India Innovation Institute - Presents

Is Your Retail Business India Ready?

Foreign Direct Investment (FDI) in Retail in India Opens the Doors to a US$160 billion Opportunity

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1 Introduction

In December 2012, Indian lawmakers endorsed the government's decision to allow Foreign Direct Investment (FDI) in Retail in the country. These reforms now allow foreign retailers in India to own 51% of operations in multi-brand outlets and 100% in single-brand outlets. What makes India an enticing retail destination for international retailers is its emerging market status, the fact that it's the world's second most populous economy, and its estimated corporatized retail market potential of US$162 billion by 2021[1].

For the past few years, many international retailers have been patiently monitoring the progress of the reforms, while quietly building their regional expertise – through joint ventures and collaborations with Indian businesses, and experiments in the field. For many other retailers though, India is still uncharted territory, with not many reference points and case studies to guide their investments.

The intent of this white paper is to provide international brick & mortar retailers who are keen on investing in India, with some of the basics. The paper is a blend of data and information that will help unravel the complexity that is the Indian market, and explore the possibilities of venturing into this market.

2 India as an Investment Destination

2.1 Investment Perspective

India is geographically the seventh largest country in the world. It is also the world's most populous democracy with over 1.2 billion people, has 28 states and 7 union territories, and is a multiethnic, multilingual (22 official languages and hundreds of dialects) society.

With a sustained GDP growth of approx. 6% per year since 1991, there has been a fundamental transformation of the Indian economy, with the added incentives of favorable demographics, dropping dependency ratio, rising education levels and steady urbanization. Though the global recession has had an impact on India's growth story, its economy has shown resilience, especially the public sector.

Political

Elections are due in 2014, and the government that is currently in power is a coalition of national and regional parties called the United Progressive Alliance (UPA). The UPA is being led by the Indian National Congress party, the largest democratic party in the world. The Prime Minister Dr. Manmohan Singh, is a renowned economist and is widely known as the father of the 1991 economic reforms in India, which started the process of economic liberalization in the country. The Congress party to which he belongs, as well as the UPA, are led by Sonia Gandhi, a member of the politically influential Gandhi-Nehru family in India.

Though the government has been in power since 2009, there has been increasing fragmentation in the UPA, which has led to fractured decision making. The country also faces internal and cross border security challenges.

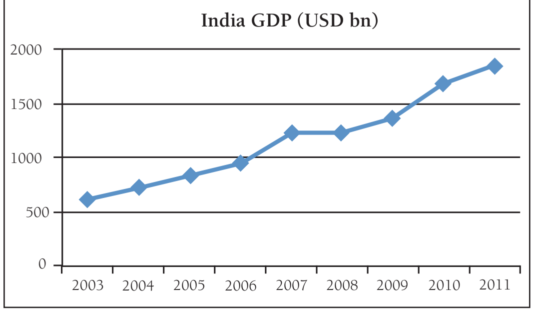
Economic

According to IMF economists in their annual health check of India's economy, India's growth rate in 2011-12 was 6.5%, and that figure is expected to drop to 5.4% in 2012-13 – a far larger drop than expected, despite the poor outlook for the global economy.

The government has already taken significant steps to restore growth, for example by laying out a plan to cut the losses of local power companies, creating the Cabinet Committee on Investment, and relaxing some restrictions on foreign direct investment. But more needs to be done. Addressing India's long-term energy needs, for example, will require solving complicated problems related to coal (which powers most of India's electricity plants), while easing traffic jams will require facilitating the acquisition of land to widen roads or build new ones.

The government has already moved to lower fuel subsidies, which disproportionately benefit richer people. It will need to do more to free sufficient resources for 12th Plan priorities, including a comprehensive reform of fuel subsidies. In the long run, ensuring India's financial system is able to underwrite strong growth will require pushing forward with financial reforms, such as developing the corporate bond market and gradually lowering government-mandated purchases by banks of government debt.[2]

Figure 1: India's GDP since 2003 (World Bank data)



The recent slew of economic reforms was a result of a combination of factors, first among which was India's current account deficit. The current account deficit widened to 4.2% of GDP in 2011-12, causing the rupee to depreciate sharply before its recent stabilization. The current account deficit is expected to narrow marginally this year to about 4% of GDP, aided by falling gold imports, a weaker rupee, and broadly stable oil prices.[3] To add to this, was the August 2012 inflation rate of 7.55%, and the very real possibility of India becoming the first of the BRICS emerging economies to have its credit rating downgraded to junk.

All of this resulted in the Prime Minister, Dr. Manmohan Singh announcing the latest set of reforms, as well as his government's intention to stick with these reforms despite strong political opposition.

Social

According to the most recent census in 2011, India has over 246 million households spread across urban & rural areas.[4] With consistent increases in disposable income, India has witnessed a gradual shift toward discretionary spending in total consumption expenditure.

Household disposable income grew at an average rate of 10.54% during 2001-11, and with the average GDP growth expected to be 6.81% during 2012-15, disposable income is expected to maintain its rate of growth.[5]

Apart from disposable income, other reasons for growing consumer spending include urbanization, the easy availability of credit such as personal loans and credit cards, greater consumer awareness, changes in consumer attitudes about consumption, and increased literacy. While intermediaries, traders and many independent retailers expect the entry of foreign retailers to negatively impact their livelihood, the Indian consumer is looking forward to an international shopping experience and the benefits of well-managed backend operations.

2.2 Investment Potential

According to a recent UNCTAD report, India is the third most desirable destination for FDI. During the fiscal year 2011-12 FDI was almost US$47 billion, up from US$35 billion in 2010-11 and dramatically higher than pre-2005 investment of less than US$10 billion per year.

According to the Asian Investment Intentions survey released by the Asia Pacific Foundation in Canada, more and more Canadian firms are now focusing on India as an investment destination. From 8% in 2005, the percentage of Canadian companies showing interest in India went up to 13.4% in 2010.[6]

The most interesting part for international retailers is that the corporatized retail market potential is expected to reach US$162 billion by 2021.

Table 1: Retail Market Share Over the Years (Technopak Oct 2012)

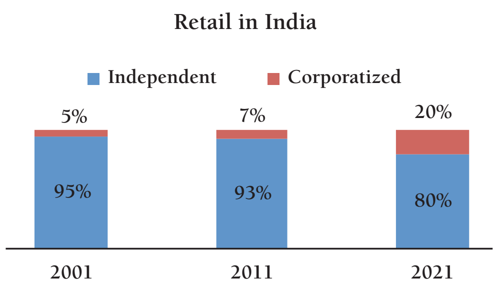
	2001	2012	2021
Estimated merchandise consumption (retail market opportunity) (US$ billion)	120	490	810
Share of Independent Retail	96%	93%	80%
Size of Independent Retail (in US$ billion)	approx. 115	436	648
Share of Corporatized Retail	approx. 4%	approx. 7%	approx. 20%
Size of Corporatized Retail (in US$ billion)	5	34	162
Share of Indian Corporatized Retailers in total corporatized retail	approx. 100%	approx. 95%	50%
Share of International Retailers or International Retailers assisted Retail	-	-	50%
Size of International Retailers (in US$ billion)	-	-	80

3 Retail Landscape in India

3.1 Market Analysis

The retail landscape in India is predominantly a traditional market that has independent retail stores and unorganized outlets accounting for the majority of its approximately 15 million retail outlets. In 2001, the share of corporatized retail in the retail sector was under 5% and the remaining 95% was constituted by independent retail. By 2011, the share of corporatized retail grew to 7%; this is projected to grow further to 20% by 2021[7].

