FICCI

footfalls

June – July 2010 Volume – 4 Issue – 7



06

Challenges faced by Retail Industry in India

Ketan Dewan, Founder and Managing Director of KRD vision

12

Promotions Optimization in FMCG Retail

Dr. Kamaljit Anand, Director and Co-founder of KiE Square Consulting

21

ACE in Retail

***Kumar Rajagopalan,** CEO, Retailers Association of India.*

***Vidya Hariharan,** Senior professional, Insurance and Financial Sector in India.*

CONTENTS

Retail in News 1

Challenges faced by Retail Industry in India 6

Ketan Dewan, Founder and Managing Director of KRD vision

New Product Launch 9

Promotions Optimization in FMCG Retail 12

Dr. Kamaljit Anand, Director and Co-founder of KiE Square Consulting

What's New and Buzzing! 19

ACE in Retail 21

***Kumar Rajagopalan**, CEO, Retailers Association of India.*

***Vidya Hariharan**, Senior Professional, Insurance and Financial Sector in India*

Retail Consolidation 23

Retail Expansion 27

Retail policy 29

Retail strategies 32

International Retail Events 37

ARE YOU A FICCI MEMBER? 38

Activities & Vision

Vision

To create an environment for growth of organized retail in India, which enable 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 August 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.

Retail in News

Pantaloon, four others evince interest in mega food parks

Corporate firms, including Pantaloon, Temptation Foods, Capital Foods, Eldico and International Farm Fresh, have evinced interest in setting up mega food parks in the country. They responded to the expressions of interest (EoI) invited by the Ministry of Food Processing recently, sources said.

Of the 10 mega food parks proposed to be set up during the XI Plan only one, run by yoga guru Ramdev near Hardwar in Uttarakhand, has been completed. Five others are in various stages of being set up. The Ministry sought EoIs for the remaining four to be set up in Maharashtra, Karnataka, Punjab and Uttar Pradesh.

An inter-departmental committee chaired by Food Processing Secretary Ashok Sinha will look at the proposals, the sources said. Representatives from the Ministry of Finance, Agriculture and the Planning Commission are also members of the panel.

Initially, the government had planned for 30 mega food parks in the XI Plan, but considering to the lukewarm response from the industry, this target was reduced to 10. The proposed mega food parks are aimed at reducing wastage of fruits and vegetables with processing at the core. They are expected to have integrated state-of-the-art backward and forward linkages with agriculture, horticulture, poultry, dairy and milk sector, increased private sector investments and support of rural infrastructure to ensure a steady supply of the produce. Mega food parks require a minimum investment of Rs. 150 crore with the government providing maximum Rs. 50 crore as grant to kick-start the parks. In addition, there are a slew of tax holidays as incentives to the private investor. Mega food parks are part of the food processing sector's vision to enhance processing of perishable foods from the present 6 per cent to 20 per cent, provide value addition from 20 per cent to 30 per cent.

The Hindu, June 2010

Cafe Coffee Day plans brand recast, new logo

Cafe Coffee Day (CCD), is going for a re-branding exercise that envisaqes a new look and logo, besides adding some more outlets, involving an investment of Rs 130 crore.

The company will invest over Rs 130 crore during the current fiscal to revamp the existing outlets and also ramp with 180 more outlets, Director Alok Gupta said.

“We are going for a complete makeover right from change in the logo to renovating the interiors and adding new formats such as Lounge and Square,” he Gupta. Accordingly, it will now have a logo representing a dialogue box instead of its earlier square box. Currently, it has over 970 company owned outlets and 1,000 CCD Express joints on franchise agreement, according to him. Further, the company plans to scale-up its own stand-alone outlets to 1,150 this fiscal and by 2015 it has targetted to reach the 2,000 mark, Gupta said.

Of the total 180 CCD joints, 65 would be the new format Lounges while there would be 8 Squares. These outlets would beof an area of 1,200 sq ft and 2,000 sq ft, respectively.

“The Lounge and Square are the new formats we are introducing this year. They will have have customised menus as well as cater to the local taste buds,” Gupta said, adding that CCD will take the brand beyond the metros. Plans are in the offing to open Lounge and Square in 20 cities such as Bhubaneswar, Chandigarh, Durgapur, Ranchi, and Guwahati. Currently, the company runs only one Lounge in Bangalore.

Deccan Herald, June 2010

Key cities to have 21 mn sq ft of retail oversupply by 2012

Bangalore, Pune, Hyderabad and the four metros will have around 21 million sq ft oversupply in retail properties by 2012, says a new study.

The pace of real estate developments in these cities was expected to surpass the growth of organised retail market by then.

While the country's organised retail market is expected to grow from Rs 32,400 crore in 2010 to Rs 54,700 crore in 2012, the real estate retail potential (RERP), which indicates mall supply, will grow from Rs 43,000 crore in 2010 to Rs 75,400 crore in the next two years, the study titled 'India Organised Retail Market 2010' by global property consultant Knight Frank shows.

As a result, the oversupply is expected to grow from 11.46 million sq ft in 2010 to 21 million sq ft in 2012, the study says.

Pune with 5.78 million sq ft, Bangalore and Hyderabad with 5.41 million sq ft and 3.41 million sq ft of oversupply, respectively, are among the cities with highest oversupply.

“Developers will be cautious about developments now and rents will remain subdued till 2012,'' says Samantak Das, national head of research at Knight Frank.

Business Standard, May 2010

Move to ease FDI in retail

Foreign direct investment (FDI) in multi-brand retail may be allowed, subject to some stiff conditions, that global retailers will have to invest heavily in back-end infrastructure like warehousing and cold storage.

The department of industrial policy and promotion (DIPP) will soon come up with concept papers on relaxing norms for FDI in different sectors, including multi-brand retail.

The paper on FDI in retail may include a provision that global retailers, interested in opening multi-brand stores in the country, will have to put in a significant part of their investments in the back-end infrastructure, a source in the know of the development said.

“We will put this in the discussion paper,” the source said, adding the discussion papers seeking comments from stakeholders were expected to be put in the public domain soon.

At present, FDI is not allowed in the multi-brand retail sector, which is dominated by the neighbourhood kirana stores and is a politically sensitive topic. Foreign players, however, are permitted in wholesale trade, single brand and high-end retail.

Expressing concern over high food prices, Prime Minister Dr Manmohan Singh had recently suggested changes in the retail FDI policy so as to narrow the gap between the consumer and farm gate prices. “We need greater competition, and, therefore, need to take a firm view on opening up of the retail trade,” the Prime Minister had said recently.

Since FDI is not permitted in retail, world's number one retailer WalMart has settled for cash-n-carry (wholesale) joint venture with the Bharti Group.

Under five per cent of the country's retail is in the organised space today, and a few homegrown players like Future Group, Reliance Retail, Spencer's dominate the scene.

The Statesman, May 2010

Parle Agro sees money in packaged water segment

Parle Agro, better known for its mango drink Frooti, is now betting big on its packaged water, Bailley and lemon drink, LMN, as high revenue grossers in the future. The company has chalked out strategies to ramp up production facilities, strengthen distribution network and alter pack sizes to tap a larger pie of the market in these two categories.

At present, the company has 40 water packaging factories of Bailley across the country and it plans to add 15 more by December.

“Our plan is to have more number of water packaging factories that may be lower in capacity but nearer to the retail outlets,” said Nadia Chauhan, joint managing director and chief marketing officer, Parle Agro. “A Bailley water plant nearer to the destination will mean that our response time for stock refurbishment is faster than others.”

It is difficult for any retail outlet to stock a large quantum of water bottles, she said.

In fact, the strategy seems to be paying off as company's water business is growing at an annual rate of around 130 per cent. Industry players estimate the domestic bottled water market in India at around Rs 2,000 crore that is growing at an annual rate of 40 per cent.

On lemon drink LMN, Nadia said, “We have introduced LMN in pack sizes ranging from 100 ml that caters to individual consumption and 1 litre for bulk consumption at home.”

The total market size in the lemon drinks category is about Rs 100 crore that is growing annually at around 35 per cent.

Hindustan Times, May 2010

Vishal Retail cannot sell assets for 6 months

Troubled retailer Vishal Retail Ltd, which is engaged in a corporate debt restructuring (CDR) exercise with creditors and is in talks to sell a stake to private equity company TPG Capital Lp, has been dealt a setback, with the Delhi high court barring it from selling any assets for the next six months.

The court, hearing a winding-up petition filed by Singapore's DB300S Bank Ltd, passed an interim order on 11 May restricting Vishal Retail from selling any movable and immovable assets before the next hearing on 25 November.

"Till the next date of hearing, the respondent shall not alienate or otherwise encumber its assets," the court said in the interim order.

The court order means Vishal Retail will not be able to proceed with the stake sale to TPG for the next six months, said a person familiar with the situation, who didn't want to be named."The court order says they cannot touch any asset," said the person.

The court asked Vishal Retail to file an affidavit providing information on its assets, lists of debtors and creditors, number of employees and the amount outstanding to them, and its audited balance sheets for the last three years.

Several lenders to Vishal Retail, including State Bank of India, HDFC Bank Ltd and ING Vysya Bank Ltd, are currently working on a CDR exercise with the listed discount retailer. Vishal Retail is seeking to reschedule Rs730 crore of debt. The lenders have already approved a proposal by TPG Capital to take over the New Delhi-based retailer.

Dozens of cheques amounting to about Rs13 crore issued by Vishal Retail to DBS were dishonoured as the retailer had instructed banks to stop payment.

Vishal Retail was hurt by an economic slowdown that started in 2008 and forced many retailers to shut stores, lay off employees and scale down expansion plans as consumers cut down on spending.

The slowdown resulted in several retail ventures folding operations altogether, including Vishal Retail's peer discount operator Subhiksha Trading Services Ltd and the India master franchisee of US-based My Dollar Store Inc.

Livemint, May 2010

Wal-Mart seeks US govt help in getting into Indian retail market

The world's largest retailer Wal-Mart has solicited support from the US government for entering the multi-billion dollar Indian retail market, where foreign investment norms are posing hurdles to its entry.

The US-based Wal-Mart Stores, one of the world's top revenue grossers with over $400 billion of total annual sales and present in 15 countries, is lobbying hard with lawmakers here to help it expand into India, possibly through bilateral talks between the related authorities of the two countries.

The company is lobbying with the US Congress members as also the departments of commerce, trade and treasury, among others, to put forward its case on issues like "discussions on India and Foreign Direct Investment", and "enhanced market access for investment in China and India."

Its presence in India is limited to business-to-business wholesale market and back-end supply chain management business through a joint venture with Sunil Mittal-led Bharti group and it has been trying for many years now to enter Indian retail market, as India does not allow foreign direct investment in multi-brand retail business, in which Wal-Mart specialises.

The company had signed the JV with Bharti Retail in August 2007 and soon after that it began lobbying with the US lawmakers about its India plans.

As per the lobbying disclosure reports filed by the company with the US Senate, Wal-Mart has since then spent a staggering amount of over $11 million (more than Rs 52 crore) on issues related to India, as also other matters, in over two years now. In 2010 itself, the company spent $1.37 million (over Rs 6 crore) on lobbying in the first quarter.

Lobbying is legal in the US and the companies are required to submit a disclosure of the same every quarter. Interestingly, the latest quarterly lobbying disclosure report comes amid speculations that India might soon propose to permit 100 per cent FDI in multi-brand retail, a development which would allow Wal-Mart to enter Indian retail market.

On many occasions, the top officials of Wal-Mart, which already sees nearly half of its sales coming from outside the now-stagnating US market and is looking to expand further internationally, have said that India is very important for their future growth.

In August this year, Raj Jain, CEO of Bharti Wal-Mart, the Indian JV, had said that he was optimistic of India allowing FDI in the front-end retail sector, given the "progressive" nature of the current government.

Besides its wholesale retail venture, Wal-Mart also provides back-end supply chain management and technical support services to Bharti Retail, which independently operates front-end retail stores.

Financial Chronicle, May 2010

Challenges faced by Retail Industry in India



Ketan Dewan, Founder and Managing Director of KRD vision, brings over 12 years of business experience. He specializes in helping clients recognize the external influences on their organizations; and their competitive strengths in business market, through thorough and exhaustive research of assets, markets, clients, competition and other stakeholders. KRD Vision stands for Knowledge Restructured Dynamics, the model which understands your vision and executes measurable growth Monday morning. KRD Vision is a New-Delhi based boutique Sector Agnostic Strategy Consulting Company that assists business leaders to make informed confident business strategy decisions backed by Logic, Judgment, Cross sector Experience, Novel Research and Intelligent Analytics.

KRD Vision has clients across sectors that include: Healthcare, Equipments & Pharmaceuticals, Technology, Education, Logistics, BFSI, Associations, B-schools etc

ketan.dewan@krdvision.com

Retail is among one of the fastest growing industries in India. With an expected growth rate in double digits and huge untapped potential, this industry showcases immense potential. In terms of the retail development Index, India ranks fifth. In Asia, it occupies the second position, next to China. In India, the retail and wholesale market contributes about 14% to the GDP. In terms of providing employment, the sector is ranked second. Indian retail industry would be world's top industry in the coming era. Major players in retail industry include Bharti Airtel, Big Bazaar, and Reliance.

