Financial Chronicle, September, 2009

Barista Lavazza to open Highway Bars

Barista Lavazza, a 100 per cent subsidiary of Lavazza, Italy, the world's sixth largest coffee roasters (following Barista Coffee's takeover by the Italian coffee company in 2007), has drawn up plans to set up 100 new outlets each year for the next few years.

At present, the company has little over 230 stores across the country. It is also well set to open one/two outlets in Nepal within the next few months.The company at present has 24 overseas outlets spread across Sri Lanka, Bangladesh, Oman and Dubai. The company will be spending Rs 40 crore per year for setting up new stores, while an additional Rs 5 crore will be spent for refurbishment of existing outlets over the next few years.

Barista Lavazza, which at present has two formats – Espresso Bars and Cremes, is also looking at Highway Bars, broadly under the Espresso Bars format. It has already teamed up with HPCL, BPCL and IOCL and are in talks with Reliance A-1 Plaza for using their sites for the new Highway Bars outlets. It already has one such outlet on the Bangalore-Mysore Expressway..

For Highway Bars, the company is looking at a minimum of 800-1,000 sq ft space, quite similar to average space requirement for Espresso Bars. Cremes requires 1,500-2,000 sq ft. To start with,

the company is looking at 20 Highway Bars. Although in the long-run, the company may take a selective franchise route, at this point of time, Barista will only open company-owned outlets. The coffee chain, which normally targets the age group of 18-35 years, will now target kids of young parents also. And with this in view, Barista Lavazza is introducing Signature Choco Treats, ice creams and kids combo (milkshake, dessert and a toy). The company, which last year notched up a turnover of Rs 150 crore, is expecting 25 per cent growth.

Financial Chronicle, September 2009

Portico to open 20 stores in 2 years

Portico New York, the home furnishing brand from Creative Portico India Ltd, is looking at the oncoming festival season to rekindle its expansion plans and give a fillip to its business.

The retailer is planning to boost same store sales in the festive season and also open 10 standalone stores through the franchise route across metros and Tier-II towns. The average size of these stores will be 500-1,000 sq ft. The company currently has only one standalone store.

Portico had put its expansion plans on hold owing to the current economic slowdown.

The retailer is expecting same store sales to increase 40% during the oncoming festival season against last year's sales growth of 25%. The company is also planning to increase its marketing and advertising spend this year.

Portico recently launched Marigold -- a marriage special range of home furnishings priced between Rs 2, 000 and 10, 000. The company is confident of a high off-take of the product despite the high pricing.

DNA, September 2009

Future Group to open 10 Big Bazaar outlets in south

Future Group is planning to set up 10 more Big Bazaar stores in the south in the next one year.

With each store roughly 40,000 sq ft in size and development cost around Rs 3,000/sq ft, the company would be investing close to Rs 120 crore for the same. Of the 117 Big Bazaar outlets nationally, 28 are present in the four southern states and contribute to 28% of its annual turnover.

Ebony Gautier to invest Rs 100 cr for expansion

Home furnishing retail chain Ebony Gautier is planning to invest Rs 100 crore over the next three years to expand its retail business and set up 20 large format specialty outlets across the country.

The company is looking to expand its mid-segment product portfolio as part of the plan to increase footprints in the estimated Rs 25,000-crore Indian furniture market.

During the first phase over next 12 months, it will open 10 outlets in major cities in the North and South and then go for the next phase where 10 more stores would be opened in the East and West.

The DS Constructions Group subsidiary, which is the exclusive distributor in the South Asian region for France-based furniture major Gautier, currently operates two large format speciality outlets is Delhi NCR.

The Financial Express, August 2009

Pidilite in expansion mode

Pidilite Industries, maker of adhesives and sealants, plans to focus on expanding its distribution network and new segments like footwear, hobby and construction chemical besides introducing new products in existing segments to achieve growth this year.

The company will also be expanding its total exports to emerging markets in West Asia, Africa and Latin America. With two of its overseas facilities at Bangladesh and Egypt set to begin commercial production later this year, the company will increase its global foothold by developing new markets. The Bangladesh facility is expected to begin commercial production in September, while the one in Egypt would be commissioned by December.

The company enjoys a 30 per cent market share in the Rs 3,000-crore adhesive market in India (retail as well as industrial adhesives).

The company also has plans to hive off its non-consumer-based business in a bid to concentrate on the more lucrative consumer products.