Figure 2: Share of Independent & Corporatized Retailers in India
(Technopak Oct 2012)



The expected increase in corporatized retail is a result of the government's commitment to allow 51% FDI in multi-brand retail formats and 100% FDI in single-brand formats.

Size of the Market

The following table shows a market that is expected to grow exponentially in the coming decade. Despite the pressures of inflation and the current state of the world economy, Indian consumption is expected to grow at least at a conservative estimate of 6%. With a population of over 1.2 billion, India has the advantages of having one of the youngest consumer segments in the world (median age of 26.5 in 2012), increasing urbanization, changing attitudes on consumption, increasing literacy rates, and availability of disposable incomes.

Table 2: Estimated Share of Corporatized Retail in Indian Retail (Technopak Oct 2012)

	2001	2012	2021
GDP (US$ billion)	450	1958	3310
Estimated merchandise consumption (retail market opportunity) (US$ billion)	120	490	810
Urban consumption (% and in absolute numbers)	40% (US$ 48 billion)	48% (US$ 235 billion)	56% (US$ 455 billion)
Rural consumption (% and in absolute numbers)	60% (US$ 72 billion)	52% (US$ 255 billion)	44% (US$ 355 billion)
Share of Corporatized Retail	approx. 4%	approx. 7%	approx. 20%
Size of Corporatized Retail in (US$ billion)	5	34	162

Sectors in Retail in India

Retail in India is dominated by the Food & Grocery sector, which has a share of 60% of the overall market. However, in organized retail, it is the Apparel sector which takes the lead, with 33% share of the market. The other major sectors in organized retail are Groceries and Mobile & Telecom, Consumer Electronics, Food Services and Jewelry.

Food and Grocery along with Apparel are the fastest growing sectors in the Indian retail market. Both these sectors already have some major Indian players, which opens the route for foreign investors who are looking at forming joint ventures.

Figure 3: Share of Organized Retail in India
(IMAGES Group 2013)

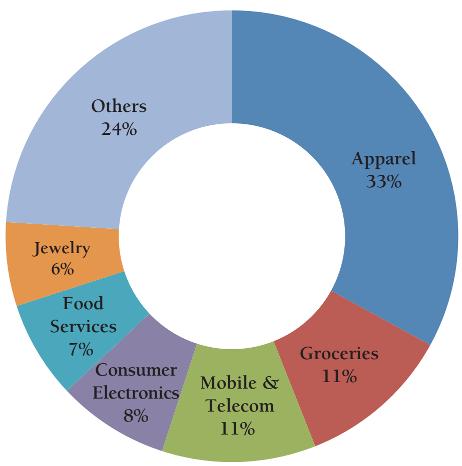
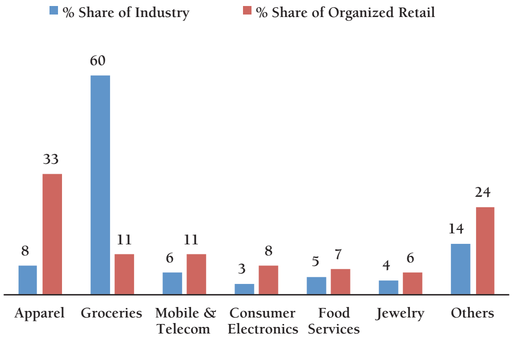


Figure 4: Percentage Share of Retail Sectors in India
(IMAGES Group 2013)



The apparel industry typically sees high profit margins, as retailers can determine the price at which they wish to sell a product and are not hindered by the Maximum Retail Price (MRP) recommended by the manufacturer. However, this is not the case with Consumer Goods, where all products from a manufacturer are marked with the MRP, thus ensuring that retailers cannot sell the product above that price. This results in slim margins, as competing retailers can only sell at or below the defined MRP that is printed on the product. The next section has more on MRP and its effects.

Consumer Product Goods (CPG) Companies in India

According to a report created by Booz & Company for the Confederation of Indian Industries (CII)[8] the Indian CPG industry at US$24 billion (in FY2010) accounted for 2.2% of the GDP of the country. The industry tripled in size and grew by 11% annually over the last decade. This was facilitated by changes in the Indian economic and industrial landscape – reduced levels of taxation, easier import of materials and technology, reduced barriers to entry for foreign players, growing organizational maturity of Indian players, growth of media, and, the growing affluence and appetite for consumption of the Indian consumer.

The current expectation is that the CPG industry will grow at a base rate of at least 12% annually to become a US$73 billion industry by 2020.

The major players include a mix of international as well as local players, like: Hindustan Unilever, Procter & Gamble, Colgate-Palmolive, ITC Limited, Nestle India, Britannia, Marico, Parle Agro, Cavin Kare, Cadbury's India, Johnson & Johnson, Reckitt Benckiser, AMUL India, Godrej, Nirma, Wipro, and Tata Global Beverages.

Major Retailers

Corporatized retail in India currently has a number of players that include both Indian and international companies. A number of international companies have already entered the Indian market in collaboration with Indian businesses.

Indigenous Companies

Most of the large format organized retailers in India are owned by India's biggest business groups like Aditya Birla Group, Bharti Enterprises, Future Group, K Raheja Corp Group, Reliance Ltd, RP-Sanjiv Goenka Group, Tata Sons Ltd, and Dubai-based Landmark Group. They own retail ventures like **Aditya Birla 'More', Bharti Retail, Pantaloon Retail Ltd, Shoppers Stop Ltd, Reliance Retail, Spencer's Retail**, **Tata Trent, and Lifestyle Retail Ltd**. An overview of each of these organizations can be found in the Appendix.

Foreign Collaborations & Single Brand Outlets

Some of the major foreign players who have entered the retail sector in India are:

1. **Wal-Mart:** Started a joint venture with Bharti Retail, owner the of easyday chain of retail stores and part of the Bharti Enterprises conglomerate. They plan to invest about US$2.5 billion over the next five years and add about 10 million sqft of retail space in the country.

2. **Germany-based Metro Cash & Carry:** Opened six wholesale centers in the country.

3. **France's Carrefour:** Opened its first cash-and-carry store in India in New Delhi. Its expansion plans are currently on hold, due to worsening global economic climate. But it will continue its focus on China, Brazil and Indonesia.

4. **British retailer Tesco Plc.**: In 2008, they signed an agreement with Trent Ltd., the retail arm of India's Tata Group, to set up cash-and-carry stores.