From the very beginning retail has been playing a vital role in Indian economy by making goods and services available to the end customer, but in an unorganized manner. The scenario is changing with growth in organized sector, which contributes ~6% to the total market. Entry of big players in this segment is making it even more lucrative. Moreover, the changing lifestyle, rising per capita income, increasing population and improvement in standard of living are major drivers for this robust growth. The retail industry customers have been segmented in different segments such as such as women, children, old age etc. and different ranges of customized goods and services are regularly introduced to cater each of them, which are making retail a popular proposition.

Government is also playing a role of a facilitator by providing necessary stimulus to this sector. The government has successfully used the FDI route to drive growth, which has encouraged the foreign majors such as Wal-Mart, Tesco and Carrefour to enter India.

Retail sector is struggling with some issues that need to be addressed. Here are some of the issues faced by the sector and possible solutions for the same:

1. The sector faces immense competition from local kiryana stores, which cater to customers within their neighborhood. Local stores are popular because a customer finds shopping more comfortable at a local store vis-a-vis going to a retail outlet due to which kiryana stores take away a major chunk of industry revenue, which adversely affect revenues and profitability of organized retail stores. As we know, it is impossible to remove unorganized sector completely as it caters to daily needs of end customer for e.g if a person runs out of his toothpaste in the middle of the month then will not prefer to go to a retail outlet for the same. But for a monthly ration a person can go to a retail outlet where he can found all commodities required under a single roof which is convenient for him. This is a common problem which can be addressed by the sector through

positioning them in a manner which differentiates them from a local vendor, which will help in minimizing competition. The sector should create its niche market and should position them accordingly. It will provide them an edge over local retailers. They have to highlight their key differentiators so as to attract customers.

Strong positioning would require effective communication strategies, which would differentiate their offerings from that of a local kiryana shop without highlighting them. Communication objective should be to inform and persuade target customer to visit the store and remind them about its existence. Various communication tools such as advertisements, print advertisements, and buzz marketing can be used for this purpose. These communication tools should be accompanied by some door to door campaigns so as to give a personal touch. They can also differentiate themselves by providing different brands, unique ambience and attractive layouts, resulting in attracting more customers.

Other strategies which can be adopted are:

- ✓ Introduction of customer loyalty programs to generate new product ideas, build brands, launch marketing and promotional campaigns, improve customer service and establish new service standards that delight and excite consumers as they interact with retailers. It can be done by:
  - ➢ Interacting and engaging with consumers at the store-level
  - ➢ Handling disgruntled consumers
  - ➢ Assisting customers with after-sales service queries and formalities
- ✓ Use of parent company name to create an impact

2. It's important to know whom are you talking to. Knowing the target group and understanding its core value proposition is of significant importance. The same needs to be mapped with respect to price of the product / service / offering. It is very important to answer the following questions while analyzing value proposition. Bounce off the following questions to as many people as possible within your network and take the feedback to find key answers. This rich and detailed level of consumer insights has enabled original retailers to survive successfully.
   - ✓ Who is your customer?
   - ✓ Why will he pay?
   - ✓ What is the Value to him?
   - ✓ What is the Repeat Value?
   - ✓ Who else takes his mind share?

3. Sector is facing a major issue related to supply chain management (SCM). A healthy supply chain ensures smooth flow of goods from the point of origin to the consumption point. It also helps in improving operational efficiency and reducing cost. All these benefits are missing in the industry because of the non existence of quality supply chain.

   Under SCM, Inventory management is the first challenge that retailers face at the store level as well as at the warehouse level. Inventory level is tough to decide which results in losses. Shortfall of inventory leads to loss in revenues as organization is losing the opportunity to sell the product. On the other hand, excess inventory often leads to increase in inventory costs, and then to lower profits. To overcome these challenges stock level should be accurately identified, identification of these levels requires extensive analysis of past demand trend of products and future market drivers. It will help in demand forecasting and giving a clear picture of the required stock levels. IT enabled tools and services can also be implemented to ensure integration of different departments and achieve operational efficiency.

   Lack of logistics infrastructure in India is another challenge for the retailers. Cold storage chains and quality transportation are missing which leads to high cost and wastage. On the other hand setting up this infrastructure requires a lot of money. So the option available can be 'Third party logistics'. Through this approach logistics part can be outsourced to a third party, which will take care of all activities related to logistics. It will reduce the cost and will help to attain operational efficiency. Though this concept is currently at a nascent stage, in the coming years it can solve major problems.

   Next challenge in SCM is of procurement of goods. This problem constitutes of two problems:

   - ✓ A long chain of mediator between retailer and producer is another issue in SCM. It leads to higher lead time, cost, and wastage that reduce margins for retailers. On the other hand to be competitive with local stores, retail stores should be cost effective and provide fresh products.

- ✓ Big stores procure goods in bulk to achieve economies of scale, but challenge arrives when adequate supply is not made by the suppliers.

Implementing IT systems and tools can be a solution for the problems, which will help in inventory management and integration of various partners. It helps in developing effective communication with suppliers to ensure smooth supply of goods. Third party production can also be a measure to ensure availability of goods both in terms of quality and quantity. Under this approach retailer's designers and technician work with the third party production factories to ensure the availability of goods.

4. Lack of trained and skilled manpower for the sector is another challenge. It's vital to have trained and skilled manpower to operate and manage the operations. On the other hand, In India, retail is a comparatively new sector so manpower is not properly equipped with the skills required for the sector. Problem at the next level is to retain the employees. Retail sector exhibits a high attrition rate as compared to the other sectors. This attrition is especially prevalant at the junior level. Major reasons identified for this are long shifts, lack of hygiene and infrastructure and lack of career opportunities. These problems can be addressed by creating talent pool and providing proper training for the skill set development, which is required for the job to build employee confidence. To retain employees, the sector should showcase the growth path well, adopt reward policies, and use employee empowerment as a tool to engage them.

5. Retail shrinkage is again a major challenge. Retail shrinkage refers to the unaccounted loss of retail goods. These losses include theft by employees, administrative errors, shoplifting by customers or vendor fraud. IT enabled tools such as CCTV and software solutions dedicated to the retail sector can be used. Employee empowerment tools can be implemented so as to increase employee morale and developing a sense of each employee's individual responsibility to check these losses. Incentive structure should be in place to motivate employees to control these wastages.

Indian retailers must come to recognize the value knowing their target customer and marketing positioning to communicate quality as well as value for money. Sustainable competitive advantage will be dependent on translating core values, combining products, image and reputation into a coherent retail brand strategy.

The organized retail sector is in a very nascent stage in India, it provides ample opportunities for retailers, and mitigating few challenges will help the sector attain higher economies of scale and growth. It will facilitate accessing the huge untapped market potential.

In a nutshell, we may conclude that the retail industry in India has a very bright future prospect. It is expected to enrich the Indian Economy in terms of income and employment generation.

New Product Launch

MTR Foods re-launches packaged food brand

MTR Foods announced that the brand, which was acquired by the Norwegian conglomerate Orkla in 2007, plans to double its turnover to Rs. 500 crore by 2012. Paul Jordahl, Chairman and CEO, Orkla Brands International, said, "We aim to treble profits in that timeframe."

The company also announced a relaunch of its packaged food brand, reflecting "the brand's new look but which remains at its core authentically Indian," Mr. Jordahl said.

Orkla, which had revenues of over $9 billion in 2009, plans to make the MTR brand achieve a compounded annual growth rate of 20 per cent in the next few years. Mr. Jordahl said Orkla was open to fresh acquisitions "if they are interesting." Depending on the nature of the planned acquisitions Orkla would decide whether fresh acquisitions would be within the MTR umbrella or outside it.

Sanjay Sharma, CEO, MTR Foods, said MTR's margins have been adversely affected by the sharp increase in the price of raw materials in the last couple of years. Raw material prices, he said, had increased by an average of 9 per cent in 2009 and by about 7 per cent in 2008. "We were affected by the sudden acceleration in prices," he said. "Our profitability has been under pressure, as a result,' he added. The company has a "pricing and efficiency programme to deal with this," Mr. Sharma said.

Mr. Sharma said the company had decided to convert MTR from a regional to a national brand. In order to provide "better focus", it has decided to restrict the brand's presence to 150 towns and cities in the Northern, Western and Eastern regions from 500 towns at present. The company has also decided to double its media spend in the current year.

Hindu Business Line, June 2010

Now, SMS a shoe!

CBigshoebazaar.com is looking to revolutionise the way shoes are sold. The company's just-launched SMS catalogue shopping format allows consumers to order products featured in a newspaper or magazine merely by texting.

"There was the time when if you want to buy any product, you have to go to the store , then it became slightly easy with the innovation of e-commerce (e-shopping), the time when you can shop online, and now Bigshoebazaar.com is all set to take it to the next generation with a service to shop through your mobile. Mobile is the one and only communication device which is now almost omniscient in India," Mr Danish Ahmed, Director, Bigshoebazaar said.

"Our portal till now was catering to online customers. However, with this initiative, we will be catering to consumers who don't always have to depend on Internet connectivity. The orders are placed instantly and the delivery is done through couriers with delivery to customer between three to four working days and easy replacement."He added that the company will advertise its products in major newspapers and also provide a foot measurement chart for customers to check their size before texting the order.

The company, which sells around 300 pairs a day through its portal, said it is seeing a 30 per cent growth year-on-year.

"We hope to increase the number of shoes sold through our portal," Mr Ahmed said. The company retails around 60 brands including Puma, Woodland, Adidas and Bata and plans to scale up its exclusive brand outlets from five to 10 in the current fiscal.

Hindu Business Line, June 2010

Zara makes New Delhi its first stop; Mumbai next

The Euro 11.1-billion Inditex group plans to open Zara stores in all the major Indian cities. The Spanish fashion retailer opened its first Zara store in Delhi's Select City Walk on Friday.

It plans to open a store in Mumbai's Palladium mall and in Delhi's DLF Promenade this year.

"The brand's expansion would depend on the feedback we get from customers, we also want to open stores in Bangalore, Hyderabad and Chennai very soon. The average size for a Zara store would remain 1,200-1,500 sqm," chief communication officer, Inditex, Jesus Echevarria said.

Inditex has a 51:49 joint venture with Tata Group's retail arm Trent. Zara is the second Spanish fashion brand to enter India, after Mango. Of late, many international fashion retailers are making a beeline for the country besides the already existing ones – Diesel, Marks & Spencer and Tommy Hilfiger.

Echevarria said the company would ship new clothing designs to its Indian stores within two weeks of manufacturing. "For us, every fashion brand present in the vicinity is a competitor, specially the local brands," he said.

Financial Chronicle, May 2010

Carrefour plans franchise concept

Carrefour, the world's second-largest retailer, will open its first cash & carry wholesale outlet in India in Seelampur, New Delhi, over the next 2-3 months.

The French retailer has been trying to find its feet in the country for many years now, but with little success. Following unsuccessful talks with several potential Indian partners over the last two years, Carrefour appears to have opted for the only possible solution - begin with wholesale retailing since 100% foreign investment is allowed in this form of retail trade - and continue to scout for suitable partners to also enter front-end trade.

Carrefour is widely expected to announce a partnership with the Future Group for front-end retail trading in the near future.

The general manager of Carrefour India Master Franchisee Company, Jean Noel Bironneau, said, "Our first wholesale cash-and-carry outlet will be opened in Seelampur in Delhi within 2-3 months. It will have an area of 55,000 sq ft and will have over 30,000 SKUs or products varieties."

Bironneau said his company was working towards the launch of a franchise concept as well but did not give any further details. He said in the wholesale format, locally sourced and imported items will be stocked side by side for potential B2B customers.

Wholesale trade mandates sale to only businesses, completely barring any sale to end customers.

The French retailer is already sourcing goods such as fruits and vegetables, decor items etc worth over $150 million from India.

"We intend to increase purchase for both our operations both within and outside the country. When we start having our own wholesale business in the country, our suppliers will increase and so will our product portfolio," Bironneau said.

He said that the Indian government was giving out positive signals on foreign investments for businesses, perhaps in reference to a long standing proposal of the industry to open up front-end retail trade to FDI.

Asked if the company will be ready to take a plunge into the multi-brand retail segment in case government opens it up for FDI, Bironneau said: "Of course, we will enter. There is so much potential. But it is still early to say much with regard to it."

Under existing law, FDI is prohibited in multi-brand retail, while foreign companies can have up to 51% stake in single-brand retailing. There is, however, no investment limit in the wholesale cash-and-carry segment.

While supporting further opening up of FDI norms in retail, Bironneau said the company has not so far given any suggestions to the government. About the company's long term plans, he said: "With 50 million kiranas, we have an immense possibility. However, it will take us time to be where we are now currently in Indonesia where organised segment has 56% share of the retail market."

DNA India, May 2010

Louise Philippe's footwear debut

Louis Phillipe, the premium apparel brand from Madura Garments, has forayed into footwear. Priced at Rs 2,999- Rs. 4,999, the shoes will be available in 30 exclusive Louis Phillipe stores across the country in the first phase of the launch.

The overall footwear market in India is estimated at Rs 30,000 crore. Of this, branded men's footwear in the organized retail is estimated to be around Rs 2,000 crore. the company plans to spend Rs 2-3 crore on advertising in the next one year.

Business Standard, May 2010

Tesco, GAP supplier to enter fashion retail

Crew B.O.S Products, a leading supplier of leather and fashion accessories to global brands such as Esprit, Armani, Tesco, GAP and Chico's, has decided to enter Indian retail market.

