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Do marketers fear FDI in retail?



C R VINAY

FOUNDER & MD

CUSTOMER CENTRIA



I see two aspects here: One pertaining to Indian retailers such as Future Group, Reliance Fresh, etc., and the other pertaining to global entities such as Wal-Mart, Tesco, etc. For home-grown retail, the challenge will not be in communication but in matching the customer experience.

Leveraging on technology, data and analytics will become ever more critical, so as to be able to provide the relevant mix of merchandise and service. Our retailers will only benefit from the competition as they will be forced to adopt global standards in customer experience. Global retailers, however, will face the challenge of becoming "Indian".

Foreign does not always mean better value. The middle class Indian has choice and is more than happy shopping at the *kirana* store and having merchandise delivered home. Global retail expects a certain level of independent self service that we are not used to.



KAMAL NANDI

VICE PRESIDENT (SALES & MARKETING)

GODREJ



Currently, we deal with the modern trade format and have a relationship with a couple of foreign brands. For instance, we have Wal-Mart here brought in by Reliance. So, I don't see any change happening with FDI being allowed by the government. The only challenge might be that the number of international brands will increase, and complicate the formats due to more competition. Apart from that, I don't see any reason why FDI should be feared.



MARK ASHMAN

CEO

HYPERCITY RETAIL



We already have international brands here and the Indian market does work with international formats and standards. Therefore, I don't think there are going to be any communication challenges with more brands coming in. As for consumers, in Tier-I cities, customers are very well-versed with the brands and how they operate. It's only in Tier-II cities that consumers are hesitant. They usually become comfortable by the third visit to a store and adapt to it. More than the communication, real estate and space might be a big challenge for the brands coming in. Also, international brands will have to adapt to the Indian market if they want to be a success.



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With the Government go-ahead for FDI in retail, what communication challenges do marketers foresee once global giants enter the Indian market? Is the industry prepared to take up the challenge of foreign retailers?

COMPILED BY MEGHNA SHARMA



ANUPAM BANSAL

MD

LIBERTY RETAIL



People's perception of FDI is still at a very nascent stage. The government has opened windows for large format retail, which we already have. The big question is, how will it capture the consumer? One big challenge here is real estate, as with the rates shooting up, it will be a big problem. Also, the Opposition is raising the bogey of it affecting the Indian industry and exposing us to not-so-good cheap products.

Therefore, we have to be cautious about whom we allow and whom we keep out of the market. Otherwise, it is a good option as it will help develop the industry. However, we need to keep in mind that moving too fast from manufacturing to the service sector is not a great model.



DIPAK AGARWAL

CHIEF EXECUTIVE, OPERATIONS AND STRATEGY

DHL BRANDS



FDI is going to be good for everyone – the consumer, the industry and the economy. It will help small retailers too. With a number of foreign retailers coming in, it will be a boost to our supply chain. I don't see any challenges apart from how the policy will be executed. Also, there is a certain amount of apprehension regarding retailers having to give 50% investment in backhand. The Government's nod for 51% FDI is good and shouldn't harm anyone.



DEVENDRA SHAH

CHAIRMAN

PARAG MILK FOODS



Modern format stores exist in the US and Europe, and all over the Western world. If they were so good and effective, how come their economies are in the red and their retail sector bleeding? Why are their companies losing vis-a-vis Samsung, LG and other Asian brands? Retail in India has always been a micro business with a significant macro impact and employs significantly larger proportion of the population than in any Western nation.

Asking such small scale enterprises to compete head-on with retail store chains of the world is useless unless there is a level playing ground. Handing over the keys to a self-developed market to foreign firms is only taking the country a step closer to economic bonded labour, killing the enterprising spirit at the grass root level.



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