5. **Marks & Spencer** is in a joint venture with Reliance Retail.

6. **France's Group Auchan SA:** Replaced Amsterdam-based retailer Spar in a joint-venture with Dubai-based Landmark Group which owns Lifestyle Retail in India. All the Spar grocery stores have been rebranded as Auchan.

7. **Staples:** Entered the Indian market in a joint venture with Future Group. It is now expected that Future Group will exit the venture, by selling its stake to Staples.

8. **UK's Pavers England:** Post the reforms, it became the first international single brand retailer to be allowed to set up a wholly owned subsidiary in India.

Prospective Entrants

IKEA: Has committed to an investment of approximately EUR 1.5 billion (EUR 600 million in the first stage and an additional estimated FDI of up to EUR 900 million) for the initial establishment of twenty-five retail stores in a wholly owned subsidiary.[9]

Brooks Brothers: Is going to enter the Indian market in collaboration with Reliance Retail, and its proposal has been approved by the Foreign Investment Promotion Board (FIPB).

Damiani: The Italian jewelry company has also got permission from the FIPB to set up stores in India.

Amazon.com: Amazon has entered the Indian online retail market through its newly launched website Junglee.com. However, due to the restrictions on FDI in online retail, Amazon operates as an interface between consumers and merchants, instead of the business model it follows in the US.

Other prospective entrants whose proposals are still under consideration by the FIPB are: French cookware manufacturer Le Creuset, Thailand's art and home décor business Lotus Arts de Vivre, Italy's Officina Farmaceutica Italiana, and French sports goods giant, Decathlon.

3.2 Anomalies in Grocery Retail

Among the BRICS, Russia, China and South Africa are predominantly modern markets, with over 50% of grocery sales coming from corporatized retail stores. Brazil is in transition, with 40-50%, while in India the market is still nascent and predominantly traditional, with modern formats doing only 2% of grocery sales in 2011.[10]

The Agricultural Produce Wholesale Market

Unlike other commercial products, the sale of agricultural produce in India is governed by a number of laws, many of which vary depending on the state in which it's produced. In many Indian states, farmers and retailers are required to sell and buy fruits and vegetables only through wholesale markets (the market is also known as a '*mandi*') controlled by committees of traders.

But to understand the sale of agricultural produce in India, one has to start with the farmers. India is a country with over 175 million farmers, most of who are marginal or small farmers, with average landholdings that are less than two acres, and small quantities of marketable surplus. This makes the aggregation of produce a complicated process with small quantities of produce, high costs of transportation, and restrictions on sale.

In addition to the lack of infrastructure, the agricultural marketing laws of most Indian states forbid retailers from buying directly from farmers without going through designated wholesale markets or paying a tax to those markets.

While the central government has been asking states to amend those laws to allow direct purchase of produce from farms, most have not done so because the traders who control the wholesale markets have significant political clout and are opposed to allowing foreign retailers into India.[11] There are an estimated 50 million small traders involved in the farm-to-store agriculture business across India, according to the Confederation of All India Traders.

What the farmers are looking forward to as a result of FDI in retail and the advent of multi-national companies, is an increase in competition among buyers of their produce, better prices, and improved agronomic practices and technology.

Initiatives in the Agricultural Produce Wholesale Market & Supply Chain

ITC's e-Choupal

ITC is one of India's foremost private sector companies. In 2000, ITC's Agri Business Division, one of India's largest exporters of agricultural commodities, launched e-Choupal to create a more efficient supply chain. e-Choupal uses village internet kiosks that are managed by farmers to enable the agricultural community to access in their local language, information on the weather, market prices, scientific farm practices and risk management. It also facilitates the sale of farm inputs and purchase of farm produce from the farmers' doorstep.

As a direct marketing channel which is virtually linked to the 'mandi' system for price discovery, 'e-Choupal' eliminates wasteful intermediation and multiple handling, and results in significantly reduced transaction costs. While the farmers benefit through enhanced farm productivity and higher farm gate prices, ITC benefits from the lower net cost of procurement, despite offering better prices to the farmer.

At last count, the network of 6,500 e-Choupal centres was spread across 40,000 villages across India.[12]

Reliance Fresh

The Reliance Group is India's largest private sector enterprise, with businesses in the energy and materials value chain. Its retail arm, Reliance Retail Limited (RRL) was formed in 2006 and has grown into an organisation that caters to millions of customers, and thousands of farmers and vendors.

With the opening of Reliance Fresh, a 1000+ chain of convenience stores, Reliance had begun to make inroads into direct purchasing from farmers, with the expectation of building a robust supply chain. While the attempt was to create a procurement strategy like that of multi-national companies like Wal-Mart, political pressure in some of the states did not allow them to proceed as planned. They are now redefining their categories and minimizing their exposure to the fresh fruits and vegetables business in these states. However with the new FDI reforms and amendments expected for some of the laws related to agricultural produce, it is possible that they may revert to their original vision.

Bharti Walmart's Direct Farm

The intent of the Direct Farm program is to develop a robust supply chain, link farming communities directly to consumers, introduce farming best practices and improve the overall quality of life of the farming communities.

The supply chain operation supports farmers who have limited infrastructure and distribution strength and helps minimize the wastage of fresh fruits and vegetables. Through this program, the company identifies critical gaps in the cultivation and post-harvest process and then makes interventions to improve crop productions. Once the produce is ready they begin direct sourcing with the objective of providing farmers with transparent weighing with digital balances, immediate cash payment, additional bonus for quality produce, and removal of intermediaries from the system resulting in 7-10% higher prices.

The supply-chain is also being improved by creating a modern fruit and vegetable pack house including cold storage, aggregation and consolidation of produce; paying farmers and APMC tax, ensuring legal compliance, grading, sorting and packaging according to company specifications, and managing inventory, batch making and distribution centre/store servicing in line with company requirement.

The program began with 65 farmers in Malerkotla near Ludhiana in Punjab the program and has expanded to include over 7,000 farmers across Punjab, UP, Delhi NCR, Haryana, Maharashtra, Himachal Pradesh and Karnataka. The farmers who joined this program are small and marginal farmers who currently supply 12-16 locally grown vegetables that account for about 20% of Bharti Walmart's store requirements.

Labor Laws & Wages

Labor laws and wages in India are often quite complex, with each state having its own laws and minimum wage. As a step towards making it easier for foreign investors, the government is now exploring the possibility of introducing a floor minimum wage across the country, and also modifying the laws. These reforms however are expected to take a while to be implemented.

Retail Staff

The retail sector is one of the biggest employers in India, employing nearly 24 million people. However, most of the employees in this sector are part of an informal workforce with no social security and no say on working conditions and wages.

On an average, store operations account for 75-80% of the total manpower employed in the organized retail sector. However, there is currently a lack of trained retail staff, as there are very few academic or training programs specific to the retail sector. This results in graduates/post graduates from diverse academic backgrounds being recruited to manage store operations, without adequate training. In most cases, they receive some basic internal training and the rest of their skills are honed through on-the-job training, trial and error, and occasional mentoring programs.