The Rs 350-crore exporter will float a wholly-owned subsidiary, Crew Republica Retail, for its retail foray, said Tarun Joshi, director of the Delhi-based firm. To start with, it will open stores selling branded bags, leather shoes, belts and some other fashion accessories in metros.

Crew B.O.S., one of the largest exporters of leather goods, will invest around Rs 80 crore to set up exclusive shops in Mumbai, Delhi and Bangalore, said Mr Joshi who will head the initiative.

He, however, refused to share the details of financing. “The idea is to establish already popular name in the international market in to a global brand,” said Mr Joshi.

“We would leverage our expertise in manufacturing products for most of the renowned global brands,” he said.

Crew B.O.S supplies fashion accessories and home decoration products made from fabrics, leather, metal and wood to brands such as Next PLC, Esprit, Armani Exchange, Zara, Massimo Dutti, Tesco and H&M in Europe and GAP, Banana Republic, Old Navy, Chico's and Fossil in the US.

Indian fashion accessories market is pegged at nearly Rs 2,000 crore, of which bags, shoes and belts account for more than 50 %, according to Ace Global, an international business consultancy and market research firm. The apparel accessories was Rs 910 crore in 2008 and is expected to reach Rs 1,200 in 2012.

“The presence of brands in the sector is extremely limited as 74% of the market is dominated by unbranded players, thus making it a style driven market,” said the ACE report, which was released in December 2009 .

Some imported premium and luxury brands in the India are Louiss Vitton, Aldo, Mango, Esprit, Guess and Agner.

Crew B.O.S supplies to international brands such as Next PLC, Esprit, Armani Exchange, Zara, Massimo Dutti, Tesco and H&M in Europe and GAP, Banana Republic, Old Navy, Chico's and Fossil in the US. Crew B.O.S exports fashion accessories and home decoration products made from fabrics, leather, metal and wood.

“We would leverage our expertise in manufacturing products for most of the renowned global brands. The idea is to establish already popular name in the international market in to a global brand,” said Mr Joshi.

The Indian clothing and fashion accessory market, that refers to products in apparel accessories, hard accessories like bags, wallets, fashion jewellery, time wear and eyewear, may double in next five years, Mr Joshi added.

The Economic Times, May 2010

Diesel sets foot in India

Finally, Diesel is here. The much sought after, youth oriented Italian lif-estyle brand will open seven stores in India this year in cities such as Mumbai, Delhi, Bangalore and Hyderabad as it focuses on the metro markets. The stores will offer an international range of Diesel merchandise similar to that sold in its stores worldwide.

Diesel has entered into 49:51 joint venture with Reliance Brands for its India foray into single-brand front-end retail. Reliance Brands is a wholly-owned subsidiary of Reliance Retail, a unit of Reliance Industries contro-lled by Mukesh Ambani. Reliance Brands also has joint ventures with Paul & Shark and Timberland in India.

"Location will play a crucial role for our expansion plans. We cannot open stores anywhere. Diesel is a lifestyle brand. The look and feel of each store needs to be different," Rosso

For instance, "The product portfolio of both the stores are different. However, the entire range is international. The customer will have the same feeling as he will have shopping at a Diesel store in Amsterdam or Dubai," said Darshan Mehta, president and chief executive officer, Reliance Brands.

The company wants each outlet to be a 'destination store', so there will not be more than two stores in each city. "We are planning to open two stores in upmarket areas of Delhi, one in Bangalore and one in Hyderabad. In the next phase we will look at rich pockets like Ludhiana, Amritsar and Chennai," Mehta said.

Over the next five years, the company plans to open 30 stores at high street shopping destinations and malls. Said Rosso, "In Reliance Brands we have found an ideal partner in size and ma-nagement skills with which we perfectly align on all strategic plans on how to develop in the Indian market.”

The stores will have the entire range of Diesel life-style products apparel, foo-twear, lingerie, sunglasses, fragrances and accessories as well as limited-edition pr-oducts developed in collaboration with other brands.

The Diesel range to be retailed in India starts from Rs 7,500 for a pair of denim jeans, he added.

To attract customers to its lifestyle brand, the firm plans to encourage diffident customers who make repeated visits but are undecided on purchases.

Reliance Brands is also looking at getting into more JVs with international bra-nds in future.

Financial Chronicle, April 2010

Promotions Optimization in FMCG Retail

Dr. Kamaljit Anand



Dr. Kamaljit Anand is Director and Co-founder of KiE Square Consulting. His primary areas of focus are CPG, Retail and Financial Services. Dr. Anand is also Statistical Advisor to DG Systems, Central Board of Excise & Customs, Ministry of Finance. He has been a Visiting Professor in the area of Marketing and Data Analytics with several reputed management institutions in the country.

Prior to his current roles, Dr. Anand was Head of Marketing Optimization and Financial Services Practices at Fractal Analytics. He has worked closely with several Fortune 100 companies and has played key role in designing solutions, recommending methodologies and implementations for various clients across geographies.

Dr. Anand had earlier worked for Gallup Organization and Centre for research in Retail at IIM Ahmedabad in the areas of market research and retail analytics. He holds a Doctorate from Indian Institute of Management (IIM), Ahmedabad and is a Masters in Science from University of Delhi.

Promotions Optimization in FMCG Retail

Consider a retail chain that spent a fortune to position itself as the most competitively priced chain through extensive mass media communication, non-weekend promotions with a celebrated lowest price day and through regular promotions on the most price sensitive assortments. Intuitively, all three efforts appear to be the ingredients of a reasonably well planned marketing calendar, however all three failed to show returns at the end of the quarter for the retailer.

Utilization of mass media communication by retailers has been a long persisting dilemma as the returns on short term campaigns have traditionally been low and the long term equity related campaigns do not link substantially with the base volume lifts for key categories. The estimation of long term effects of advertising otherwise also is an arduous exercise. Given the low penetration of organized retail in developing economies, the choice of mass media does not translate into commensurate volume lifts in short term or long term, however, there may be significant gains in store positioning and recall levels.

The lack of mass advertising options pre-empts the modern retailers to consider a mix of technology intensive CRM campaigns and conventional trade campaigns for generating incremental volumes. The CRM campaigns are individual or segment level marketing efforts deployed only by the retailers who have been able to invest into loyalty programs or market research panels to analyze basket level data for trends and patterns that can provide inputs for custom campaigns. As the specificity of such campaigns is high even though the base is small, there is a higher footfall ratio and resultant marketing ROI.

The conventional trade events have been the most reliable source for influencing category volumes in short term for retailers. The key determining factor of the success is to align effort behind the right category at their most responsive times using best combination of promotion types. Through a mini survey of retail chains in Asia, it was found that the chains primarily had fixed cost agreements at category level for most in-store activities. Such agreements were mainly aimed at maintaining trade agreements with manufacturers and were not true marketing efforts influencing **incrementality in sales**. So, often there is lack of flexibility to design or prioritize category campaigns and a greater degree of planning needs to go in for drawing out the category promotion calendar for the year.

Determining sales promotion effectiveness

Our learnings from the analysis of successful store promotions indicate that a well-designed promotion campaign should essentially have the following characteristics:

- Demonstrable Incremental Sales (after adjusting for seasonality, natural response and other marketing activity impacts)

- Demonstrable Sales Sustainability (reflected in long term base volume additions)
- Low Post-promotion cannibalization
- Low Frequency - High Impact events
- Repeatable and Scalable events

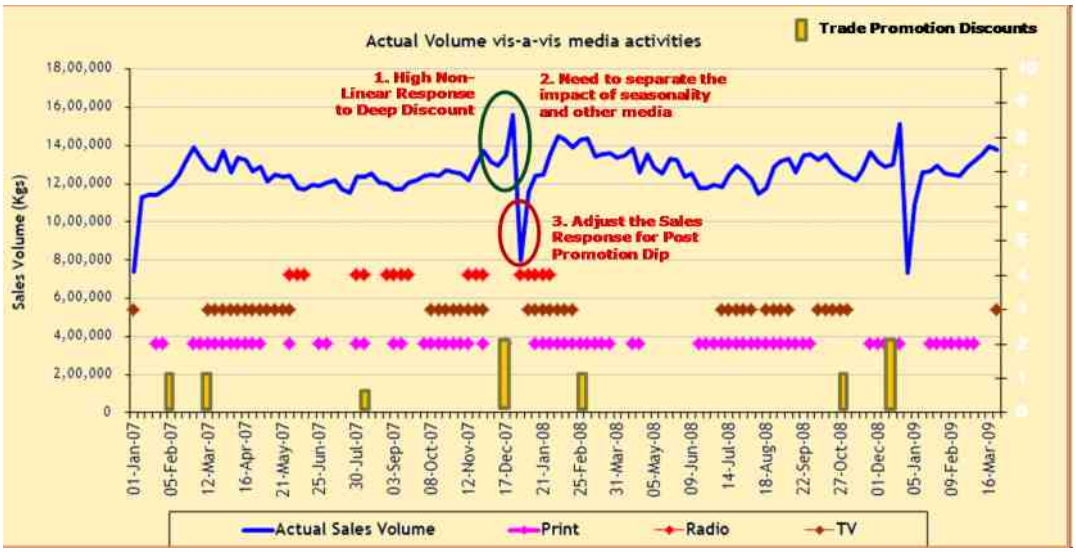
As the biggest challenge for demonstrating sales effectiveness is in marketer's ability to isolate the incremental sales from overall sales, it is imperative to understand the significance of the same in the context of the promotions and identify any important determination issues.

Incremental sales is the true contribution of a marketing or sales event after removing the influence of all other factors and comparison of resultant sales with appropriate baselines. In the lack of this, many of the promotion campaigns report inflated or deflated sales impact. Typically incremental sales results from events that are able to attract new footfalls or are able to make existing footfall to convert more or consume more without compromising future consumption from the same consumers. In other words, the promotion events may intend to raise footfalls, increase conversion and expand the average basket size. Different promotion events are able to influence these various objectives to varying extents and hence the marketer needs to clearly identify the promotion objective and accordingly use a mix of event types. Majority of the surveyed events however, were not able to generate incremental footfalls, although they were able to influence conversions or basket size to some extent.

Non-weekend promotions is one of the most significant ways of attracting incremental footfall, if the profile of the weekend customer is well known and significantly different. If the weekday promotions attract the same pool of customers, the incrementality is largely compromised. With one such retailer, that promoted heavily on weekdays it was found that although the quantum of footfalls had gone up substantially on the lowest price day, but the profile of footfall was not any different from the weekend one. As a result, over a period of the time the weekend sales declined as a significant proportion had shifted to the lowest price weekday. A related compromise was that retailers often promoted in-store or to existing customer base to achieve incremental sales, whereas the true incrementality in footfalls is achieved through out of store promotion or communication. Catalogue events are typically better on incremental footfalls than non-catalogue promotions.

Deep price promotions have high non-linearity in sales response and as a result the retailers are able to generate significant temporary lifts over baseline. On a closer scrutiny, however, it was found that about 50% of such promotions resulted into consumers stocking up that led to post-promotion dip/ cannibalization. When the protracted impact of this cannibalization was studied, it was found that at least 20% of all such promotions were net negative and many more were low on sales incrementality (Refer Graph 1).

Graph 1: Determination of Incremental Category Sales vis-à-vis marketing activities



© KIE Square Consulting, 2010

Key Determination issues for Incremental Sales

There are several methodological challenges with respect to determination of volumes attributable to sales promotions.

1. Determination of a comparable baseline volume
2. Identification and treatment of seasonality in data as it artificially inflates/ deflates the promotion response if executed in a sensitive period and not adjusted for the same
3. Adjustment of the lift volumes for category penetration, depth of discount, types of promotion, store penetration (if comparison is across chains), promotion distribution across chain (% of stores*SKU covered)
4. Separation of the impact of own marketing activities and their interaction with sales promotion.
5. Determination of pre and post promotion cannibalization impacts
6. Attribution of the Competition Impacts
7. Cross category promotion halo

Factors Influencing Sales Promotion Optimization

There are several factors that may be considered for development of a cross-category sales promotion optimization schedule.

Category Characteristics

- Category Penetration
- Category Elasticity
- Categories with highest ROI
- Category Base Volumes
- Key Destination categories
- Key Reference Price Items within categories

Chain Characteristics

- Chain Positioning (s.g. EDLP/HILO) vis-à-vis competition
- Unique and Shared footfall
- Chain penetration vis-à-vis competition

Past Information on Promotion Effectiveness

- Sales effectiveness of each promotion type
- Sales effectiveness of various communication channels
- Competitive response and Inter-week cannibalization

Tactical Information

- Available Aisle Weeks (After removing long term fixed contracts)
- Category Budgets

The optimization of the promotion calendar with due consideration to the above factors is a complex exercise and needs to be a simultaneous process for best results. As an illustration, the impact of some category level factors can be seen below but an elaborate illustration of the same would be done in the next part of this article series.

High penetration categories like confectioneries, soaps may not easily yield incremental footfalls for the category at a region level but volume substitution across stores within the region is an opportunity that needs to be planned well by retailer after assessing the category elasticity, pre and post promotion slumps, seasonality effects and competition response. Low penetration and high elasticity categories typically provide a good response to price promotions and if the same is carried out on Key Reference Price items the impact is even more significant. On the contrary, high penetration, low elasticity categories provide less opportunity to leverage price promotions for retailers. However, there are several non-price promotions that can be designed for such categories. In a cross category comparison, more emphasis can be provided to Low penetration, high elasticity categories for high lifts, but for absolute gains the decision should be guided by category ROIs and often high penetration categories yield well.