The Tribune, August 2009

Pantaloon to spend Rs 360 cr this fiscal, to add 2.4 mn sqft

Future Group Company, Pantaloon Retail India (PRIL) is planning to invest Rs 360 crore this year to add up to 2.4 million sqft retail space at the existing operations. "We have a capex plan of Rs 360 crore to add up to 2.4 million sq ft of retail space...that is in the Pantaloon Retail balance sheet and not in the subsidiaries. That's the plan for the balance 7-8 months (of this financial year)," Pantaloon Retail India Ltd's managing director Kishore Biyani told reporters at the company's 22nd AGM. The company's financial year starts in July. While Future Group operates 15 million sqft of retail space across India, Pantaloon Retail with its multiple lifestyle and value chains runs around 13 million sq ft. Pantaloon Retail is also looking to hive off its value retail chain Big Bazaar into a separate subsidiary, which may eventually go for an initial public offer (IPO). The company will open 155 Big Bazaar stores by 2014, increasing its total network to 275 stores. PRIL also plans to deploy a part of the Rs 500 crore, raised through a QIP issue last week, into expansion and for debt reduction.

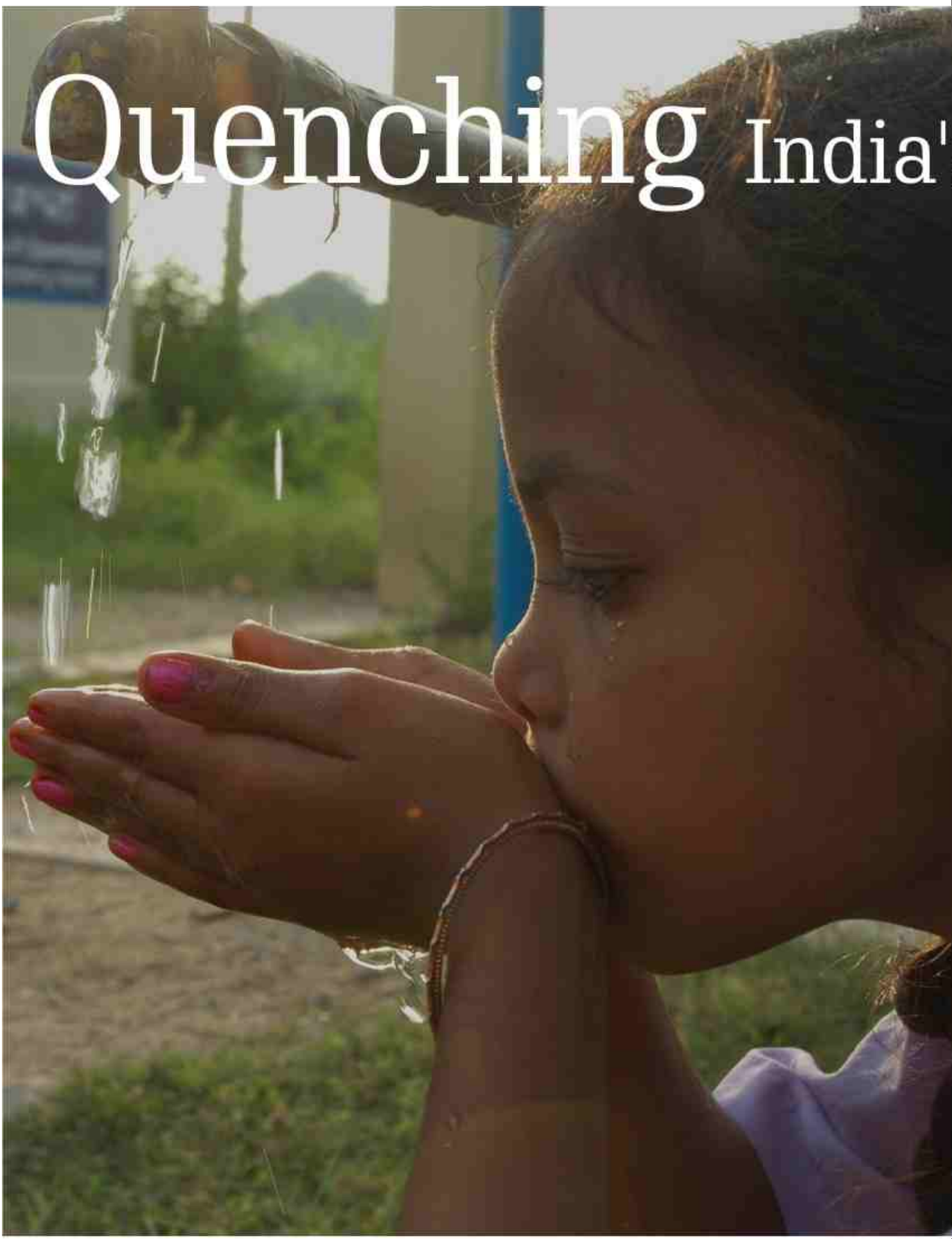
Economics Times, December 2009

Lifestyle plans 50 stores by '13

Lifestyle International, part of the Dubai-based $1.5 billion Landmark Group, plans to go ahead with its expansion plans in India, despite an economic crisis blowing back in its home country. The retail chain, which entered the country a decade ago with its first Lifestyle store in Chennai, is keen to push ahead with its plan to have 50 odd stores across India by 201213. These will include 35 Lifestyle stores for retailing apparel, cosmetics and footwear, besides about 15 Home Centres that sell home furnishing goods amongst others. The Landmark group is nearly a three-and-half-decade-old group in Dubai and most of the funding has come through internal accruals. The company has so far established 15 Lifestyle stores and 10 Home Centres, and its focus has been largely on Tier-I cities such as Delhi, Mumbai, Bangalore and Chennai, besides cities like Ahmedabad, Pune and Jaipur. The company has the largest Lifestyle store, spread across 1.25 lakh sq ft in Noida. It has now added its second store in Chennai at the Express Avenue mall. The group plans to have Lifestyle spread across 75,000 sq ft, besides bringing Max, value fashion format, as well as Fun City, a leisure and entertainment zone for kids to Chennai for the first time. Lifestyle International closed the year 2008-09 with a topline of around Rs 800 crore. This year, it is expected to touch the Rs 1,000-crore mark.

Financial Chronicle, November 2009

Quenching India'



s thirst for progress

with our mission

'Performance with Purpose'



REPLENISHING WATER

PepsiCo India is on track to achieve Positive Water Balance by December 2009. We are committed to saving and recharging more water than we use in our beverage plants.

Reducing Water Debit:

- A comprehensive movement to conserve and optimize water usage, has enabled us, in the last two years alone, to save more than 2.5 billion litres of water.

Increasing Water Credit:

- Our partnership with TERI to launch watershed management programs in diverse village communities and geographic locations has enhanced access to water for thousands of villagers. We are also helping farmers adopt the 'direct seeding' method of paddy cultivation, which reduces water usage by 30%.