Maximum Retail Price (MRP)

In order to protect consumers against differentiated pricing, the government of India brought in the concept of Maximum Retail Price (MRP) for all consumer goods. This price is printed on the product by the manufacturer, after factoring all the taxes and the retailer's profit margin. While sales tax differs across states in India, the manufacturers and retailers generally work around the problem by using the highest sales tax to set the MRP, and then recommend that retailers in locations that have lower taxes sell the product at a lower price.

While selling a product at a price higher than the printed MRP is against the law in India, retailers are free to sell the product at a lower price depending upon the kind of profit margin they wish to make. Private labels are now becoming increasingly popular, as this gives the retailer the option of setting the price of the product, and determining the profit margin.

The System of Credit & Service

An important aspect of consumerism that modern retailers have to take into account is the system of credit & home delivery that is extended by small and independent retailers.

In India, the small and independent retailers are usually family-run businesses. The friendly local grocer usually knows the brands the customer uses, makes special orders on the customer's request, provides free home delivery irrespective of the bill size, and also has a little notebook for accounts that are settled at a later date (another term for free credit). In the recent years, some kirana stores have moved out of the system of extending credit, but it is a practice they can easily revert to if it means keeping their business running successfully.

These aspects of personalization work heavily in favour of smaller retailers, who create a social bond with their consumer, unlike modern retail outlets where service is more impersonal, and credit facilities non-existent. It must be noted here that while credit cards have made their foray into middle-class households, there still remains some apprehension about fraudulent use. Flipkart, one of India's most popular e-commerce websites, has found that since the introduction of Cash on Delivery instead of credit card/online banking as a payment option, 30% of their revenue comes through this channel.

Infrastructure

Backend infrastructure is an area that is lagging in the retail chain in India. According to Anand Sharma, Minister of Commerce and Industry, while India is the second largest producer of fruits and vegetables as well as food grains, the lack of infrastructure results in as much as 35-40% of the crop being lost before it can reach the consumer.[13]

While cold storage facilities are being planned in different states across the country, the government is expecting foreign retailers to enter the market and take the lead with investments in the same. In India, summers are typically harsh with a shortage of water and electricity, which in turn results in frequent and extended power cuts along with high costs to purchase excess power. In many cases, stores often run on back-up power generators and find it challenging to keep merchandise at optimal temperatures while also ensuring that customers find the ambient temperature in stores comfortable. In the rainy season, the fair-weather roads are dotted with potholes which regularly result in vehicles breaking down, or being delayed.

According to the World Bank Group's Doing Business index, India ranks 132nd among 185 countries – it is 173rd in terms of ease of starting a business, 182nd in dealing with construction permits, 105th in getting electricity connected and 94th in registering real estate.

4 The Indian Consumer

Socio-Economic Classification (SEC)

India's diversity has often proved challenging to marketers. To help target the right audience for products and campaigns, a standard tool in the Indian marketers' toolkit is the Socio-Economic Classification (SEC), which enables market segmentation. While in the past years Occupation and Education of the chief wage earner of the household were used to arrive at the classification, the latest method introduced in 2011 has used the parameters Education of the chief wage earner and Number of Consumer Durables owned by the family (from a predefined list of 11 items ranging from an electricity connection & agricultural land to air conditioners). The new SEC system has 12 grades that range from A1 to E3, with A1 being the highest.

Table 3: Socio-Economic Classification in India (The New SEC System)

	Chief Earner: Education						
No. of Durables	Illiterate	Literate but no formal schooling/ School-Up to 4 years	School-5 to 9 years	SSC/ HSC	Some College (incl a Diploma) but not a Graduate	Graduate/ Post Graduate: General	Graduate/ Post Graduate: Professional
None	E3	E2	E2	E2	E2	E1	D2
1	E2	E1	E1	E1	D2	D2	D2
2	E1	E1	D2	D2	D1	D1	D1
3	D2	D2	D1	D1	C2	C2	C2
4	D1	C2	C2	C1	C1	B2	B2
5	C2	C1	C1	B2	B1	B1	B1
6	C1	B2	B2	B1	A3	A3	A3
7	C1	B1	B1	A3	A3	A2	A2
8	B1	A3	A3	A3	A2	A2	A2
9 +	B1	A3	A3	A2	A2	A1	A1

According to the latest census data in 2011, the growth rate of the urban population in India has been growing, while that of the rural population has been declining. In fact, the numbers indicating the growth in urbanization has been increased from 27.81% in 2001 to 31.16% in 2011.[14]

Table 4: Growth Rate of Indian Population - Urban and Rural
(CensusInfo India 2011 - Houses, Household Amenities and Assets 2011)

	2001 (in million)	2011 (in million)	Growth Rate % (2001-2011)
India	1029	1210	17.6 (-3.9)
Rural	743	833	12.2 (-5.9)
Urban	286	377	31.8 (+0.3)

The SEC of India's urban and rural can be seen in the following figures:

Figure 5: Rural India - SEC Distribution

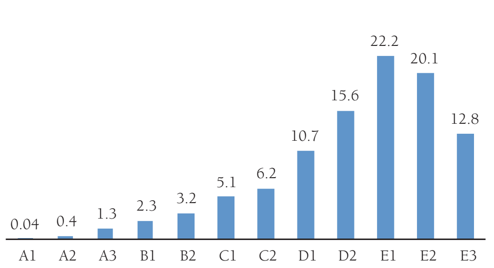
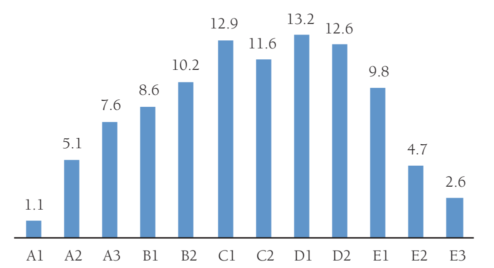


Figure 6: Urban India - SEC Distribution



Consumer Behaviour

Organized retail is a relatively new phenomenon in India, and despite the downturns, the market is growing exponentially. By 2015, it is expected that more than 300 million shoppers will patronize organized retail chains.

The growing 'middle class' is an important factor contributing to the growth of retail in India. By 2030, it is estimated that 91 million households will be 'middle class', up from 21 million today. Also by 2030, 570 million people are expected to live in cities, a number that is nearly twice the population of the United States today. India's modern consumption level is also set to double within five years to US$1.5 trillion from the present level of US$750 billion.[15]

The average Indian retail consumer often allows personal relationships with retailers to dictate their shopping destination. However, one factor that tips this balance towards a competitor is the price. The Indian consumer is highly price sensitive, especially in the essentials/groceries category. There is also a leaning towards fresh produce, and a penchant for touching and feeling the product, like they would in a traditional open market. Big Bazaar, one of India's big retail successes, had its stores designed in the form of islands instead of aisles, to bring in the feel of the open markets. They also brought in huge containers and filled them with grain, pulses and spices, so that customers could touch and smell it before making a purchase decision.