Table -1 Incremental Sales impact of Promotional campaigns across Key Category characteristics

		Category Penetration	
		High e.g. Soaps & Detergent, Biscuits, Tea	**Low** e.g. Aerated Beverages, Electronics, Cigarettes
Category Elasticity	**High**	Moderate Incremental Sales Potential. Price Promotions and product bundling are well perceived e.g. Soaps & Detergents	Good Incremental Sales Potential. Price promotions work well to draw incremental footfalls as this category has key referenc price items. e.g. Aerated Beverage, Electronics
	Low	Low Incremental Sales Potential. Non Price Promotions often have better lifts e.g. Biscuits, Tea	Moderate Incremental Sales Potential. Non price promotions with Loyalty incentives may result long term incrementality e.g. Cigarettes

© KIE Square Consulting, 2010

Conclusion

There are mass media and CRM based campaigns that are potent vehicles for influencing retail offtake, but require high penetration of retail chain and investments into a CRM system respectively. The retailers therefore have heavy reliance on traditional trade promotion methods, which have several influencers. While there are several ways in which promotion optimization can be carried out by the retailers, a key aspect of the process is to ascertain the level of optimization viz. across category, within category, within/ across store chain and consideration of the influencing factors like category characteristics, chain characteristics and past information on promotion effectiveness. This article focused on key determining factors of sales promotion effectiveness, discussion of the concept of incremental sales and issues related to its estimation. The factors to be considered for promotions optimization were also highlighted and the same would be elaborated in the next article in the series with the focus on one of the possible mechanisms of promotions optimization.

Kellogg's®

WAKE UP to BREAKFAST

Begin the day...the Kellogg's® way!

A tasty way to nutrition

- ✓ Made from natural grains
- ✓ Low in fat
- ✓ Enriched with vitamins and minerals
- ✓ Quick and convenient to prepare and eat

100% Veg

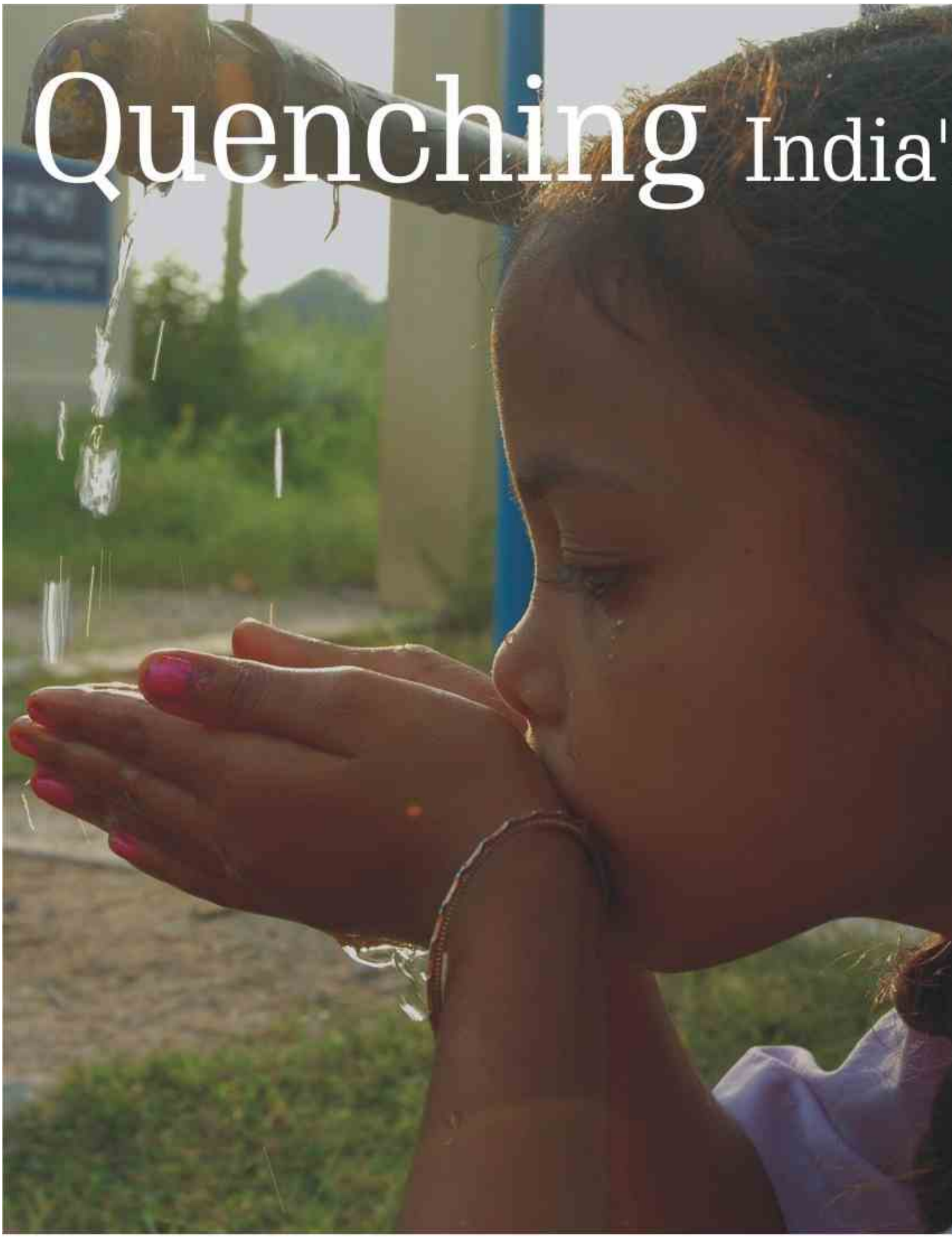


Plus 6 variants | Plus 3 variants | In 4 variants | In 4 variants at Rs. 10/- each

Kellogg's® NUTRITION™

Get A Taste For The Healthy Life™

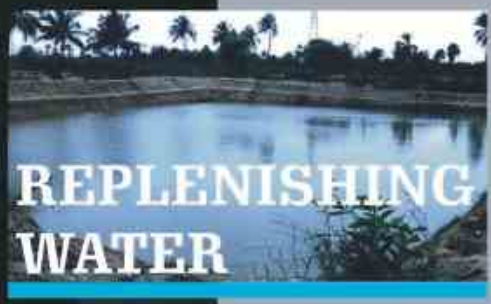
For more information e-mail to nutrition.india@kellogg.com


Quenching India'

s thirst for progress

with our mission

'Performance with Purpose'



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.



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**.



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

What's New and Buzzing!

FDI in multi-brand retail: Commerce ministry panel to study possibility

The commerce and industry ministry has set up a five-member committee to study the possibility of allowing FDI in multi-brand retailing.

The committee, which has been set up by the department of industrial policy and promotion, will be headed by an officer of the rank of additional secretary from the department of consumer affairs , and will include representatives from the agriculture ministry, department of economic affairs and the ministry of micro, small and medium enterprise , besides DIPP.

"The panel has been asked to meet stakeholders so as to elicit their views on the proposal to allow FDI in multi-brand retailing," said a senior DIPP official.

The subject is a political hot potato, with the principal Opposition party, BJP, making it clear that it will resist any move to permit FDI in multi-brand retail, arguing that such a step would sound the death knell for the small and medium enterprises and local kirana stores, which form its core constituency.

The decision to set up the panel is being seen as a follow-up to the release of a discussion paper on the subject by the department in May. The 21-page document had come out with the pros and cons of the move to allow FDI in multibrand retailing, besides undertaking case-studies of Brazil, Argentina, Singapore , Indonesia, China and Thailand, which have not placed limits on equity participation , and Malaysia, which has put a cap.

That the government was exploring the possibility of facilitating FDI in multi-brand retailing was clear from commerce and industry minister Anand Sharma's statement made on April 27, when he affirmed that the Centre was consulting various stakeholders on the issue.

"FDI in multi-brand retail is part of the discussion paper being prepared by our ministry. We are also studying the scope of FDI in sectors like agriculture, defence and retail," he had said.

BJP, however, has already declared its intention of opposing the move tooth and nail. "BJP is against FDI in multibrand retailing. There are nearly 10 crore enterprises (SME and trades) in India and it is believed that they are growing by 15% annually. MNCs, with their predatory pricing policies and large cash reserves, will crush our retailers," party spokesperson Nirmala Sitharaman had said in a statement issued on July 8.

Responding to the DIPP discussion paper, she remarked: "It is well known that the UPA government is in a hurry to open the retail sector for foreign investment. Slowly but surely, steps are being taken in this direction. Initially, the cash and carry business was opened with the intention of allowing FDI in the wholesale trading.

There were instances where this business actually became a retail trade in the garb of cash and carry. Thereafter, single brand retail trading was allowed through outlets. The next step in the direction was to allow Indian companies to set up retail stores ostensibly without FDI, but actually permitting a device by which the Indian companies would be the front office with a foreign investor being the back office under the garb of cash & carry," Ms Sitharaman said.

The Economic Times, August 2010

'Allow 49% FDI in multi-brand retail, but with rider'

The Consumer Affairs Ministry has recommended allowing FDI in multi-brand retail to the Commerce Ministry, but with the rider that a model law should first be put in place at the state-level to protect small businesses.

"Multi-brand retail should be permitted with a cap of 49 per cent," the ministry has suggested to the Commerce Ministry.

However, if FDI is allowed in multi-brand retail, a major chunk of the investment should be spent on back-end infrastructure, besides logistics and agro-processing, it said.

The Department of Industrial Policy and Promotion (DIPP), under the aegis of the Commerce Ministry, has floated a consultation paper seeking various stakeholders' views on whether to allow FDI in multi-brand retail.

Currently, Foreign Direct Investment (FDI) in multi-brand retail is prohibited in India. FDI up to 51 per cent has been permitted in single-brand retail since 2006.

The Consumer Affairs Ministry, however, stressed that since retail business is a state subject, there should be a model law, for instance a Shopping Mall Regulation Act, to protect the interest of small retailers.

“Setting up of model law in line with the Agriculture Produce Marketing Committee (APMC) Act is a very important suggestion that we have put forth, as it is necessary to protect small retailers,” a senior ministry official said.

The APMC Act in each state of India requires for all agricultural products to be sold only in government-regulated markets.

The ministry further said that small retailers should be encouraged to become franchises of multi-brand retailers so that they have access to the logistics/supply chain set up by FDI-funded retailers.

Also, it has agreed to the DIPP's suggestion that the government should collect a certain amount of levy from private traders in case buffer stocks of foodgrains fall below a certain level. Other regulations like the Essential Commodities Act should be applicable to multi-brand retail also, a senior official said, adding that the DIPP should consult with the state governments before allowing FDI in the multi-brand retail business.

Hindu Business Line, August 2010

ACE in Retail

Kumar Rajagopalan is currently working as the CEO of Retailers Association of India.

Retailers association of India (rai) is the unified voice of retailers in India. RAI works with all stakeholders for creating the right environment for the growth of retail industry in India.

Prior to joining rai, Kumar was the country head retail solutions at IBM.

Prior to working with IBM, he worked with Shopper's Stop Ltd. for 13 years. During his tenure with Shoppers' Stop Kumar has had varied responsibilities including : Head of Finance and Systems, Head of Operation , Head of Buying and Merchandising for Non-apparels , Head of concessions, Head of a venture called 'Bargains' and finally was deputed as the Executive Director and Chief Operating Officer of 'Crossword Book Stores'.

Kumar is associated with various organizations and industry bodies that help and promote retail. He is also a visiting faculty in various business institutes. He has contributed articles to magazines on topics like profitable retail operations, feast to famine theory in buying and merchandising, Strategic resource management in retail etc.

Vidya Hariharan is a senior professional in the Insurance and Financial Sector in India. She has spent 15 years in various capacities with companies such as Swiss Re, Deutsche Bank and KPMG Consulting. She is currently serving as an independent Strategic Advisor to a leading healthcare service provider. Her most recent assignment was with Swiss Re where she has spent the last 9 years, in India and in Zurich. She has an MBA in Finance, and is a student member of the Institute of Actuaries of the UK. She is married to Kumar Rajagopalan, who is the CEO of the Retailers Association of India.

At lunch in one of the five star hotels in Mumbai (ITC Grand Maratha), the waiter saw me squinting at the fine print on the menu. A combination of dim lighting and my own stubbornness in not admitting that I need my reading glasses for reading well everything - had got me. My normal way of dealing with this situation is to smile at the waiter and ask him to recommend a dish. Imagine my surprise, and delight when I was offered a selection of reading glasses in a velvet lined box. With considerable flair and élan, the wait-staff helped me find the right pair and also joked with me about the flip side of the cozy lighting in the restaurant.

That incident is responsible for creating a specific brand feeling around the ITC. It's a place I frequent, and not just because of the food (to be perfectly honest, the food by itself is par for the course) and location (its next to my office) but because of that moment of pleasure which has created a gilt-edged memory in my mind.