PepsiCo India is the proud recipient of the **Water Efficient Unit Award conducted by CII – Godrej Green Business Center** for direct seeding technology in the water efficient unit outside the premise and the PepsiCo Palakkad plant's work in replenishing water as a Water Efficient Unit within the plant premises in 2008.

Also received the **UNESCO-supported Water Digest Award for Corporate Social Responsibility for Water Practices** in 2008.



PARTNERSHIP WITH FARMERS

Since 1989, PepsiCo's major agri-intiatives include pioneering contract farming work with more than 22,000 farmers across the country.

- Partnership with 15,000 farmers in potato farming. Developed a complete package of practices including affordable bank credit, insurance, geographically customized fertilizer and plant protection solutions to reduce risk and improve income stability.
- The citrus nursery in Jallowal, in partnership with the Punjab Government, contains one of the largest collections of citrus varieties at a commercial nursery and creates a world-class source of planting material for farmers.

PepsiCo India has bagged the prestigious **Golden Peacock Award 2008 for Innovative Product for its 'direct seeding' initiative**.



WASTE TO WEALTH

PepsiCo has forged a unique income generating partnership with Exnora, a pioneer in waste management.

- The partnership will benefit more than 350,000 community members across Tamil Nadu, Andhra Pradesh and Haryana by providing them a cleaner environment.

This social initiative was awarded the Golden Peacock Award for Innovation in 2006 and was recognized by **UNICEF as a model project in solid waste management** in 2007.

PepsiCo has won the prestigious **Social and Corporate Governance Award 2008 for Innovative Strategies for its 'waste to wealth' initiative**.

For more information visit **www.tomorrowbetterthantoday.com**

Performance with Purpose

PEPSICO India

NEW PRODUCT LAUNCH

Fabindia designs new growth path

Ethnic wear retailer Fabindia Overseas Pvt. Ltd is weaving a complicated design this year to revive sluggish sales.

At one of its Chennai stores Fabindia has moved out its furnishings business to an exclusive outlet next door and introduced a new apparel range for teenagers.

Earlier this year, Pune, Bangalore and New Delhi got the first three Fabindia sari stores. And a few months ago, Bangalore's Garuda Mall became an experimental site for Fabindia's only organic foods booth.

Fabindia, started in 1960 by an American, John Bissell, also debuted in the Western wear market in August as a franchisee of UK retailer East, with a store neighbouring its flagship Fabindia outlet in the Greater Kailash area in New Delhi. It has a 25% stake in East with an option to pick up the remaining interest over the next two-three years.

The ethnic wear retailer has also tied up with three children's books publishers to licence their illustrations for designs to be printed on its furnishings and other items such as photo frames and mugs.

Earlier this year, the retailer spoke with children's book publishers Tara Books and Tulika, both Chennai-based, and Young Zubaan of New Delhi about licensing illustrations.

Fabindia will pay the publishers a one-time royalty for each image, with the copyright to use the images for two to three years.

The retailer is not new to innovation. Its corporate structure has artisans as part owners and its product range comprises handcrafted, eco-friendly products.

It started with a furnishings range and has since expanded to ethnic garmentsnow a major chunk of its salesjewellery, organic foods and even bodycare products such as soaps and shampoos.