Another interesting aspect is the stocking of meat in grocery stores. Retailers who decided to pioneer the stocking of meat in their stores soon found that they had to be sensitive in their display, so that they wouldn't alienate the vegetarian population. A large portion of India's population observes some form of vegetarianism, which can range from no red meat, no meat/fish to no eggs or even products containing gelatin. While traditionally these restrictions have been based on religious beliefs, there is a growing minority of preferred vegetarians as well. To appease all customers, retailers have now taken to segregating the meat section from the rest of the store, with transparent/translucent partitions that allow only the people inside the section to view the meat on display.

In the fashion and beauty categories, the younger generation is increasingly aware of brands, and displays a readiness to pay for them as well. This has resulted in brands like Louis Vuitton, Calvin Klein, Zara, Marks & Spencer, Aldo, The Body Shop, Lush, M.A.C., Hermes, etc., setting up shop in India.

5 Foreign Direct Investment (FDI) in the Retail Sector

5.1 FDI in India

India has seen FDI in a number of sectors since the liberalization of its markets in the early 1990's. The automotive sector, shares some common ground with retail, and was one of the main beneficiaries of the reforms in 1993. It grew in leaps and bounds with production rising five times since then, and India is currently the sixth largest vehicle manufacturer in the world.

The amount of cumulative FDI inflow into the automobile industry from April 2000 to November 2012 was worth US$7,518 million, amounting to 4% of the total FDI inflows (in terms of USD), as per data published by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce, Govt. of India. This is a direct result of major auto manufacturers like Audi, BMW, Daimler Chrysler, Fiat, Ford, General Motors, Honda, Hyundai, Jaguar, Land Rover, Mercedes Benz, Mitsubishi, Nissan, Renault, Skoda, Suzuki, Toyota, Volkswagen, and Volvo setting up factories and research facilities in the country, and many others, including super luxury brands, which are making their way to India over the next couple of years.

The success story of the auto industry in India is not an isolated case. Other sectors that benefitted from FDI inflows include services, telecom, construction, chemicals, drugs & pharmaceuticals, power, metallurgical industries, computer software & hardware, and real estate. According to the DIPP, since April 2000 to March 2012 cumulative FDI equity inflows (including re-invested earnings and other capital) have amounted to US$ 253 billion.

5.2 The Latest Reforms in FDI in Retail

The suggestions for reforms to allow FDI in Retail in India have been consistently accompanied by protests by some of the major political parties of the country as well as trader unions, who fear that independent retailers will be wiped out by the entry of dominant international retailers. To ensure that the reforms are passed in parliament, while simultaneously acknowledging the opposition to the reforms, the government has empowered individual states with the authority to decide if they would like to allow foreign retailers to enter their markets.

Current FDI Regulations

The percentage of FDI allowed in a retail outlet is dependent on the format of the outlet. The current regulations are:

Table 5: Percentage Stake International Retailers are Allowed in Stores

Type of Investment	% Stake Allowed by International Retailer	Current Players
Cash & Carry Wholesale (automatic route)	100%	Metro's Cash & Carry and Bharti Walmart's Best Price Modern Wholesale
Single-brand retail outlets	100%	Nike, Levis, etc.
Multi-brand retail outlets (govt. approval route)	51%	None
E-commerce	0% (with no immediate reforms in the pipeline)	None. An interesting caveat is that this regulation is not applicable to investments made through private equity and venture capitalists.

Details of the Reforms

The policy cleared by the Indian government stipulates that FDI in multi brand retail will be allowed for up to 51% foreign equity through the government approval route, subject to adequate safeguards for domestic stakeholders.

Other details include:

1. The policy rollout will cover only cities with a population of more than 1 million (to put things in perspective, as per the 2011 census today there are 53 Indian cities with populations in excess of 1 million. In 1991, there were 23 such cities.)

2. The policy mandates a minimum investment of US$100 million with at least half the amount to be invested in backend infrastructure, including cold chains, refrigeration, transportation, packing, sorting and processing.

3. Sourcing of a minimum of 30% from Indian micro and small industry having capital investment of not more than US$1 million has been made mandatory. This will provide the scale to encourage domestic value addition and manufacturing, thereby creating a multiplier effect for employment, technology upgrades and income generation.

4. India has a federal structure of government. The FDI policy is an enabling framework and it remains the prerogative of the states to adopt it. On ground implementation of policy will clearly be within the parameters of state laws and regulations.

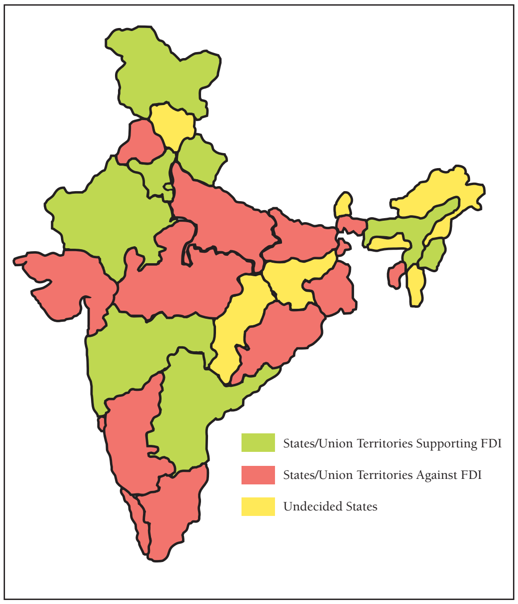
5. A strong legal framework in the form of Competition Commission is available to deal with any anti-competitive practices including predatory pricing.[16]

In addition to this, the government is now planning to remove the old tax systems to simplify the tax calculation and avoid double taxation in Indian retail. The New Goods and Service Tax (GST) is expected to simplify the tax structure, when it is rolled out. Also, as is the case with IKEA, the government could be open to working around the criterion of 30% sourcing from Indian firms.

5.3 Implementing the Reforms

The government with support from its allies has passed the reforms for FDI in the retail sector. However, each of the states has been given the autonomy to decide whether they would like to allow FDI in multi-brand retail.

The government also plans to revolutionize the retail sector to make India a global shopping hub, with new labor laws to support 24-hour business, limiting reckless multiplication of malls to prevent urban chaos, and strong measures to ensure small shopkeepers also thrive in the transformation.



The consumer affairs ministry is also looking at modifying the procurement laws to allow farmers to directly sell their produce to retailers, and adopt a uniform countrywide licensing regime to accelerate retail growth.[17]

According to Adi Godrej, President of the Confederation of Indian Industry (CII), the states that are currently not supporting FDI in retail in India, will come around when they see the benefits, similar to how the states that were initially reluctant to implement Value Added Tax (VAT) adopted the rules when they saw the other states benefitting from it.[18]

Fears: The traders, who are currently the middlemen between the farmer/manufacturer and the consumer, are the most threatened by the entry of foreign players. The expectation is that foreign players will use their operational expertise and financial muscle to edge them out of business. This issue is also politically driven, as political parties are reliant on major vote banks comprising the trader communities, to keep them in power. However, a detailed analysis by Technopak, a leading retail consulting firm in India, dismisses this fear and projects that independent retail will continue to have a share of as much as 80% even in 2021.