Or take the example of Jet Airways. My wife was flying with them on her birthday. She was wished by the staff at the check-in counter, was upgraded to business, and was given a box of chocolates by the stewardess. A gilt edged moment for her. To be sure, she is a Platinum frequent flyer with Jet but that one moment has ensured that she will go out of her way, to the extent practicable, to remain a platinum frequent flyer with them.

A third example of superlative customer service was an incident with Samsonite. We had taken a backpack which was purchased two years back because some of the fabric was “puckering” . Because the backpack was within the 3 year warranty, Samsonite replaced it for no charge. That single incident has converted my wife. From viewing Samsonite as being “Waaay too expensive who would pay so much for a suitcase” she's just returned from their August end-of-season sale having bought 2 suitcases, 2 pairs of shoes and one laptop strolley.

In all the above cases, the customer got more than what he expected. All of these were 'Above Customer Expectations' (ACE) moments. All these moments of truth have been created not by chance, but by institutionalized processes. Unfortunately such stores of superlative service are few and far between in modern retail in India.

A telling example is the way in which retail companies deal with customers with special needs. For example how many of the big departmental stores in India provide prams for children? The supermarkets do (that's because standard trolley design includes a little 'cage' for the child) - but department stores? How many stores provide a play area where children can be left under supervision? It's a bit ironic that stores which have large children's and toys departments don't have play areas for their customers. In other words the message is "if you're not buying, I am not interested."

Traditional Indian retail has always provided a very high level of customer service. From the corner paanwala who will deliver a single loaf of bread to your apartment to the next door kiranawala who used the 2008-9 recession to offer credit to a cleverly selected bunch of customers (all salaried, white collar households i.e. low credit risk) in a bid to ensure that cash memo size is maintained, all these represent well crafted examples of customer service. There are other examples which fall into the category of the small / mid sized retail chain.

We don't see them, much less learn from them because we think that these are individual examples. Within their context however, they are institutionalized mechanisms which provide service differentiation - its just that these happen to be nano-institutions, which are getting smart in how they use technology. For example the Chitale Bandhu shops in Pune allow customers to bill at various counters courtesy of a smart card which significantly reduces wait time during billing. Enriche Salons offer customers on their loyalty cards, deep discounts on the most frequently consumed treatments... the list goes on.

Most large organized retail stores reward individual attempts at providing superior service. So you have numerous 'Employee of the Month' campaigns and Reward and Recognition systems. But there are multiple areas where creating differentiated customer service can be in fact can only be done at an institutional level. For example the best part of going to a large store is shopping the worst part is the time spent waiting for billing. Worse is the time it takes to get the car into a mall during peak hours. Providing customers with opportunities for queue busting has a huge amount of value. Customers enjoy browsing for their merchandise, but hate to stand in a queue to pay their bills. A visit to an Apple store in the west can be satisfying for most since billing is done by mobile cash tills coupled with the offer to send you the bill electronically. That's a strong service differentiation at an institutional level, which can only be done with the right support infrastructure.

The fact is that, as customers, we don't care for personalized service as much as we do for an experience which is far above expectations, at a point of time when we least expect it. Its called ACE Above Customer Expectations. Every retail company needs to have ACE processes things which are deliberately aimed at creating those moments. For example JET airways has a method of tagging customers as "Commercially Important Passenger" or "CIPs" based on sector and frequency of travel - and providing these customers with enhanced, differentiated service levels. For customers, the perceived value of these moments of differentiated service is significant and will be used to justify marginal price differentials.

Most of the loyalty programs in retail function on the principle of providing purely financial incentives to loyal customers. This can serve as a filtering mechanism at best but doesn't provide an institutionalized platform for creating a relationship. Relationships many a times are made by setting up process that touch the 'feelings' of customers rather than the calculating mind of the customer.

A good example of the need to "create" those service hooks in terms of personalized service differentiation is what's happening with new age private sector banks in India. All of them focused on creating a strong technology platform, to encourage online banking and optimize costs of setting up a branch network. This has been successful both in terms of the ability to create virtual reach as well as a cost management mechanism.

Having created a large customer base, the banks struggle when it comes to maximizing share of wallet of the customers transactions they are not able to realize the full financial potential of their customer base because of a lack of institutionalized and personalized service delivery. The focus on depersonalizing customer interaction has worked too well. Customers use the technology advantage these banks provide but prefer to use other service providers either PSU banks or boutique foreign banks when they require financial advise in other words a personal touch. The new age banks have created mechanisms to speeden up banking, but in many cases, have not means to consolidate customer relationships and end up selling products instead of solutions to customers.

Most retail stores who set up loyalty programs are not clear on what needs to be done with customers who cross "thresholds" in the loyalty program. The usual instinct seems to be financial remuneration additional discounts, or increasing the scale at which customers earn points. Arguably they would be better off offering queue busting, personalized shopping assistants, birthday surprises instead of offers, car valet service, guaranteed parking etc. for these customers.

Retail Consolidation

Vishal Retail signs debt restructuring pact with TPG

Vishal Retail Ltd said on Wednesday its board has approved the terms of an agreement with private equity firm TPG VW Ltd in accordance with the debt restructuring scheme approved by the company's lenders. The agreement with TPG is subject to negotiations and executions of definitive agreement, the company said in a statement to the stock exchange. No other details were provided.

Vishal Retail founder and chairman Ram Chandra Agarwal declined to give any immediate comment when contacted by Reuters. Vishal was in talks with TPG and may close a deal in 2-3 months, Agarwal had told Reuters earlier this month.

Vishal Retail, which runs a chain of 170 stores across the country, ran into difficulty in late 2008 after it failed to raise equity amid an economic downturn which also hit sales, leaving it with a debt of about Rs7,350 crore. The company approached lenders in November for debt restructuring.

As per negotiations between Vishal and TPG, the private equity firm was to set up a wholesale company, Agarwal had said.

The assets and liabilities of Vishal were to be transferred to the wholesale company on a slump sale basis, he had said, adding that Vishal Retail would cease to exist after the deal and he would hold no stake in the new company.

Livemint, June 2010

Spice Mobiles set to merge with parent company

Spice Mobiles said it would merge with the parent company Spice Televentures as part of a plan to consolidate the group's telecom businesses. The Spice Group announced merger of its mobile retail business Spice Televentures with the handset division Spice Mobiles. BK Modi, chairman Spice group said, "Spice Mobiles will reverse merge with Spice Televentures and the new venture will be called Spice Mobility."

"The merger will result in 4.2 crore treasury shares, of which 3.2 crore will be placed in the market, helping the company raise about Rs 300 crore," Modi explained. The reverse merger will result in a cash flow of Rs 300 crore (through sale of treasury shares) and will be utilised for financing expansion of its mobile retail outlets in the country as well as acquisitions. Commenting on the company's plans, Modi said, "(Post-merger) we would focus on handsets, VAS and retail chains. So any acquisition that is of the right valuation, we would look at it. It is difficult to quantify the number of outlets that we are looking at, but we would focus on seven cities; four metros and Hyderabad, Ahemdabad and Bangalore,"Modi said.

Hindustan Times, June 2010

CCD acquires Czech Republic's Cafe Emporio

Homegrown coffee conglomerate Amalgamated Bean Coffee Trading Company (ABCTL) gave a boost to its international retail ambitions by snapping up the Czech Republic-headquartered Cafe Emporio for Rs 15 crore.

Cafe Emporio was originally managed as a subsidiary under Czech company Orea Hotels. In 2006, the 20-24 outlet chain was taken over by private equity firm Cimex Invest. However, Cimex shut down half the cafes due to poor profitability. Cafe Emporio, which has seven outlets are in Prague, also operates two formats including a pure-play cafe as well as a lounge.

ABCTL's retail arm, Cafe Coffee Day, is targeting 50 overseas outlets in the next 2-3 years. The takeover of Cafe Emporio will help CCD add to its outlets in Vienna, Austria. CCD owns four outlets in Vienna which has served as a gateway for its entry into Eastern Europe. It also has two franchise-operated outlets in Pakistan but the contribution of the overseas business to the group's turnover is negligible at this point.

"We are focused on increasing our footprint across the central and eastern European region both organically and inorganically as the business requires scale. We wanted to enter this region before the market got crowded," Shweta Shetty, president, international business for Cafe Coffee Day told.

By taking over regional coffee retail outlets or cafes in this emerging market, CCD expects to reduce its time to market in these countries.

The Economic Times, June 2010

Goldman may pull out of Bector's

Goldman Sachs has revived its plans to sell 10% stake in Mrs Bector's Food Specialities, makers of Cremica biscuits and ketchup, as the investors' risk appetite returned with strong showing of Indian stocks.

The US securities firm, which also manages private funds, is looking to exit its four-year-old investment at a time when the food industry faces squeezing margins and rising competition.

"Goldman Sachs has floated a fresh proposal to exit the company last month, and a formal process has been kicked off some weeks back," said an official involved in the deal.

The Bector family, which controls the company, may also sell part stake along with Goldman, said the person. "I have no comments to offer on Goldman Sachs," said Anoop Bector, managing director at Mrs Bector's Food Specialities. On his family's planned stake sale, he said: "It is not true."

In the first quarter of 2010, more than 10 funds sold stakes compared with three during the same period last year, according to data from research firm Venture Intelligence. The sale includes Sequoia Capital's 13.5% in Manappuram General Finance. Although, companies such as Britannia and Nestle have been reporting margin fall, firms such as Jubilant Foodworks, the sellers of Domino's Pizza, have given more than 100% returns since initial public offering.

Goldman bought a 10% stake in Bector's for Rs 50 crore four years ago, valuing it at Rs 500 crore. It is not clear as to what valuation it is seeking now. The financials of the privately-held company are not known, but its annual revenues are estimated to be Rs 500 crore.

Mrs Bector's, founded in 1978, makes Cremica biscuits, ketchup, condiments and breads. The company that counts McDonalds and the Indian Army as its customers has a capacity to manufacture 230 metric tonne of biscuits a day. It exports nearly 40% of the production and employs 2,500 people, according to its website.

The Economic Times, May 2010

HUL's biggest national roll-out may add Rs320 cr sales in first yr

Consumer goods firm Hindustan Unilever Ltd (HUL) could add around Rs320 crore to its revenue, following the roll-out of its most ambitious trade initiative called Perfect Stores, said an executive at Technopak Advisors Pvt. Ltd, a retail consultancy firm.

For HUL, India's largest packaged consumer goods company by revenue, it is one of the largest and fastest roll-outs of a marketing strategy to get back its lost market share.

In the first three quarters of fiscal 2010, HUL's revenue was Rs13,208 crore.

The maker of Lux, Wheel, Dove and Kissan tomato ketchup, HUL is rolling out the Perfect Stores concept across 80,000 stores in 72 cities with a population of at least 100,000 in the next six weeks. The objective is to raise sales in these stores by 30%. All these stores will have similar in-store display and merchandising.

Since the average size of a neighbourhood grocery store is around 200 sq. ft and sales per sq. ft are Rs6,000 a year, typically one such store has a turnover of Rs12 lakh a year, according to Raghav Gupta, president of Technopak Advisors.

If HUL products account for 25% of such sales, then the sales of these products at one such store will be to tune of Rs3 lakh a year, he said.

Going by Gupta's calculation, if this initiative leads to a 15% increase in sales, then HUL products will record a rise of Rs45,000 a year in each of these 80,000 stores. The overall increase in sales of HUL products at these stores will be Rs360 crore and, after removing the retailers' margin, the growth will be Rs317 crore.

Gupta, however, has taken a conservative estimate of 15% rise in sales while the company itself expects a 30% rise.

Perfect Stores is the last mile of HUL's go-to-market strategy that was started about three years ago. The company aims to rationalize its distribution network, make it more efficient, deliver stocks to retailers faster and reduce inventory on their product shelves.

Traditionally, HUL took time to react to competitive pressures as it had a pipeline of stocks to exhaust. It typically took 10-12 weeks for price cuts to reach its customers. With a quick turnaround of stocks, the company is aiming at a zero or, at the most, one-day stocking level.

Ahead of the roll-out, it ran a pilot in January-March in Coimbatore, Tanali (Andhra Pradesh), Chandigarh, Bhubaneswar and Thane.

Now, the Perfect Store concept has been extended to the top 80,000 stores of the one million retail outlets that HUL reaches out to directly.

The company's joint venture Hindustan Unilever Field Services Pvt. Ltd, which was formed for modern trade channels with Smollan Holdings, an in-store execution and field services firm in South Africa, in November 2007, has now been extended to cover general trade.

The national roll-out began early this month, and in the first week, HUL created around 20,000 Perfect Stores.

"The creation of Perfect Stores has been made possible due to a three-year history of the stores sales," said Suhas Jain, a supervisor at Mumbai with HUL.

"There has been an increase of 30% in sales in Perfect Stores," said Hemant Bakshi, executive director (sales and customer development) at HUL.

The focus on general retail trade is among one of the many initiatives that the Anglo-Dutch Unilever's Indian unit is looking to double its revenues.

Over the year, it has been engaged with rival Procter and Gamble Co. in price wars and legal battles over washing powder supremacy.

Livemint, May 2010

Canatbil gets Sebi nod for IPO, to mop up Rs 150 cr

The city-based apparel-maker and retail chain Cantabil today said it has secured Sebi approval for its upcoming public issue.

The public float is expected to hit the market within next two months and the company is hoping to raise up to Rs 105 crore from the process. The proceeds would be used for funding its expansion plans, Cantabil Retail said in a statement here today. The company had filed the draft red herring prospectus with the market watchdog Sebi last September.