But the economic downturn and high real estate prices have had their impact, forcing Fabindia to rein its nationwide march. Last year, the company had planned to open 80 stores to bring the total number of its outlets to 158, but later revised its expansion target. Its store count so far is 106.

Revenue rose to Rs300 crore in 2008-09 from Rs257 crore the previous year but growth more than halved to 17% from 40% in 2007-08.

In June, credit-rating agency Crisil Ltd, a subsidiary of Standard and Poor's, said in a note that Fabindia has a strong presence in the handicraft retail segment through its brand and an efficient supply chain-management system, but there are “risks relating to concentration of revenues in the garments segment, and limited exports”. Crisil has a “stable” outlook on the retailer.

Livemint, September 2009

Yakult targets nine-fold rise in India sales

Yakult Danone India Ltd, a 50:50 joint venture (JV) between Yakult Honsha of Japan and Danone Group of France, plans a national rollout of its pro-biotic health drink product --Yakult.

The company had started India operations nearly two years with the launch of Yakult in Delhi, Jaipur and Chandigarh markets. The company now plans to launch the product in Mumbai, followed by in other metros and non-metro cities.

The pro-bitoic drink is priced at Rs 10 for a 65 ml pack and will be sold through retail outlets and through direct home delivery. "We have a concept called Yakult Ladies where saleswomen go house-to-house explaining the benefits of the product to consumers. In India, we have 500 Yakult Ladies working for us and we plan to take this number up to 100," said Anil Chaudhry, chief finance officer, Yakult Danone India.

In India, almost 45-50% of company's sales are through the home-delivery channel. Almost 2,000 homes in Delhi NCR region receive the product regularly at their homes.

In Japan and other markets, Yakult has many other pro-biotic products in its portfolio. However in India, it will launch these only after three years. The company invested Rs 148 crore to set up its facility at Sonepat, Haryana and sold only in Delhi NCR in the first year. In 2008-09, it entered Jaipur and Chandigarh.

The pro-biotics foods and drinks market in India is at a very nascent stage. Globally the market is valued at $14 billion.

The company has planned significant marketing spends in India and will carry out a number of below-the-line activities, like free sampling, amongst consumers. The company has also roped in celebrity Kajol Devgan as its brand ambassador and will air the TVC (television commercial) this year.

Yakult products are available in 32 countries. The company internationally has a similar JV with Danone for the Vietnam market.

DNA, Mumbai, September 2009

UAE retail group eyes Indian expansion plan

Emke Group, which operates the biggest hypermarket chain in the Middle East under the LuLu and Al Falah brands, is entering the lucrative Indian market by developing the biggest shopping mall in Kochi, in Kerala.

The mall in Kochi will have about two million square feet of retail area and following its completion, the group has plans to develop more malls across India gradually.

Emke Group controls roughly a third of the UAE's organised retail market and is planning to invest 4.3 billion dirhams (INR 57.19 billion) to expand its network of 75 supermarkets and hypermarkets to 100 within the next three years.

The company, which opened its 75th hypermarket this month, serves 350,000 shoppers per day.

The aggressive expansion is expected to boost its market share further. The company, which has a footprint in 15 countries in Asia and Africa with interests in manufacturing, garments, trading and shipping, is also making a foray into Egypt by opening a store later this year and a hypermarket due to open in 2010.

The Financial Express, August 2009

Videocon launches DigiHome concept store

Durables company Videocon Industries Ltd has introduced its concept stores, DigiHome, to reach out to consumers. The move is a continuation of its retail initiatives such as Digiworld and Videocon plazas, through which it is reaching out to customers in remote places.

An extension of its Digiworld chain which features brands such as Videocon, Sansui, Electrolux, Kenstar, Kelvinator and Akai, DigiHome stores would be smaller and would house two to three of these brands.

A new look and logo has been designed for the store and the company is set to open around 150 such stores nationwide. Videocon will also be exhibiting in these towns to garner maximum consumer attention and create awareness about new product ranges and promotional offers.

With this new launch, it plans on increasing secondary sales by having its own exclusive platform for the Videocon group products. The group also plans to provide a medium for increasing brand awareness and complement sales during the Onam, Durga Puja and Diwali festival season

Business Line, August 2009

UK's Admiral plans 10 stores in '10, eyes Rs 200 cr sales

British sportswear brand Admiral today said it plans to venture into exclusive retailing in India by next year as it targets revenues of Rs 200 crore from the market by 2012. The company has also tied up with large format chains like Metro Shoes and Lifestyle to sell its range through the multi-brand format. Admiral had entered the Indian market earlier this year and currently sells its range of sportswear through Reliance Retail's footwear chain Reliance Footprints. The UK-based firm has also tied up with other large format chains to sell its products and plans to have 250 points of sales in the multi-brand category by end of 2010. Admiral has been the official kit sponsor of the England and West Indies international cricket teams between 2001-08 and the South African team from 2001-2005, besides being associated with a number of national and English Premier League soccer teams.