6 The Way Forward

If all of this information has catalyzed an interest in investing in India, appended are some recommendations to keep in mind while exploring retail opportunities:

FDI Investment in Retail in India

1. Cities

Challenge: Creating an expansion strategy for India, which is a diverse country with a multitude of cultures that vary across cities

Solution: The city-based approach

This strategy of looking at a city, rather than the country as an investment opportunity could mean the difference between success and failure in India. A city-based approach will ensure that the retail outlet is able to establish a connect with customers who are interested in the products and the price points at which they are being sold.

Tier 1 cities include New Delhi, Mumbai, Bengaluru, Chennai, Hyderabad and Kolkata, which being metropolitan cities are home to the next generation of Indians and a growing number of double income households.

Tier 2 cities like Ahmedabad, Chandigarh, Coimbatore, Gurgaon, Jaipur, Jodhpur, Kochi, Lucknow, Ludhiana, Pune, Surat, Vadodara, Vishakapatnam, Vijaywada, and Thiruvananthapuram are cities that have industry, business and ports which in turn ensure large disposable incomes.

However investments in any of these cities will depend on the decision of each of the state governments to allow FDI in retail.

2. Local Partners

Challenge: Navigating the red-tape and bureaucracy

Solution: Find a reliable local partner

Most multi-national companies venture into the Indian market with a local partner, and in a few years move on to fully owned subsidiaries. The relationship is usually mutually rewarding, as the Indian counterpart knows how to navigate the bureaucratic red tape and understands the Indian consumer, while the multi-national company comes in with technical know-how and funds. According to the Retailers Association of India, branded stores require up to 51 different permissions that include: a trade license, fire safety clearance, police clearance, and permission to display signboards and install chillers. Retailers are required to make the rounds of as many as 32 government agencies, including the municipal corporation, labor commissioner, transport department, and pollution board.[19]

3. Indian Consumer

Challenge: Accurately targeting the Indian consumer

Solution: Consult with experienced retailers and CPG marketers and learn from the experience of other multinational companies

With a host of independent retailers pandering to every whim and fancy of the consumer, the challenge will be to ensure customer walk-ins and repeat purchases. This is a strategy that has to be well thought through, with people with experience in the business being the best consultants.

Some of the learnings of multinational companies that entered India include:

- When Coca Cola and Pepsi first entered the market, their main competition was tea, coffee and lemonade.
- "No Beef" is a now common mantra in most international fast food chains in India, as is a wide range of vegetarian options and 'Indian'ised menus.
- Whirlpool introduced refrigerators that can handle the voltage/power fluctuations that plague most of India.
- Kellogg's Corn Flakes originally didn't succeed in India because Indians mostly consume milk hot, thus reducing their cornflakes to a soggy mush.
- Coca Cola introduced Chota Coke, a small 200ml version in glass bottles, priced at INR 5, to appeal to the rural and semi-urban price conscious consumer. Similarly, CavinKare, an Indian conglomerate, started its successful business with the launch of Chik shampoo in cost effective sachets that instantly appealed to the rural market.
- Marks & Spencer had to re-evaluate their pricing and product strategy in India in order to appeal to consumers.

4. Real Estate

Challenge: Finding prime real estate in a market where space is at a premium

Solution: Vary the store format/size depending on the location and consider a partnership with/acquiring existing Indian retail chains

As they say in retail, it's all about the location. This is a critical aspect, given that space is a major concern in most cities, and rentals in major Indian cities are very high. While international retailers are typically used to anywhere between 51,000 to 150,000 square feet stores, the cost of real estate will necessitate a reevaluation of optimal store size. One of the options is to set up stores on the outskirts of cities. However this strategy might not be feasible as the typical Indian consumer is very conscious of rising fuel costs and will quickly find that the money as well as time spent in traffic to reach the outlet is not worth the wide range or discounted merchandise. This results in an advantage for the independent retailer who can or already has access to smaller retail spaces in prime locations, and this is where the option of a different store format may prove useful. Over the past year, some of the major retailers in India have shut operations in cities where they believe the rentals are too high, and potential for growth isn't too much. Another option to acquire prime retail space is to explore the possibility of acquiring an existing retail chain or formalizing a joint venture with them.

5. Supply Chain

Challenge: Just in time delivery of merchandise and replenishment of stock can suffer as a result of inefficient backend infrastructure

Solution: Build a robust, company-owned supply chain

This will ensure that stock replenishment/movement happens on the retailer's terms without being dependent on a number of other variables. One of the chief reasons the Indian government is encouraging FDI in retail, is to improve the back-end infrastructure of the supply chain and avoid the wastage of produce. The onus will be on the retailer to transport produce across the country in refrigerated trucks that will ensure the produce stays fresh until it is on the shelves. Some of the quirks that a retail truck could be subjected to could include political rallies that block roads and traffic for hours, and time restrictions on heavy vehicle movements within the city, which can result in vehicles with merchandise waiting outside the city limits until the scheduled time of entry.

6. Sourcing

Challenge: Sourcing merchandise could be a complicated process

Solution: Wait for the new taxation laws to be implemented for general merchandise, outsource to an Indian counterpart or create your own grassroots relationships with farmers for agricultural produce.

Sourcing may not follow the usual norms practiced around the world, until the uniform taxation laws are implemented. In the case of agricultural produce, this may mean navigating the laws governing the sale of agricultural produce and the wholesale '*mandi*' system. Outsourcing this job or getting your Indian counterpart to work through the nitty-gritties may be the best solution. Companies like ITC and Wal-Mart, have successfully demonstrated the power of interacting directly with farmers and providing them with technical know-how in exchange for a good price for produce. Other merchandise may be subject to state laws and could have assorted taxes levied on products that are brought in from another state.

7. Skilled Labor

Challenge: Employing and retaining skilled labor may be a challenge in the initial years

Solution: Make the commitment to pay higher salaries and develop in-house training programs

There currently is a paucity of well-trained retail employees, but it is expected that higher salaries will bring more talent into the field. Also, as the sector expands and employment opportunities increase, it is expected that there will be more education/vocational programs with a retail/customer focused approach, which will then result in more trained personnel entering the market. In the meanwhile, in-house training programs, similar to that organized by some Indian retailers, will help bridge the need gap. Alternate solutions that some retailers have been using include the hiring of hotel management graduates for customer facing roles.

8. Legal Partner

Challenge: The laws in India vary across states

Solution: Hire legal firms with expertise in laws across the country

As the laws vary from state to state, it is recommended that international retailers work with law firms that understand retail well, and also have the ability to work with lawyers across states.