"Cantabil has received Sebi nod for its forthcoming IPO. The IPO is expected to hit the market shortly, may be within a month or two... The company intends to raise up to Rs 105 crore from the IPO," Cantabil said in a statement but without giving further details.

"The objective of raising the funds is to set up a new manufacturing facility at Bahadurgarh in Haryana, retail expansion, repayment of part of debt," the statement added.

Cantabil currently has over 380 exclusive outlets across the country under two brands--Cantabil and La Fanso--offering a range of apparel, including formal-wear, party-wear, casuals and ultra-casual clothing for all segments.

Promoted by the New Delhi-based businessmen Vijay Bansal and Deepak Bansal, it also has three in-house manufacturing units and four warehouses located in the city.

The Economic Times, May 2010

Aditya Birla Retail seeks more bang for buck

Aditya Birla Retail Ltd is looking to consolidate its retail business by focussing on revenue and margin growth. Besides shutting down unviable stores, the company is ramping up its hypermarket brand More Megastore.

"The focus clearly for us is to make the business profitable. In the past, we have closed and re-sized unviable stores and are now looking at boosting our revenues by improving on our margins," Mr Thomas Varghese, CEO, Aditya Birla Retail, said.

More stores

The company, which opened its first hypermarket in Delhi, said it will be adding 10 such stores in the current fiscal. Currently, there are seven hypermarket outlets pan-India. "The hyper stores can accommodate larger number of SKUs and will be available to consumers at a highly discounted rate. This also helps us build margins in the long run," he said, adding the store will house 25,000 stock keeping units across various categories.

The hypermarkets segment in the country is dominated by players such as theFuture Group's Big Bazaar and the Raheja-promoted Hypercity.

He said ABRL is putting a lot of thrust on private labels. "Private labels are margin enhancers and we would be like to present in more categories in the near-term. At least 17 per cent of our sales comes from our private brands. The share is growing by 50 per cent in the foods category, and by 20 per cent in the FMCG category." The company is also looking at collaborations with vendors to create products for its More outlets.

ABRL plans to ramp up its total mall area to 10 million sq ft over the next five-six years. “We hope that in five-six years, we will be a company with 10 million sq ft. At the moment, we have 1.85 million sq feet,” said Mr Varghese.

For the current fiscal, the company has earmarked Rs 200 crore as capital expenditure for store expansion as well as investments in information technology.

Asked about when the company hopes to be profitable in the business, Mr Varghese said the company hopes to be EBIDTA positive by 2012. The company, which clocked a turnover of Rs 1,450 crore in March 31, 2010, said it is eyeing a growth of 30-35 per cent for the current year.

Business Line, May 2010

Size does matter for retail biggies in India

Low rentals and abundance of retail space are two major factors encouraging a number of big retail players to open large format stores - of sizes ranging from 35,000 to 70,000 sq ft.

Prominent among these players are Aditya Birla Retail Ltd, Spencer's Retail Ltd, Pantaloon Retail (India) Ltd, Bharti Retail and Shoppers Stop.

Shoppers Stop has plans to open three to five stores of 65,000-70,000 sq ft area and another two to three stores of 50,000 to 55,000 sq ft. According to media reports, Spencer's plans to open between 15-20 large-format stores with average size of about 35,000 sq ft this fiscal. Bharti Retail plans to open 10 large stores ranging between 35,000 sq ft and 50,000 sq ft in the next one year. It will also open 60 smaller stores during this period.

According to Thomas Varghese, chief executive officer (CEO) of Aditya Birla Retail, "It is administratively easier to manage 200 employees at one location than a workforce dispersed over large independent locations. Large- format stores are destination stores where all your needs can be met under one roof.

You can meet all your daily and monthly requirements of fresh foods and grocery, apparel, general merchandise and consumer durables, IT and electronics." Varghese said the company has plans to open at least eight to 10 outlets this fiscal. "Store sizes would vary from 50,000 sq ft to 70,000 sq ft. We are opening our first hypermarket in Delhi- NCR's Rohini this month and we will open our first hypermarket in Hyderabad next month," he said, adding that the remaining outlets would come in the top metros and other Tier-I cities and high-market-value cities with a population of more than a 10 lakh people.

Large-format stores can be helpful in terms of negotiating rentals. "There has been realism on rentals of large boxes. There is a growing realisation among mall owners that having a very strong anchor tenant at a hypermarket is essential to make malls a success,"he said.

According to a study by global property consultancy Knight Frank, India would have a surplus of 21 million sq ft of additional retail space across Mumbai, Pune, Hyderabad, Delhi-NCR, Kolkata, Bengaluru and Chennai in the next two years. This, too, is expected to keep the rentals low in these cities.

Shubhranshu Pani, managing director of retail services at global property consultancy firm, Jones Lang Lasalle Meghraj (JLLM), said that southern and western states could have major shares in this expansion story.

"Cities like Mumbai, Pune and Nagpur in Maharashtra could see a lot of these large-format stores coming up. While in the south, top metros like Chennai, Hyderabad and Vizag and also Tier-II cities could see some of the large stores coming up," he said.

In the south, retail rental rates vary between Rs 50 per sq ft to Rs 150-200 per sq ft depending on the region. In comparison to Mumbai and Delhi-NCR, retail rental rates in Chennai and Bangalore are cheaper by 50 to 60 per cent. Rentals in India are still considered to be among the highest in the world and account for 10 to 15 per cent of the retailer's operating cost. The percentage in other countries is as low as four to five per cent.

Pani said that retail players are reluctant to get into expansion in the north as the property rentals are high and getting property is not easy either.

Mail Today, May 2010

Retail Expansion

Prestige to come up with malls in five cities

The Prestige Group is planning to launch the Forum Mall in Chennai, Mysore, Mangalore, Hyde-rabad and Kochi. In addition to a couple of commercial projects that are coming up in Chennai, the company has plans for residential projects across south India in Chennai, Mysore, Mangalore, Hyd-erabad, Kochi and Goa.

Prestige Group, which is expected to come out with an initial public offering (IPO) soon, recently inaugurated Prestige Cyber Towers on Old Mahabalipuram Road in Chennai.

Prestige Cyber Tower is spread over 3.19 acre. The total built-up area of the building is 4.68 lakh sq ft consisting of two basements, ground and eleven floors with an average floor plate of about 40,000 sq ft along with a multi-level car parking. The building has six passenger lifts and one service lift with an independent lift for the multi-level car park.

The infrastructure facilities include 100 per cent power backup and hi-side air conditioning. The company said the building complies with all local fire regulations with fire fighting and suppression systems comprising sprinklers, fire hydrants, hose reels, fire alarm system for common areas and smoke detectors for common areas.

Irfan Razack, chairman and managing director, Prestige Group, said, “Chennai is one of the fastest growing metropolises in the country and we see a lot of opportunity in its dynamic growth story. It will be our constant endeavour to create the same successful value proposition that has been the signature Prestige in all our projects in the Chennai market.”

Recently, the company won Realty Plus Award for 'the residential developer of the year' and the Images Shopping Centre Award for Forum mall in the 'best mall category' given for the best RoI (return on investment) for retailers.

The company also won seven awards at Asia Pacific Property Awards 2010. The award winning projects include The Architecture Award (Retail) India - UB City, Best Development Marketing India Prestige Oasis, The Architecture Award (Office) India UB City, Best Retail Development India The Forum Value Mall, Best Hotel Construction & Design Oakwood Premier Prestige Serviced Residences, The Architecture Award (mixed use) India UB City, and The Architecture Award (Leisure & Hospitality) India UB City.

Financial Chronicle, June 2010

Pavers England mulls 19 exclusive franchisee stores

With an aim to expand its footprint further in India, British footwear brand, Pavers England, plans to open 19 exclusive franchisee stores by the end of this fiscal, a top company official said. The company presently has six exclusive franchisee stores in Mumbai, Delhi, Hyderabad and Chennai.

The footwear retailer would be opening six exclusive franchisee stores in the next six weeks in the existing cities and one in Bangalore, he said.

Footwear market in India is growing rapidly and is poised to reach the Rs 40,000-crore mark in the next five-years, Paver said.

Pavers England also plans to double its point of sales by end-FY'11, he said.

"Presently, we have 100 point of sales and plan to add 100 more by the end-this fiscal," Paver said.

The company, which started its operations in India in 2008, caters to a niche market and has a range of footwear in both the men and women segments. The company started sales of its footwear in the country with Reliance Footprints, a speciality store of Reliance Retail. Its footwear is now also available in Shopper's Stop, Lifestyle and Central.

Pavers England has one research and development center near Chennai where it designs its footwear.

The company has five manufacturing vendors -- three in the south and two in the north.

The footwear manufactured by the five vendors not only cater to the domestic market but are also exported to Europe, he said.

The company has three distribution hubs -- Mumbai, Delhi and Chennai, and now plans to set up one in the eastern region in the next 12-months, Paver said.

Paver said that the company would focus on opening exclusive franchisee stores only in metros and Tier I cities for some time.

The Political and Business Daily, May 2010

The Mobile Store to adopt organic, inorganic growth routes

Essar group-promoted The Mobile Store (TMS), plans to adopt both the organic and inorganic routes for growth and also rejig its operations, a senior company official said.

The Consumer Durables and IT (CDIT) products-chain plans to enter Tier III towns and add 300 more stores this fiscal.

Presently, it has 1,300 stores in 200 cities.The company would strongly focus on smaller TMS will be adding 300 more stores this year with main focus on the high potential and catchment areas in rural India. The opportunity is immense in the small towns. It is looking at organic growth as well as acquisitions

TMS, had early this year, acquired a CDIT player, Xcite, a franchise of Alghanim Industries, one of the largest retailers in the Middle-East and which had seven stores in India.

TMS also plans to revamp its stores with a view to make it a more touch, feel and interactive one.

India Today, April 2010

Bigshoebazaar.com to Expand

Bigshoebazaar.com, an online retail store for shoes and accessories has geared up to expand in the tier II and III cities through franchise route, confirmed Manmohan Agarwal, Director, Bigshoebazaar.com.

Commenting on the expansion plans, Agarwal says, “For retail partners, we are targeting tier IV and tier V cities to expand throughout the country where no big brands are able to cater to the small and medium retailers in these cities.”

The company presently operates seven exclusive outlets across India. Recently, the company has opened its first store in east India in Patna (Bihar), with an investment of Rs one crore. The company has tied up with a number of national and international brands such as adidas, Woodland, Reebok, action, Bata, allen cooper, Lee Cooper, Levi's and many more.

The Economic Times, April 2010

Brand Factory, Central to grow

This season Future Group is planning something big. Besides increasing the number of stores of their upmarket Central chain the group is looking to set up new stores of bigger size and venturing into interior India. Meanwhile, their chain Brand Factory has also lined up expansion plans. Moreover, Brand Factory's interiors are set to become almost similar to that of the Central. The emphasis for the brand is on bigger stores now. The latest Central, coming up in Bangalore to be operational by Diwali, is going to occupy 3 lakh sq. ft., the biggest ever. Seven such stores are planned for this year in smaller cities, including Raipur and Jaipur. Central is going to be for the brand-conscious people and will also aim to be a neighborhood celebration centre, with all festivals being celebrated there with full fanfare. This integration with the neighborhood is a new venture of Central and will be a feature across all its stores from this year as it expands into smaller cities with bigger brands.

Brand Factory is also expanding by 20 stores and expects a turnover of Rs 300 crores this year, which is double of last year. The number of brands in the store is going to go up to 250 this year, including 30 in-house discount brands. Usually, the prices in this chain are lower by around 20 to 50 per cent depending on the season. Brand Factory's expansion will be more in existing cities. For example, Bangalore has four of them.

Economic Times, May 2010

Retail policy

Delhi Govt hikes prices of pulses

The Delhi Government on 1st June increased the prices of three pulses being sold by it through nearly 385 outlets across the Capital belonging to Mother Dairy and Kendriya Bhandar and consumer stores of the National Consumer Cooperative Federation of India.

Announcing the decision, Food and Civil Supplies Minister Haroon Yusuf said while the prices of chana dal and kala chana has been increased by Re.1 per kg, moong chhilka has become dearer by Rs. 3 per kg. So the new price for chana dal would be Rs.32 per kg, kala chana Rs. 31 per kg and moong chhilka Rs.46 per kg from June 7.

"Some time ago we had reduced the prices of these pulses and grams but as the prices are reviewed every month and since their cost had gone up, we had to increase them marginally," the Minister said, pointing out that while the price of chana dal was Rs.34 per kg to begin with, it had been lowered to Rs.31 per kg. Similarly, kala chana had started from Rs.33 per kg before coming down to Rs.30 per kg. Mr. Yusuf said the difference between the selling price of moong chhilka and moong dhuli had also increased to Rs.12 per kg and this also made the Government intervene in the matter.

However, the Minister claimed that still the prices of these pulses and grams were 15 to 20 per cent lower than in the market.

"We are continuing with the sale to keep up the pressure on the retailers. They won't be able to raise the prices much for fear of losing their consumers. Remember the consumers also buy other articles from these retailers and so their losses would increase if they would hike the prices of these pulses or grams."

Mr. Yusuf said in the last nine months the Delhi Government has been selling about 1,000 tonnes per month of these pulses and grams. Similarly, he said, the off-take of wheat flour being sold by the Delhi Government has also been very high.