Business Standard, December 2009

Aditya Birla retail ramps up private label biz

Aditya Birla Retail which operates the More chain of super markets and hypermarkets is scaling up its private labels business as an independent strategic business unit (SBU) and profit centre which may be spun off as a separate entity. The move is an aggressive attempt by ABRL to meet a management diktat of ensuring quicker profitability of the long haul retail business. Usually, the private labels businesses of most retailers operate in an integrated manner with the rest of its merchandising, supply and operational teams. ABRL has stepped up investments in a separate R&D and supply chain centres to build the entity as an FMCG business to build and market the brands to other retailers and the general trade. Already over 19-20% sales from its More super markets and hypermarkets are from its private labels business. Private labels are brands owned and marketed by the modern retailer at 15-20% prices lower than national brands across categories.

ABRL's private label model has been created to address it's own strategic plan and vision. A dedicated team with varied experience in FMCG & Retail, R&D creates suitable products with strong revenue potential and higher margin backed with relevant consumer benefits. ABRL shut over 70 unviable stores across the country and opened new ones in locations with better catchment areas and currently has 645 supermarket and hypermarket stores. The company has over 300 private label SKUs with brands such as Feasters Noodles, Kitchen's Promise pickles, Fresh-O-Dent toothbrushes present in over 34-35 categories.

Economics Times, December 2009

FICCI

An Overview of Recent Developments in India's Retail and Consumer Products Industries

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India currently faces macroeconomic challenges like other countries, but the nature of these challenges is somewhat different. Since 1991, India has seen sustainable growth in GDP. We have seen India reaching the high peaks of GDP growth rate a couple of years back. An outcome of this is that at least 300 million people have been pulled out of poverty in last 20 years. Also, at about US$ 410 Billion in private consumption in 2008, consumer spending across India is becoming broader than it ever was. It is no longer dependent on a single segment (food or apparel), a single consumer group or a single set of cities to drive consumption.

The economic slowdown of 2009 may seem to have slowed down the growth activity level in modern retail. This is only partly true. A number of retailers have used the opportunity to open new stores at appropriate rentals, renegotiate rentals on existing stores, tighten purchase prices from suppliers, and rationalize manpower costs. A key lesson in the last 12 months has also been to acknowledge the importance of understanding the consumer better and getting backend operations (including sourcing, warehousing and supply chain management) right.

"Turf wars" between modern retailers and brands / manufacturers in India have made the news (Future Group versus Cadbury, etc.) much before any news of significant win-wins from collaborative initiatives, and also when modern retail makes up a small portion of the sales for most brands / manufacturers. The Indian retail and consumer products space currently has an oligopolistic trade structure of a few sellers (brands and manufacturers) and many buyers (modern retailers, none of who have a very dominant market share). The opposite situation prevails in developed markets.

In developed markets, financial benefits of collaboration between modern retailers and brands / manufacturers are well documented. Key components of collaboration have included:

- Alignment senior management alignment and a shared vision are essential for collaboration
- Customization special products and packaging, new item testing
- Communication & IT consumer insights, sales information sharing, sales forecasts (Collaborative Planning Forecasting and Replenishment), EDI

- Marketing and Sales Advertising, In-Store POP, Special Buys/Deals, In-Store Discounts

- Organization Aligned teams, training, etc.

Another issue that prevents active collaboration between modern retailers and brands / manufacturers in India is a divergence in focus. General trade forms almost 95% of sales for brands / manufacturers, and gets equivalent attention. Also, these firms currently have a focus on tier 2 and 3 cities, which have negligible modern retail presence. As a result, fill rates are as low as 65% in modern retail, in sharp contrast to the 90% plus levels in general trade.

Shift in consumption to modern retail is inevitable. This is due to a combination of numerous factors including better assortment in categories and brands, better store ambience and shopping experience, specialized customer service, and sharper price points (the last one still needs significant effort from retail CXOs, before it becomes a reality). The need of the hour is to build retail 'customer by customer'.

Growth in store footage has to be followed by growth in sales, followed by profitability, followed by brand mind share, and most importantly by consumer franchise. The next 5 years will be very interesting, because modern retail will go through a sharp learning curve and overcome the operational challenges of today. Kiranas /mom and pop stores are quick learners. They have done a good job of improving their display, assortment and service. They will continue to grow in number, along with modern retail, as India's consumption increases.

In the coming years, the differentiation will not be between big and small, but between good and not so good. Hyper competition will be experienced by 2014-15, by when Indian retailers would have got their models right. The next five years seem to be quite promising on the retail front.

GOVERNMENT POLICY

Turnover tax levied on gas retailers

In an unprecedented move, the petroleum and natural gas regulatory board has levied a 'turnover' tax on the revenues companies will earn from retailing CNG and natural gas in cities, a move that the industry sees as exceeding its jurisdiction.