9. Long Haul

Challenge: The road to set-up as well as success in the retail industry is a long one

Solution: Be prepared to be patient

It will help to be pragmatic about the investment, and work systematically through the invariable speed bumps. International retailers in countries like China and Brazil have faced multiple hurdles and approximately 15 years on, are still to make a significant impact on the local market. Keeping this in mind it is very likely that India also will not be a typical market where you can expect to enter and make a quick profit.

7 Conclusion

Over the past couple of decades, brands and companies like Hindustan Unilever, P&G, Coke, Pepsi, KFC and McDonald's have changed the urban landscape of India, and become a part of it. The next generation of consumers now expect international retailers to enter the Indian market and build capacities and capabilities that will forever change the retail landscape of India. The going is definitely not going to be logical or necessarily easy, but the best advice, drawn from retail success in other markets as well as from the successful entry of other international companies in India, is that glocalisation is going to be the key to success.

Appendix – Retailers in India

Aditya Birla Retail Ltd.

Products
CPG products, fruits, vegetables, groceries, frozen food, bakery, homecare and pharmacy

Brands
More.

The Company

Aditya Birla Retail Ltd. is the retail arm of the US$40 billion Aditya Birla Group. The company ventured into food and grocery retail sector in December 2006, with the acquisition of Trinethra, a supermarket chain based south India. In May 2007 Aditya Birla Retail Limited (ABRL) launched their own brand of stores called 'More.' with two formats – supermarket and hypermarket.

The chain currently has over 493 supermarkets and 14 hypermarkets. All the supermarkets are branded 'More.' and the hypermarkets are branded 'More Megastore'. The company has over 9,000 employees and has a pan-India presence.

More. Supermarkets: With an average store size of 2,500 sqft., these neighborhood stores cater to the daily, weekly and monthly shopping needs of consumers. The product offerings include a wide range of fresh fruits & vegetables, groceries, personal care, home care, general merchandise and a basic range of apparels.

More. Hypermarkets: These are self-service superstores with an average store size of 55,000 sqft. They are designed to be a one-stop shopping destination for the entire family. Besides a large range of products across fruits & vegetables, groceries, and CPG products, they also have general merchandise, apparels & consumer durables and IT consumer durables.

The company also has a number of private labels, like Feasters, Kitchen's Promise, Best of India, Enriche, 110%, Pestex, Paradise, and Germex

More. has a strong membership base of over 3 million members as part of its loyalty program and has also launched a huge range of private labels in food and grocery, staples and apparel which have already obtained a significant share of category as well as salience with the consumer.

In addition to Aditya Birla Retail Ltd., the Aditya Birla Group owns Madura Fashion & Lifestyle, which is the largest premium branded apparel player in India. Madura sells leading apparel brands like Louis Philippe, Van Heusen, Allen Solly and Peter England through 1,197 exclusive brand outlets that account for retail space of 1.7 million sqft. These brands are also sold in over 1,400 departmental stores and multi brand outlets.

It also has a strategic distributorship tie-up with Esprit and it retails international brands under 'The Collective'. They are also in the process of acquiring a controlling stake in Future Group's, 'Pantaloons Format Business' post its demerger from Pantaloon Retail (India) Ltd (PRIL).

Website
http://www.adityabirla.com/
www.morestore.com

Bharti Enterprises Ltd.

Products

Apparels, Baby Care & Kidswear, Electronics & Electricals, Fashion Accessories, Footwear, Groceries, Home Décor, Music & Home Entertainment, Non-Food CPG, Personal And Home Care, Processed Foods, and Stationery.

Brands

easyday

Private Labels: Astitva, Athletic Works, Easy Choice, Equate, Faded Glory, George, Great Value, Home Trends, Kid Connection, Mainstays, and Simply Basic.

The Company

Bharti Retail is a wholly-owned subsidiary of Bharti Enterprises Ltd. It operates convenience stores called easyday, compact hypermarkets called easyday Market and hypermarkets called easyday Hyper. These 186 stores across 12 states provide consumers with Food & Grocery, Home Furnishings, Electronics, Consumer durables and Apparel at everyday low prices.

Bharti Walmart was created in 2007 as a result of a joint venture between Bharti and Wal-Mart for wholesale cash and carry and back-end supply chain management operations in India, in line with Government of India guidelines. Under the agreement, Bharti and Walmart hold 50:50 stakes in Bharti Walmart Private Limited. The wholesale Cash & Carry facility is named Best Price Modern Wholesale and its objective is to serve small retailers, manufacturers, institutions and farmers. It sells a wide range of fresh, frozen and chilled foods, fruits and vegetables, dry groceries, personal and home care, hotel and restaurant supplies, clothing, office supplies and other general merchandise.

FieldFresh Foods is a joint venture between Bharti and Del Monte Pacific. The company offers branded FieldFresh fruits and vegetables across India and international markets, including Europe and the Middle East. The company offers processed food and beverage products in India under the brand Del Monte and fresh vegetables in its export markets under the brand FieldFresh.

Website

http://www.bharti-retail.in/
http://www.bharti-walmart.in/
http://www.fieldfreshfoods.in/

Lifestyle International Pvt. Ltd | Max Hypermarkets | Citymax India

Products

Apparel, Beauty, Bed & Bath, Fashion Accessories, Footwear, Furniture, Home Décor, Kitchen Accessories, Stationery, Toys and Travel.

Brands

Auchan, Babyshop, Bossini, Gloria Jean's Coffee, Home Centre by Lifestyle, Lifestyle, Max Fashion, Polynation Food Court, and Splash.

The Company

Lifestyle International Pvt. Ltd., Max Hypermarkets India Pvt. Ltd. and Citymax India are all part of the Dubai-based Landmark Group. Operations in India began in 1999 with the Lifestyle brand of departmental stores that stock Apparel, Footwear, Children's Wear & Toys, Furniture & Home Furnishings, and Beauty & Fashion Accessories.

Its other formats include Home Centre by Lifestyle which stocks furniture and home décor, Max Fashion the value fashion brand, Auchan hypermarkets which is a franchise agreement between Auchan and Max Hypermarkets India Pvt. Ltd., & Gloria Jean's Coffees which is being launched in India by Citymax India.

Fashion private labels include: Melange, Code, Ginger, Fame Forever, Forca and Juniors.

Website

http://www.lifestylestores.com/
http://www.maxfashionindia.com/
http://www.auchanindia.com/about.html
http://www.gloriajeanscoffees.com/in/Home.aspx

Pantaloon Retail (India) Ltd.

Products
Accessories, Beauty, Books, Clothes, Electronic, Entertainment, Groceries, Footwear, Furniture, General Merchandise, Health, Kitchen Accessories and Sports goods.

Brands
Aadhaar, Big Bazaar, eZone, Food Bazaar, www.futurebazaar.com, HomeTown, KB's FairPrice, Pantaloons, Planet Sports.