The Hindu, June 2010

Retailers hail stay on rental service tax

The organized retail industry welcomed a ruling by the Delhi high court staying the levy of service tax on commercial rentals that was imposed in this year's Budget by finance minister Pranab Mukherjee.

The Retailers Association of India estimated that its members may have had to pay a total of about Rs1,000 crore. Shopper's Stop Ltd, the country's largest department chain operator, said it would have to pay 0.6% (or Rs12 crore) of total revenue, going by the amendment.

"All retailers are relieved as it's a step in the right direction," said Govind Shrikhande, chief executive, Shopper's Stop. "Rent is a cost to us and you cannot tax a cost. It was a wrong step."

The "activity of renting itself is a taxable service," Mukherjee had said while announcing the 10% tax, the second attempt to impose the levy. It had first been introduced by then finance minister P. Chidambaram in his 2007-08 budget proposals when he imposed a 12% service tax on commercial rentals.

A division bench of the high court stayed that proposal in 2009. "Service tax is a tax levied on value addition provided by the service provider and there must be a connection with the service and some value addition by the service," the Delhi high court had said at the time. "If there is no value addition, then there is no service."

The court order had further stated that the mere renting of commercial space cannot be regarded as a service.

Mukherjee had amended the section pertaining to the Finance Act of 1994 to circumvent the court's ruling in the Budget announced in August. The Finance Bill 2010-11 also said the tax has to be paid with retrospective effect from 2007, when Chidambaram's budget proposals would have taken effect.

The amendment was made even as a case was pending in the Supreme Court after the government appealed against the ruling by the Delhi high court.

Shubhranshu Pani, managing director for retail at real estate consultancy Jones Lang LaSalle Meghraj, said the stay was “good news” for the retailers. “Technically, rents on an average are between 10-11% of revenue for retailers in India, so it's a big thing.”

Meanwhile, the 18 May order by Justice Badar Durrez Ahmed directed the respondents including the Union of India and the ministry of finance to file counter-affidavits within four weeks.

Livemint, May 2010

Mall stores face shut down for evading tax

Bad news for those who love to hang out in malls.

The Municipal Corporation of Delhi (MCD) is planning to seal malls that haven't paid property tax dues worth Rs 5 crore.

The civic agency said stores housed in 55 malls under its jurisdiction have failed to pay up dues since 2008. These include Select City Walk, MGF Emaar, DLF Mall in Saket, Emporio and Vasant Square in Vasant Kunj, Cross River Mall in Karkardooma, West Gate in Rajouri Garden, TDI Republic Fun in Moti Nagar and Lifestyle in Jasola.

The stern action is being mulled as the malls didn't pay dues despite repeated reminders. "We sent notices to 7,500 stores in malls around 10 days ago, but they didn't bother to reply. We plan to seal their premises if they don't pay up by May 31," said S. C. Yadav, joint assessor and collector of the MCD. He added that the agency will organise camps in the malls in another four days till May 31.

"This will be their last chance to pay up or be ready to face action," said the official.

The MCD is said to be livid over the fact that despite huge profits, the store owners don't pay property tax on time. "Either they are being lethargic in paying tax or they do not know they have to do so. There is also a possibility that owners sell stores in malls, but the second party does not know it has to pay the tax. In either case, our revenue is suffering," said Yadav.

A store owner in Best Mega Mall in Rohini Sector 24 admitted to never having paid the tax.

"We don't know we have to pay the tax. Other store owners in the mall also don't. The MCD never approached us," he said.

The civic agency had introduced many schemes to collect property tax from people, including amnesty schemes. But malls fall under the commercial category for which no such scheme was introduced.

By March- end this year, the MCD collected Rs 677 crore from over eight lakh propertyholders.

It collected almost Rs 100 crore more property tax than last year's Rs 550 crore.Senior officials said maximum part of it had been collected from government organisations.

"Jawaharlal Nehru University paid Rs 24 crore, the Delhi Police Rs 6 crore, Delhi Jal Board Rs 10.21 crore, Sports Authority of India Rs 3.24 crore, and Delhi Transport Corporation Rs 1.45 crore," the official said. The MCD also made industrial units and farmhouses cough up taxes through extensive surveys.

India Today, May 2010

Regulation can help Direct Selling grow faster

Leading economic think-tank Icrier has called for introduction of guidelines to regulate direct selling activities, which would help the sector grow faster.

"We need to have some guidelines to regulate the direct selling sector. The domestic market is yet to grow in this space," Icrier research associate Nirupama Soundarajan said here today.

According to her, the direct selling sector should be positioned neither as retail nor wholesale segment and can be be classified as an "alternative channel". Direct selling generally refers to sale of products or services on a person-to-person basis rather than from fixed locations.

"It should be positioned as an alternative channel of distribution in line with global experiences," she said.

Icrier has been commissioned by the Indian Direct Selling Association (IDSA) to prepare a socioeconomic impact report of the direct selling industry in the country. The IDSA is an autonomous, self-regulatory body for direct selling sector and acts as an interface between the industry and policy-making bodies of the government.

Business Standard, April 2010

Govt may relax FDI in retail

51% investment in multi-brand retail likely.

The government is considering a proposal to ease foreign direct investment (FDI) rules in the retail sector.

The commerce and industry ministry is working on a concept note to allow up to 51 per cent FDI in multi-brand retail other than primary goods (foods, groceries and vegetables), but with some stiff riders.

Under the existing rules, FDI is not allowed in retail, except for trade of "single brand" products, where up to 51 per cent foreign investment is permitted. FDI up to 100 per cent is also allowed in wholesale cash-and-carry trade.

The ministry is also keen to permit FDI in retail of foodgrain as well as other essential commodities to create a parallel network to the public distribution system, which has become notorious for its leakages.

The core of the plan is to allow FDI in retail, provided the retail stores are located in cities with a minimum population of one million. The move aims to protect vendors in small cities.

The ministry may also suggest minimum capitalisation norms for companies investing in retail, in addition to a minimum built-up area rule for their retail outlets.

It has also proposed enabling policies to encourage those investing in retail to procure from local manufacturers.

The proposal has been mooted to facilitate a debate among various ministries on the contentious issue of FDI in retail.The ministry has also called for an alternative to the public distribution system, or simply a parallel retail trade in grains and other essential commodities. It said FDI should be allowed in this area, too, without specifying the extent, but again with stiff conditions to ensure that companies invest in creating agricultural infrastructure.

The proposal being worked out suggests that 50 per cent of FDI in food retail should be spent towards building infrastructure, logistics or agro processing.

A minimum threshold level for investment in infrastructure and logistics could be fixed to discourage non-serious players.

Also, to ensure the buffer stock is maintained at a desired level, the government can reserve the right of first procurement for a part of a season or could think of a mechanism to collect a certain amount of levy from private traders in case the buffer stock falls below a certain level.

To encourage local employment, the government could ask retailers to reserve 50 per cent of jobs in their outlets for rural youth.

Since 2006, when FDI was partially allowed in retail, the government has approved 54 FDI proposals in the sector and the country has received an inflow of Rs 822.70 crore.

With 15 million outlets, India's retail sector is highly fragmented. Only 4 per cent of the outlets are bigger than 500 square feet in area and the remaining 96 per are in the unorgainsed sector.

There have been fears that with a liberal FDI regime, the big global retailers would go in for predatory pricing, virtually destroying the small retailers. That is the reason why the government has treaded cautiously in this sector.

Companies such as Wal-Mart , Tesco and Carrefour, some of whom are already in cash-and-carry business, have been trying to convince the government to allow them access to India's retail sector.

However, there is a growing view that FDI, in adition to bringing in large investments, would also help in reducing costs, create new employment opportunities, and improve conditions for small manufacturers and retailers. And, the advantage of proximity to the consumer and familiarity would ensure that small retailers co-exist with the big boys.

Business Standard, April 2010

Retail strategies

Dry cleaning chain Wardrobe to set up kiosks at retail outlets

Wardrobe, the retail dry cleaning chain promoted by Delhi-based Diamond Fabcare, has said customer acquisition and brand building will be a focus area for the company as it expands its retail footprint pan-India. The company said it has tied up with retailers such as Aditya Birla-promoted More and SRS Retail to open dry cleaning kiosks at their store premise.

"The food and grocery stores of retail giants are major catchment areas. We will be setting up kiosks in an area of 50-70 sq. ft. to attract customers who come to do their grocery shopping," Mr Atul Maheshwari, Executive Director, Wardrobe, said.

As a part of its retail expansion, the company will also expand its presence to 80 stores from the present 57 during the current fiscal. "We want to aggressively roll out our outlets. This will entail a capital expenditure of Rs 150 crore by 2015."

Wardrobe has a technical collaboration with Australian dry-cleaning and laundry major Brown Gouge. The Australian company provides the business knowhow, besides developing a supply chain system and conducting training programmes.

According to The Nielsen Company, the domestic dry cleaning and laundry industry is estimated at Rs 3,000-3,500 crore. Demand drivers such as the rising number of working women and awareness of dressing right and the growth in the hospitality and retail sectors is giving the sector a fillip.

"At present, we handle 10,000 pieces of clothing a day. We hope to increase this to a maximum capacity of 15,000 pieces a day as we have a lot more sophisticated machinery put in place," Mr Maheswari said. Wardrobe is also looking to associate with the Commonwealth Games, besides increasing its focus on corporate and institutional segments.

Business Line, June 2010

Harrods, Liberty Follow Saks in Building Own-Label Fashion

Harrods Ltd., the iconic London department store that sells diamond-encrusted Bulgari SpA sunglasses, Yves Saint Laurent scents and DKNY bags, is now banking on the brand its customers know best.

The retailer plans to create in-store shops for Harrods- branded clothing and accessories by 2012, making it the latest high-end department store to bet its name can spur sales and profit after the luxury industry's worst-ever year.

As luxury-goods makers Burberry Group Plc and Prada SpA cut their dependence on third-party distributors by opening outlets, department stores are filling selling space with their own brands. Saks Inc.'s revamped men's collection is set to become the New York store's largest men's wear brand. With lower prices than mainstream luxury brands, retailers' labels can appeal to customers who are more price-sensitive after the recession.

"Department stores realize that their most valuable asset is their own name," said Umberto Angeloni, co-owner of Italian suitmaker Raffaele Caruso SpA, which also manufactures private- label tailored clothing for retailers.

At Harrods, the range of men's clothing and accessories will be positioned as an alternative to a brand like Brioni Roman Style SpA, the Italian maker of $5,000 suits, Jason Broderick, general merchandise manager, said in an interview.

The retailer, acquired last month by Qatar Holding LLC for 1.5 billion pounds ($2.3 billion), foresees a "substantial" part of future sales coming from its own brand, Broderick said.

Private-label fashion is "a growing part of our business with huge potential," he said.

'Natural Extension'

Liberty, the 135-year-old London-based retailer known for its flowered prints, is going a step further. It unveiled a new men's clothing line for spring 2011 at last week's Milan fashion show that it also plans to distribute in competitors' stores.

The Liberty of London collection, which will be made under license with Venice-based Slowear Group, is "a natural extension" of the shorts, scarves and knitwear the retailer has produced since 2005, Liberty said.

"The recession seemed to reset everyone's expectations as to price point, bringing it back into reality," said Liberty's buying director Ed Burstell. Liberty of London for men should be a multi-million pound brand "quite quickly," he said.

Harrods and Liberty may be hoping to emulate Saks. A year after revamping its private label men's collection, Saks Fifth Avenue Men's Collection is forecast to become the New York-based department store group's largest men's wear brand, said Thomas Ott, Saks senior vice president of men's wear.

Saks Collection

“We have invested in all categories as we saw a white space that none of our vendor partners were addressing,” Ott said. The collection offers dress shirts that start at $135. New products include Italian-made shoes and cufflinks, tie bars, money clips and key chains. In the fourth quarter, Saks will introduce Swiss automatic watches.

“Each season we edit our portfolio of resources and instead of filling with only other new brands, some of these dollars and floor space have gone to our own collection,” Ott said in an interview.

Expanding own-label lines allows the famous stores to fight the irrelevance faced by some of their mid-priced rivals such as insolvent Karstadt AG in Germany. It is a “categoric imperative” that they broaden their appeal to as wide a number of potential customers as possible, said Armando Branchini, vice president of Milan-based consulting firm Intercorporate.

Defensive Move

“The richer and more effective the offer, the bigger the competitive advantage the department store will have,” Branchini said. “The more a department store can acquire new types of consumer, the more it can create the conditions for a more immediate and longer lasting economic success.”

Expanding own-label brands is also defensive, according to Caruso's Angeloni. As luxury brands reduce their reliance on wholesale, “department stores have realized that they risked becoming pure landlords,” Angeloni said.

Private labels aren't going to replace luxury brands as the driver of high-end department-store sales, according to Alberto Baldan, managing director of Milan-based retailer Rinascente SpA. Consumers visit retail “destinations” like Rinascente, whose private label accounts for 20 percent of revenue, because they offer choice, Baldan said.

Financial Chronicle, June 2010

Loyalty programs getting smarter

Loyalty cards those little paper cards that promise a free sandwich or coffee after 10 purchases, but instead get lost or forgotten are going mobile. And merchants are looking for ways to link the concept to games that customers can play to earn more free items and, it is hoped, to spend more money.