PNGRB, the oil regulator, which as per its enacting legislation has powers to levy fee, has levied a minimum tax of Rs 2 crore per annum on turnover that companies like GAIL and Reliance Industries [Get Quote] earn from selling CNG to automobiles and piped natural gas to households and industries.

As per the Gazette notification, PNGRB has asked entities to pay Rs 2 crore for turnover of up to Rs 20,000 crore (Rs 200 billion) under the head 'other charges'. For turnover of up to Rs 50,000 crore (Rs 500 billion) it has levied Rs 2 crore plus 0.008 per cent of revenues in excess of Rs 20,000 crore (Rs 200 billion). For turnover up to Rs 1,00,000 crore (Rs 1,000 billion)it will charge Rs 4.4 crore plus 0.005 per cent of revenues more than Rs 50,000 crore (Rs 500 billion).

Besides, 0.2 per cent of capital expenditure during construction period will be payable by entities, it said.

Petrofed, a body of oil and gas companies, has opposed the move saying "other charges are similar to levy of turnover tax or sharing of revenue which are not provided for under the PNGRB act."

A new tax can only be levied by the finance ministry and also PNGRB does not have powers to withdraw even a single penny collected in such charges, Petrofed said.

In a presentation to PNGRB, it said the board can levy 'other charges' only "against specific service rendered or goods supplied."

Besides the new tax, PNGRB has notified fee payable by companies for registration, authorisation and filing complaints.

The Financial Express, September 2009

Colleges and hospitals can have malls on premises

The state government has doled out a realty windfall to medical and education institutions, most of which are owned by politicians belonging to the Congress and Nationalist Congress Party. The government issued a notification on September 5 allowing educational and medical institutions to commercially exploit 30% of the campus area.

What this means is that schools, colleges and hospitals across the state can now -- space permitting -- have malls and restaurants on their premises. The notification does not suggest that the dole-out will stabilise, or put a cap on, the fees charged from students.

Mantralaya sources felt the notification was a gross violation of the code of conduct, invoked by the Election Commission on August 29, thereby indicating that the government should not announce any populist decision or give out sops to any section of society.

Urban development department officials said that chief minister Ashok Chavan signed the file well before the code of conduct came into force. The notification comes with only one rider -- the compliance of ISO certification by the institution seeking to utilise the permission. Even those institutions which have already utilised permissible FSI will be given 30% extra on the base FSI.

The notification, amending Development Control Regulations, says that 0.1 of the extra FSI -- which is 0.3 of 1 FSI in the island city and 0.4 of 1.33 FSI in the suburbs -- is to be used for purposes that are necessary to the running of the institutions. The rest can be commercially exploited through malls, restaurants and other lucrative business.

Chemist shops, bookshops, fruit vending, florists, diagnostic and medical research centres, medicare insurance offices and ATMs were termed necessary for running medical institutions; sports shops, stationery stalls and ATMs were considered critical for the functioning of educational institutions.

A state government official said the decision was influenced by a lobby of education barons active in political corridors. That is the reason why the order came without any obligation to pass on the benefits to the end-users, he said.

DNA, September 2009

Private labels dent established FMCG brand share

Private labels are giving established fast moving consumer goods brands a run for their money.

Though private labels comprise 10 to 12 per cent of the overall FMCG volumes, analysts said they were recording double-digit growth annually and could pose problems for the big players in the near future.

In food and beverages, for instance, Aditya Birla Retail's Feasters Noodles Family pack contributes 40 per cent of the revenues from the category. Kitchen's Promise pickles are outselling Mother's Recipe, and sales of Feaster's Instant Drink Powders are more than double those of Tang sales.

In homecare, the brand 110 Per Cent toilet cleaners have achieved 20 per cent of the category sales and Paradise Room and Air Fresheners contribute to 38 per cent of the category sales.

Even personal care products are doing well. AU79 Male Deodorant has already gathered market share of 6.5 per cent within three months of launch. And Fresh-O-Dent toothbrushes contribute to 15 per cent of the category sales.

Spencer's sells private labels under the Spencer's Smart Choice name. It is targeting 20 per cent market share across the categories in the next three years.

Anand Ramanathan, manager, business performance services, KPMG, noted that some of the major food and grocery retailers' average 20 to 30 per cent private label penetration, peaking at around 50 per cent.

Processed food and homecare products are witnessing more heat from private labels because consumers are more open to brand switches in these categories, while personal care is a little tough to crack.

Naimish Dave, director, OC&C Strategy Consultants, noted, "Currently, the contribution of private labels for some players has even touched 40 per cent-plus, from 10 to 12 per cent."

Business Standard, August 2009

RETAIL CONSOLIDATION

Intex to invest Rs 100 cr in retail biz

Electronics company Intex Technologies will invest Rs 100 crore in its new retail venture for opening 60 exclusive stores in the country by 2011, besides planning to enter international markets this financial year.