Private Labels: Rig, Living Essence, DJ&C, Srishti, Bare, IQIP, Fresh & Pure, Odele, Tasty Treat, Knighthood, Spunk, John Miller, Mohena, Koryo, Lombard, UMM, Buffalo, Ajile, Dreamline, Sensei, Unpaid, Talk 24, Care Mate, Clean Mate, Sach

The Company
The company is currently going through a major realignment and consolidation exercise, with the intention of creating three separate business areas – supermarket & hypermarket, fashion and an CPG distribution business. It is expected that the exercise will be complete by June 2013.[20]

The following information is subject to change. Future Group has two main subsidiaries: Pantaloon Retail (India) Limited which focuses on the lifestyle retail segment led by the Pantaloons and Central formats, and Future Value Retail which focuses on the value retail segment through the Big Bazaar, Food Bazaar and KB's Fairprice formats. The company is now looking at moving Future Value Retail under Pantaloon Retail.

The company's key formats include Pantaloon, a chain of fashion outlets; Big Bazaar, a hypermarket chain; Food Bazaar, a supermarket chain; and Central, a chain of malls. With over 1000 stores and retail space of more than 16 million sqft., Pantaloon has operations across 73 cities in India, is headquartered in Mumbai, India and employs about 35,000 people.

The group operates more than 1000 stores across 73 cities in India, with products in various lines of businesses such as food, fashion, home and electronics, telecom and information technology (IT), general merchandise, leisure and entertainment, wellness and beauty, books and music. The company also offers products through its Internet retailing store futurebazaar.com.

Website
http://www.futuregroup.in/
http://www.pantaloonretail.in/

Reliance Retail Ltd.

Products

Apparel, Apple products, Automotive Products & Services, Beauty, Bed & Bath, Books, Consumer Durables, Fashion Accessories, Footwear, Furniture, Health & Wellness, Home Décor, Jewellery, Kitchen Accessories, Modular Kitchens, and Music & Home Entertainment.

Brands

Reliance AutoZone, Reliance Digital, Reliance Footprint, Reliance Fresh, Reliance Jewels, Reliance Living, Reliance Market, Reliance Retail, Reliance TimeOut, Reliance Trends, Vimal and Vision Express.

The Company

Reliance Retail Ltd., is a subsidiary of Reliance Industries Ltd. Founded in 2006, it has over 1400 stores in 129 cities and operates several 'value' & 'specialty' formats across categories. The 'value' formats include Reliance Fresh convenience stores and supermarkets, while the 'specialty' formats include Reliance Digital for consumer durables & information technology, Reliance Trends for apparels & accessories, Reliance Wellness for health, wellness & beauty, iStore by Reliance Digital for Apple products, Reliance Footprint for footwear, Reliance Jewels for jewelry, Reliance TimeOut for books, music & entertainment, Vision Express for frames, lenses, contact lenses, sunglasses and accessories, Reliance AutoZone for automotive products & services and Reliance Living for home ware, furniture, modular kitchens and furnishings.

Reliance also has partnerships/franchise agreements with Marks & Spencer, Pearle Europe, Hamleys, Steve Madden, and Quiksilver. Brooks Brothers is their latest alliance.

Website

http://www.ril.com/html/business/business_retail.html

Shoppers Stop Ltd

Products

Bed & Bath accessories, Books & Magazines, Fragrances, Furniture, Home appliances, Home décor, Kitchen Accessories, Maternity & Baby products Music, Stationery, Toys and a range of Estee Lauder, MAC (Make-up Art Cosmetics) and Clinique products

Brands

Shoppers Stop, Crossword, HomeStop, Mothercare, Estee Lauder, MAC, Clinique

The Company

Since its inception in 1991, Shoppers Stop Ltd has introduced various retail formats in India. Apart from the flagship business of department stores, there are also specialty stores for books, home décor and maternity care & infant care.

Shoppers Stop is India's largest retail chain of large format department stores with 51 stores in 22 cities across the country occupying an aggregate area of over 2.7 million sqft.. In addition to Shoppers Stop, the company has other formats, which include HomeStop a premium home concept store, Crossword a bookstore, an exclusive shop-in-shop franchise agreement with Mothercare PLC of UK, and a non-exclusive retail agreement with Estee Lauder to open M.A.C, Clinique and Estee Lauder stores in India.

In the hypermarket format, Shoppers Stop Ltd. also acquired a majority stake of 51% equity share capital in Hypercity Retail (India) Ltd, thus making it a subsidiary of Shoppers Stop Ltd.

Website

http://www.shoppersstop.com
http://corporate.shoppersstop.com/

Spencer's Retail Ltd.

Products

Apparels, Baby Care & Kidswear, Electronics & Electricals, Fashion Accessories, Footwear, Groceries, Home Décor, Music & Home Entertainment, Non-Food CPG, Personal And Home Care, Processed Foods, and Stationery.

Brands

Spencer's and Music World

The Company

Spencer's Retail Limited is a multi-format food-first retailer that is part of the RP-SG Group. They have about 200 stores (including about 30 large format stores) across 45 cities in India, and employ more than 7,000 people. Their retail formats include Spencer's Hyper which are hypermarkets, Spencer's which are local convenience stores and Music World, which is India's largest chain of music stores.

While the focus in Spencer's and Spencer's Hyper is on fresh fruit and vegetables, food and grocery, personal care, garments and fashion accessories, home and office essentials, electrical and electronics, Music World's product portfolio comprises audio CDs, DVDs and VCDs, CD-ROMs, gaming consoles & software of all the leading brands, and other music and home entertainment accessories.

Website

http://www.spencersretail.com/
http://www.musicworld.in/

Trent Ltd.

Products
Apparel, Bed & Bath, Books, Music & Home Entertainment, Games, Groceries, Fashion Accessories, Fragrances, Home Décor, Sports Accessories, Stationery, Toys

Brands
Landmark, Star Bazar, Westside

The Company
Established in 1998, Trent Ltd. is part of the Tata Group. It is headquartered in Mumbai and employs over 6800 people.

Among its formats, Westside is a departmental store that stocks Menswear, Women's wear, Kid's wear, Footwear, Cosmetics, Perfumes and Handbags, Household Accessories, Lingerie, and Gifts, with a strong focus on private labels. Trent ventured into the hypermarket business in 2004 with Star Bazaar, offering staple foods, beverages, health and beauty products, vegetables, fruits, dairy products, consumer electronics, household items, and apparel for men, women and children. Landmark, is India's largest leisure and entertainment store, with a product range that includes books, magazines, toys, gaming, stationery, music & home entertainment, home décor, sports goods and art and craft. Landmark also has an e-tail division at www.landmarkonthenet.com.

In 2008, Trent entered into an association with Tesco for its Star Bazaar hypermarket business, which gave it access to Tesco's retail expertise and technical know-how for operation of the hypermarket business. The company has also entered into a memorandum of understanding with the Inditex Group to develop and promote Zara and Massimo Dutti stores in India.

Website
http://www.mywestside.com/Home.aspx
www.landmarkonthenet.com

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UNIVERSITY OF TORONTO

Rotman