Instead of collecting paper cards and fumbling through wallets at the cash register, customers are increasingly using their cellphones to track their visits and purchases and to receive rewards.

Some start-ups, like CardStar and CardBank, store existing loyalty cards on cellphones with scannable bar codes.

Other companies, including Motorola and a start-up calledmFoundry, are providing retailers with the technology to build their own cellphone loyalty cards.

Loopt is one of several start-ups including Foursquare, Shopkick and Gowalla that are experimenting with using cellphones to bridge the digital and physical worlds and turn the tasks of everyday life, like buying coffee and running errands, into a game.

On Tuesday, Loopt, one of the first services to let people use cellphones to share their locations with friends, was to take its concept further by introducing Loopt Star, a mobile game that rewards people for frequently checking in to particular places. People will compete to earn ''achievements'' and become ''boss'' of certain locations, and Gap, Burger King and Universal Music plan to use Loopt Star to reward customers.

For retailers, these games and applications offer a new form of mobile marketing that goes well beyond a minibanner ad by rewarding consumers, individually, for their loyalty. And unlike paper cards, stores can use the data they collect from people's cellphones to learn more about their customers and how they behave.

No one in advertising has ever been able to figure out how to do ''one-to-one, real-time marketing,'' said Drew Sievers, a former advertising executive who is nowco-founder and chief executive of mFoundry. ''The mobile phone is where that will actually probably happen. It's the only thing connected and always with you.'' Loopt offered search or banner ads on its mobile applications but advertisers told the company that, instead, they wanted a mobile loyalty card, said Sam Altman, Loopt's co-

founder and chief executive. ''Instead of advertising with a banner, it's offering users incentives for good behavior,'' he said. ''They're trying to turn existing customers into better ones.'' Loopt Star is Loopt's effort to play catch-up with some other services, particularly Foursquare. Loopt, which started in 2005, was one of the first companies to popularize broadcasting one's whereabouts to friends. But Foursquare, founded last year, is a popular newcomer.

It turned location-sharing into a game with badges, mayorships and rewards, and into a marketing tool for businesses, including Tasti D-lite and Pepsi, to track and reward loyal customers.

Loopt has 3.4million registered users to Foursquare's 1.4 million users. But Foursquare's gaming elements are quickly attracting new users. Mr. Altman said Loopt built Loopt Star in response, and last year acquired a startup called GraffitiGeo that builds similar games.

People register for Loopt Star using their Facebook log-ins, so they can share their location and compete in the game with Facebook friends and alert them to recent purchases and special deals.

Retailers can choose which actions they want to reward and what the prizes will be. Gap is sending customers a 25 percent discount coupon after they check in twice to a Gap store. Burger King is offering a soda with a sandwich or a coffee with a breakfast sandwich to people who check in three times. Universal Music will send five free songs to people who check into any bar along with two friends.

Starbucks will use Loopt Star to give frequent customers an honorary barista badge, symbolized by a green apron.

Starbucks also offers a barista badge on Foursquare, where people compete to become ''mayors'' of places, and the coffee chain is giving mayors $1 off Frappuccinos.

Starbucks has its own iPhone loyalty card, built bymFoundry. Customers collect stars in a cup on their phones every time they make a purchase and get a free drink every 15 visits.

Starbucks could use the data from the cellphones to send personalized offers, like a chai Frappuccino coupon in the afternoon to people who drink chai lattes in the morning, said Brady Brewer, vice president at Starbucks who oversees brand loyalty and the Starbucks card.

Shopkick is creating a program, expected to begin later this year, that will reward people for showing up and spending money at any of the partner stores, which include American Eagle Outfitters, Best Buy and Macy's.

Financial Chronicle, June 2010

Nike gets up close and personal

Sportswear brand Nike is courting technology to understand its consumers better and offer them “personalised solutions” rather than any random product.

“Today, shopping has become an interactive experiential affair with consumers looking for individual solutions to their needs and not just any product. Also, with heart diseases and diabetes on the rise in the country, people have become highly conscious of fitness and health. There is a heightened sense of 'what's right for me' among consumers, even women. We are trying to use technology to offer consumers the right solutions,” said Mr Tarun Puri, Managing Director and General Manager, Nike India, at the opening of the brand's destination store in Bangalore. The 5,500-sq ft store, the brand's largest in India, is completely Bluetooth-enabled.There is also a running area in the store, where consumers can get their foot scanned. The 'Foot Scan' is a pressure measurement system that gives out information on the kind of feet runners have so that they can match their foot type with the right kind of footwear.

There is the 'running space' where consumers get the 'Nike +' experience wherein they obtain 'instant' feedback on their workout.

While the concept of experiential retailing has not caught up in India yet, globally it has been well-received, especially among fashion and lifestyle brands. According to Mr Anurag Sehgal, Founder and Director, Experiential Design Lab, a firm that specialises in experiential marketing, Adidas stores abroad with 'experience zones' sell more than regular stores. “Globally, brands such as Prada and Nike have also tasted success with experience zones. These go a long way in building a relationship with consumers,” says Mr Sehgal.

Hindu Business Line, May 2010

Titan reaches out to children with Zoop

Having established its do-minance over the watch market in India, Tata-controlled Titan Industries is now trying to strengthen itself in the kids' watch segment with the launch of a range of kids' watches br-anded 'Zoop'.

The firm claims it has rigorously test marketed th-ese watches in six cities including Bangalore, Che-nnai, Kolkata and Mu-mbai ov-er a nine-month period. These watches co-me in the range of Rs 350 to Rs 900.

In a sense Titan will be creating a new market se-gment. “Titan has a good brand recall among adults. Now we want to pass it on to the kids segment as well. Since there is hardly any brand catering to the kids category in watches, we want to capture this mark-et,” said Shyamala Rama-nan, senior marketing ma-nager, Titan Industries.

The company claims that persistent enquiries fr-om parents for children's watches alerted it to the potential of this market. “We strongly believe that launching of Zoop has been a significant move for Titan. We are expecting good volumes from this brand,” said Ramanan. Titan is pla-nning to make substantial investments towards advertising and promotion.

“The design of the Zoop watches takes into account what kids want in a watch rather than an adult view on kid's watches. Each wa-tch from Zoop caters to this desire and fits well with the brand proposition of 'be a star',” Ramanan said.

To attract gizmo-loving kids, features like dual-time, countdown timer, 50-year calendar, compass and stopwatch alarm are present in the digital collection. The analog collection portrays floral motifs, luminescent dials and other interesting features.

“We test marketed with 26 designs. Now we have 75 designs ready and are planning to add more. The watches are designed by in-house team and then outsourced,” said Ramanan.

This is Titan's second attempt at cracking the market for kids' watches. Nearly a decade ago, Titan had tried to tap the kids' watch market with a brand called 'Dash', which was withdrawn as it did not meet the company's expectations. Titan would be hoping that this time it's going to second time lucky.

Financial Chronicle, May 2010

Social targeting is Future's strategy

Kishore Biyani has a new idea to endear himself to the minds of customers. He has pooled together a team of people from diverse backgr-ounds such as social sciences from the Tata Institute of Social Sciences, mythologi-sts who understand and interpret popular folklore and mythological characters, pu-ndits who read charts to de-termine auspicious and in-auspicious days to study co-mmunities and their religious festivals to make targeted offers at Big Bazaar.

In east India for instance, the group is trying to und-erstand the festival of Jamai Sasthi (puja for well being of one's son in law) to work out ways in which this can be celebrated in Big Bazaar. The communication and merchandise in stores too will be modelled according to the almanacs, for instance an accent on selling gold and gas stoves on Akshay Tritiya. “We want to be seen as Marwari for the Marwaris, Bengali for Bengalis by understanding the nuances of the communities in the catchment area of our stores and being seen as part of the community,” said Ashni Biyani, director, Future Ideas and Kishore Biyani's daughter.

“We want to engage with consumers to win their heart share not just mind share and market share. To do this we have a team of sociologists, anthropologists, mythologists and even pundits whom we use, to study consumers by way of linguistic groups and religious groups. We also study consumers by way of profession,” said Biyani.

India's largest retailer is using food as the route to the customers hearts. By providing local delicacies Big Bazaar hopes to attract non-homogenous customers. “We want to apply our learnings from the multi disciplinary team studies to food first and then depending on the response will apply it to other merchandise categories,” she said.

“We have institutionalised the way we look at the catchment area of each store and the way each store maps the surrounding ecology including schools, colleges, religious institutions and political bodies. This allows us to customise up to 30 per cent of each Big Bazaar store while retaining the core 70 per cent as common across stores,” said Biyani.

She hopes that with this positioning, Big Bazaar- Future groups' single largest format by sales will be able to graduate from a transactional relationship based on price offs, to one where the customer bond grows strong enough so that competitors cannot

wean away custom-ers easily. "We want to understand the Indian way of living and incorporate this by way of catering to local tastes and snacks in our Tasty Treat branded offerings too," said Biyani.

To produce this locally relevant offerings the group is sewing up tie-ups with self help groups and other non-governmental organisations to supply locally made products for sale at their stores.

Financial Chronicle, May 2010

Apparel retailer Cantabil to focus on smaller towns

Delhi-based apparel retailer Cantabil Retail India Ltd says tier-1 and 2 cities are under-served in terms of brand offerings and the company will be firming up its footprint in such geographies.

Cantabil, which is looking to raise Rs 105 crore through an initial public offering, said it is gearing up to meet the increased demand from a growing segment of middle class consumers.

The company designs, manufactures and retails readymade garments and accessories, with 416 retail outlets spread pan-India. The brand, positioned in the mid-market, retails menswear, womenswear and kidswear through its retail outlets Cantabil and La Fanso.

"Fast developing smaller towns are currently under-served and give scope for our brands to expand. We intend to have at least 20 per cent of our upcoming outlets in tier-2 cities and towns. Further, we also plan to expand to the southern and eastern part of India," Mr Vijay Bansal, Chairman and Managing Director, Cantabil Retail, said. He said the IPO is likely by June-end. Besides funding its retail expansion, the proceeds from the IPO will be used for debt repayment of Rs 60 crore and also to set up a manufacturing facility in Bahadurgarh in Haryana.

Mr Bansal said that the company will be adding 180 new outlets in the current fiscal. The expansion will be a mix of company-owned and franchisee-operated stores. The products are targeted at customers in the age bracket of 20-45 years.

The domestic apparel retail industry is estimated at $2.7 billion and has been growing at 5-7 per cent. Clothing and accessories dominate the organized retail sector contributing over 38 per cent of the organised retail pie. Cantabil competes with players such as Koutons and Gini & Jony and ITC in the branded category. Cantabil had reported a turnover of Rs 202 crore in 2009-10 as against Rs 137 crore in the corresponding period a year ago.

Business Line, May 2010

International Retail Events

1) **Council of Supply Chain Management Professionals (CSCMP)**
Annual Conference
September 26-29, 2010
San Diego
California

2) **Shopper Marketing Expo**
October 5 -7, 2010
Navy Pier
Chicago
For details visit: http://shoppermarketexpo.com

3) **International Retail Design Conference**
October 13 -15, 2010
Westin Harbour castle
Toronto
Ontario

Learn from, network with and be inspired by the designers behind some of the world's most respected retail brands.

Advertise your conference/exhibition in "Footfalls" please send us the details of your event and ensure its reach to all the sector stakeholders across the board.

Upto 500 words:	Rs 1500
More than 500 words:	Rs 2500

FOOTFALLS

An ambitious initiative of FICCI retail division which is platform for the retail fraternity to discuss and raise various policy issues of the retail 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.

Advertisement tariff for Footfalls

Back Page	12,000	14,000
Back Inside / Front Inside	9,500	11,000
Full regular page	8,000	9,000
½ Regular page	5,000	6,000

Unique opportunity to sponsor **one issue of FOOTFALLS** in just 30,000 INR this will include:

- A premium page advertisement
- An Article from the organization
- Company profile.

√ A Incase of block payment for 3 issues, a discount of 15% can be availed.

√ Incase of block payment for 6 issues, a discount of 20% can be availed.

To advertise please contact:
Ms Surabhi Pant
Research Associate, Retail Division
Phone: +91 11 23738760 (Ext 221), Fax: +91 11 23320714 , M: +91 9818538765, E: surabhi.pant@ficci.com

FICCI

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.).

Benefits to FICCI Members

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.

Networking

- 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:

Ms Surabhi Pant
Research Associate
Retail Division
Federation of Indian Chambers of Commerce & Industry, Federation House, 1, Tansen marg, New Delhi
Phone: +91 11 23738760 (Ext 221), Fax: +91 11 23320714 , M: +91 9818538765

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

Mr Sameer Barde
Assistant Secretary General

Phone: 011 -23311920
Sameer@ficci.com

Ms Surabhi Pant
Research Associate

Retail Division
Phone: +91 11 23738760 (Ext 221),
Fax: +91 11 23320714 , M: +91 9818538765
surabhi.pant@ficci.com

One out of eight people reading this is already using a Marico product.

This advertisement is for the other seven.

Marico sells over 7 crore packs to over 13 crore consumers every month.
Which means, one out of every 8 Indians is a Marico consumer.

marico
uncommon sense

Parachute | Saffola | Kaya Skin Clinic | Kaya Life | Mediker Anti-lice Oil | Revive Instant Starch | Hair & Care | Sweekar

ANC

Touching lives, improving life.

P&G