The company also said it expects to double its sales to Rs 800 crore this fiscal and is planning to introduce CDMA phones and UPS with advanced features later this year.

It plans to open 60 exclusive stores by 2011 and for this it had earmarked an investment of Rs

The fund will be used to convert its existing stores to exclusive ones, revamping them and training sales persons.

The company will be opening the outlets in B and C class cities, including Bhopal, Ahmedabad, Surat, Rampur and Patna.

Besides expanding its base in the domestic market, Intex Technologies is also planning to expand into the international markets this fiscal.

On the back of its retail venture and new products including its recently launched dual SIM phones and netbooks Intex Technologies expects to double its sales to Rs 800 crore this fiscal.

The company has recently launched a dual GSM SIM phone and a range of netbooks. It has recently expanded into the South Indian cities for its mobile business.

Intex Technologies has 26 product groups including desktops, notebooks, GSM mobile phones and DVD players among others. Its products are currently available in 120-130 shop-in-shops across the country.

Financial Express, September, 2009

Tatas eye functional merger of retail arms

The Tata Group is working towards functional integration of its various retail formats like Westside, Croma, Tanishq and others, but has no immediate plans to merge the various entities.

Tata Sons director R K Krishna Kumar said the different retail formats will be integrated at a "functional level" with regards to aspects like quality control systems, retail practices, training and career opportunities. The idea is to share experiences and expand know-how within the retail business.

The Tata group's various retail formats include Westside, Star Bazaar, Landmark, Fashion Yatra (owned by Trent), Croma (owned by Infiniti retail), Tanishq and Titan (of Titan Industries).

Over the years, the Tata group has been shifting towards consumer-oriented business.Currently, retail contributes a tiny (less than 5%) fraction to the group's revenues. The group's turnover stood at Rs 2,51,500 crore in 2007-08.

Unlike its other businesses like steel, chemicals, automobiles, hospitality and beverages, which have a global spread, retail will remain a local play. The rationale is obvious. The dynamics of the business and growth opportunities require it to concentrate and scale up its model in India. However, the group did try to acquire the well-known books and music chain Borders's Australian and New Zealand business. But the deal didn't fructify.

With FDI not allowed in retail, Tatas, like other retailers, have technical alliances with global retail chains like Australia's Woolworth (with Croma), and Tesco (with Star Bazaar). The group intends to expand into other formats like home improvement and footwear. One area it will not eye is liquor, as it is against the group's policy of not venturing into areas detrimental to the wider interest of the society.

The Times of India, September 2009

HotSpot Retail ties up with RIT to offer mobile applications

Mobile and technology retailing company HotSpot Retail today said it has tied up with Research and Innovation Technologies (RIT) to offer a suite of mobile applications to the Indian consumers.

This suite of applications will be sold under the umbrella brand Orbit and will offer a host of features, including mobile tracker, mobile protect, handset back-up and a beep-free Dictaphone.

This exclusive tie-up would also help deliver on our TCO (Total Customer Offering) model and garner more margins while selling new mobile handsets, he said.

Orbit is a suite of technologically advanced mobile applications operational on 2.5 G and 3 G mobile handsets, available at a very competitive price.

HotSpot Retail, a part of B K Modi-led Spice Group, is a leading mobile and technology-product retailer. Research and Innovation Technologies is a start-up information technology company headquartered in Ras Al Khaimah, UAE. It is a prominent player in the mobile applications and accessories sector.

Economics Times, September 2009

DLF new partner of Mother Care

Mother care, a UK retailer for kids and expectant mothers, is forming a 51:49 joint venture with India's largest real estate company DLF.

While the company would continue its existing franchise agreement with department store chain Shoppers Stop, it hopes that the new JV will give it greater control over its Indian operations and ability to expand quickly in one of the fastest growing economies.

Both DLF and Mothercare refused to confirm the developments brushing it off as “market speculation”.

The UK retailer had been in discussions with DLF and Tata group retailer Trent for a possible equity partnership in India.

IThe UK retailer, which has 1,014 stores in 50 countries, including 609 stores outside the UK, sees the international market as “the biggest single growth opportunity”, as per its annual report. Mothercare reported an International retail sales growth of 41%, as against 6.9% overall sales growth for FY09 to £723 million. Similarly, international same store sales were up 6%, as against UK's 1.4% for FY09.

A joint venture with Mothercare further diversifies DLF's portfolio of brands, which already has Giorgio Armani, Dolce & Gabbana, Salvatore Ferragamao, Sunglass Hut and Sia Home. The realty firm, which has been partnering foreign retailers–usually as junior ally–aims to have a stream of clients for its malls through these tie-ups.

A typical standalone store of Mothercare in India is 3,000-6,000 sqft, while a shop-in-shop is 1,800-2,000 sqft. The retailer offers a range of products, including clothing, hardware and toys in India for mothers-to-be, infants and pre-school kids and sources over 70% of products sold in the country from global vendors.

