

perspective

INDIA IS A NATION RICH IN NATURAL RESOURCES; A YOUNG COUNTRY, ONLY 62 YEARS SINCE SEPARATION FROM THE BRITISH EMPIRE, AND WITH A WEALTH OF UNTAPPED AND LOW-COST LABOUR. THE COUNTRY IS INHABITED BY A WELCOMING PEOPLE, AND POSSESSES A FAST-GROWING AND EMERGING MIDDLE CLASS. IT HAS A ROCKET CIRCLING THE MOON AND HAS ALSO ANNOUNCED PLANS TO LAUNCH A MANNED SPACE MISSION BY 2015, WHILE THE PRIME MINISTER, MANMOHAN SINGH, IS PETITIONING FOR A SEAT ON THE UNITED NATIONS SECURITY COUNCIL.



Bollywood and Bollygarchs

By Brendan Dorrian

→ The Retail sector is growing by the day. Or, is this true?

India is one of the world's oldest civilisations; Aryan tribes merged with Dravidian inhabitants around 1500 BC. Average earnings for the greater proportion of the population are but \$2 a day, India is also a nation at war, Kashmir particularly since the October 2005 earthquake in the

region, remains the site of the world's largest and most militarised territorial disputes. India remains under constant threat by terrorist extremists and the country has a growing stockpile of nuclear weapons. Retailers, foreign operators especially, are under country wide economic pressures.

Whichever you choose to believe, all are true.

Alongside Brazil, Russia, and China, India was afforded the status of a 'BRIC' nation. Many retailers assumed, wrongly, that India had suddenly become a 'Go To' place, where the mere presence of yet another store within their global portfolio would guarantee success. The differences in economic prowess and stability were, and will for some

time, remain stark. Even on a GDP level, India remains at the bottom of this small league-of-nations, with annual GDP of \$2,800, compared to Russia at \$15,800, Brazil at \$10,100 and China at \$6,000. 'BRIC' became, and for some remains, a misnomer for ill-advised, ill-fated and immature market-entry strategies by a number of retailers from around the world.

Commentators and politicians alike are ready always to pit India against China; they really should pit India against itself.

India is a country rich in many things, superlatives and dichotomies included. Its predominant religion speaks of peace, while the country, effectively, remains at war. Its people remain poor, predominately, while the country strives for space. Its

government seeks inward investments while legislating against foreign ownership. To be sure, these are sweeping generalisations. However, in an emerging nation with 1.2 billion inhabitants and a fast growing economy, there has been no time yet for details. In fact, using the term 'fast growing economy' is, in itself, a sweeping generalisation.

The country's economy grew by a phenomenal seven per cent last year and, in spite of the global downturn, the economy is expected to continue to expand further still. World nations need India. They need her to agree; because issues such as global trade and climate control require her assistance.

Mother India is giving birth to a retail powerhouse. It will, in time, account for more distribution of wealth, employment growth and foreign exports than any other of her children. So thoughts of an 'Upturn' or 'Turnaround' for retailing in India are misplaced, for this child is only now emerging from infancy, battered and bruised from the process. Success has many fathers, while failure remains an orphan.

When it comes to retailing in India, there are no small mistakes.

Who is the most influential man in retail, in India? Some say Kishore Biyani, while others say BS Nagesh; Some say Mukesh Ambani while others say Sadashiv Nayak. I say none of the above.

In my view, the most influential man in retailing, in India, is Jyotiraditya Scindia, Minister of State for Commerce, who took office on June 1st, 2009. And within weeks he had affirmed his government's intention was to maintain the status quo in relation to foreign ownership within the retail sector. The protectionist agenda will have a direct and irreversible effect on the creation, sustainability and growth of modern retailing within India. Here's why:

- Retailers prefer to fly solo; franchising is never a preferred option, and those who do will wait on the sidelines rather than enter the market early.

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- There is a limit to available investment within the domestic market, and this will limit the development of formats and create a surfeit of space within retail property developments.
- A 'Halo' effect will be created. The acceleration of modern retailing will accentuate developed retail property space at the centre, to be surrounded by a halo of traditional retailing.

In short, retaining the status quo will reduce the inward investment of sector skills, finance and, most importantly, competition. Competition is good for every retailer. A monopoly serves shareholders, albeit in the short term, and ignores consumers.

Organised retailing in India, by its nature, implies that other retailing is disorganised, which it is not; far from it in fact.

The retail supply chain in India is like an alligator: with a very long tail and the capacity to reach around and snap at anyone who gets something wrong. Traditional retailing in India is a demonstration of world-class supply-chain at work, and those who succeed in retailing in India will do so because they have master the demands of the country wide supply-chain.



I urge anyone who wants to learn about what modern retailing has to learn from traditional retailing, to walk the streets around Old Mumbai, especially during mealtimes. The abundance of fresh produce, the proliferation of services – such as shoe repairs, the availability of service, and, last but not least, value, in everything, for everyone. Old and New, traditional and modern sitting side by side, is from where the retail sector of the forthcoming decades must come.

Advice should only be offered on the basis that it will be ignored and so, with respect, I offer advice to those seeking success in the retail sector within India. Four short commentaries designed to shape the thinking of those willing to invest, willing to take the risks.

In India, in retail, what was once imagined is quickly forming a strategic economic structure.

1. THINK LIKE A CUSTOMER

How easy, and yet so difficult it is, to think like a customer. Herein lies the answer to every problem however large or small, within Retail. Put yourself in the customer's shoes and imagine what outcome they would like. Trust me, it's harder than you might imagine, but pays dividends.



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2. DELIVER AGAINST THE NO. 1 CUSTOMER NEED

Here's a really simple test for every retail CEO in India. Email or telephone 20 employees at random, and if you are short of time, make it ten; the result will still be the same. Ask them all one simple question: 'What is our customers' number one Need?' That is, what do they need most

from your company? You will get a range of answers, from 'I don't know Sir' through to 'Quality', 'Value', 'Discounts' and 'Service'. Retailers can only, truly, deliver successfully against a single customer need. Decide what your No. 1 customer need is, and spend the next 100 years delivering against it.

3. OPEN THE MARKETING WINDOW TO HISTORY

Take your customers on a journey from the past to the future – help your customers to make the journey with you.

4. ENGAGE WITH THE MARKETPLACE

Features and benefits are fine, but stories engage and inspire. Let our customers' stories engage and inspire you, your colleagues, your future. Connecting emotionally with your customers will offer a future for your brand.

Promises made, promises delivered; promises, promises. It's time for the good men and ladies of Retail in India to make their promise. ☒



ABOUT THE AUTHOR

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