Economics Times , September 2009

CESC to sell 20% Stake in Spencer's

CESC Ltd plans to offload 20 per cent stake in its loss-making subsidiary Spencer's Retail to private equity funds. The money raised would be used to finance Spencer's expansion plans. The RPG group company controls 95 per cent stake in the retail outfit. "We are looking to offer up to 20 per cent stake to PEs, provided we get a good price," CESC Vice-Chairman, Mr Sanjiv Goenka, told without disclosing the total fund mop up plan through such divestment. Spencer's is on a business consolidation and cost reduction mode. The company has closed down 140 of its loss-making outlets, including 40-odd in Gujarat alone and operates 246 stores.As part of its growth strategy, Spencer's is focusing on network expansion, especially in southern cities such as Bangalore, Tiruchi and Chennai and is expecting a turnaround in 12-18 months.

Business Line, August 2009

Burberry proposal gets nod

The government has approved a proposal of British luxury apparel brand Burberry to set up a joint venture in India for single brand retailing. The proposal by UK-based Burberry International Holdings was approved following a recommendation by the Foreign Investment Promotion Board (FIPB). Burberry is setting up a 51: 49 JV with Genesis colors to manage the brand in India. The brand was earlier operating two stores through a franchisee arrangement with Media Star Pvt. Ltd. which it will now terminate. Burberry is expected to invest £2.1 million for a 51% stake in the venture that is targeting a net turnover of £33 million (Rs 263 crores approx.) by 2018-19, across 21 stores in the country.

The Tribune, December 2009

Reliance Brands ties up with Timberland

Reliance Brands, a part of Reliance Retail, has joined hands with US-based Timberland to distribute the latter's footwear and apparel in the country. As part of the arrangement, products from Timberland's portfolio will be available through various premium department stores across the country, besides its own outlets. "With rapidly-growing fashion and retail sectors, we believe India [Images] will become a key market for us," Timberland president and chief executive officer Jeff Swartz said in a statement. Timberland is a US-based firm, which makes premium footwear, apparel and accessories. It is present throughout the North America, Europe, Asia, Latin America, South Africa and West Asia.

The Financial Express, November 2009

Modi to sell Hot Spot chain

BK Modi-led mobile handset retail chain Hot Spot will soon be up for sale. Started four years ago to sell multi-brand handsets and accessories, the chain has around 600 stores across 70 cities. It is expected to break even in four to six months, which is when the promoters are planning to exit. Sources in the know said the Modis are looking at a valuation of Rs 1,000-1,500 crore, although market sources peg it at Rs 600-700 crore. So far, the promoters have invested around Rs 200 crore in the venture. Company officials said Hot Spot currently loses around Rs 1.5 crore every month, which is significantly down from the Rs 4.5-crore bleed six months ago. The company has managed to pare losses by around Rs 20-25 lakh every month. Industry sources said Essar-promoted Mobile Store, which is the country's largest mobile handset retail chain, could be the frontrunner to acquire Hot Spot. However, this could not be independently confirmed. Essar's chain has around 1,300 stores nationwide. Sources said prior to selling Hot Spot, the promoters are looking to add around 2,000 franchises. The company has also acquired a couple of small stand-alone stores in southern and western India to ensure a balanced distribution across the country. Currently, of its 600 stores, 230 are located in the Delhi-NCR region, giving it a very north-centric presence. Last year, BK Modi had sold his GSM mobile firm Spice Telecom to Idea Cellular.

The Financial Express, November 2009

FICCI

International Retail Events

1. **World Retail Congress**
   21-23 April, Berlin, Germany
   Website: www.worldretailcongress.com/
   For details please contact
   Ian McGarrigle
   Congress Director
   T: +44 (0)207 728 4762
   E: ian.mcgarrigle@emap.com
   Kate Gallagher
   Congress Manager
   T: +44 (0)207 728 4763
   E: kate.gallagher@emap.com
2. **The Retail Conference, London**
   September 22, 2010.
   Website: www.retailconference.co.uk
   For details please contact
   00844 4145153
3. **Retail Week Conference 2010**
   3-4 March 2010, London
   Website:
   http://www.retailweekconference.com/
   For detail please contact
   +44 (0) 20 7554 5806
   Email us at: rwc@emap.com
4. **Retail Solutions world Asia 2010**
   21-22 April 2010, Singapore
   Website: www.terrapinn.com/2010/retail/
   For details please contact
   Sylwin Ang
   Tel: +65 6322-2734
   Fax: +65 6226-3264
   sylwin.ang@terrapinn.com
5. **The retail innovation and marketing conference**
   2-4 March, 2010, San Francisco
   Website: http://events.nrf.com/innovate10/public/enter.aspx
   For details please contact:
   Susan Newman
   Vice President, Conferences
   202-626-8154

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RETAIL DIVISION

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