



BUSINESS RESOURCE STRATEGY TALK

India: challenges in creating world-class retail

Retail branding and design expert Ken Nisch outlines the challenges facing India's retailers if they are to develop the market further and establish a world-class retail offer.

In WGSN's recent [Strategy Talk article on Indian retail](#), director of the World Retail Congress Ian McGarrigle outlined the **staggering changes** that are taking place in the market. This transformation is occurring in a country that is home to arguably the world's oldest written language and a long history, yet has only existed as a modern democracy for a little over 50 years.

The example of how shampoo has grown its 25% market penetration to 100% in a short time frame is just one illustration of how adapting local realities to a product that much of the world takes for granted is one way to create fast changes in the marketplace across India's broad demographic.

Beyond this example there are **other realities too, as well as traditions and, in some cases, intentional policies around social engineering that will influence even more changes in retail** including the pace of change within retail.



Atria Mall

InOrbit Mall

India, in spite of its sprawling metropolises of Mumbai, Bangalore, Delhi and others, is still **essentially a rural country**. More than 60% of the population still lives in rural areas, more than in comparable populations in countries such as the US, Russia and Brazil. This creates enormous challenges in terms of transportation, infrastructure and cultural purchase patterns.

From a retail perspective, the remaining 40% residing in cities also present many challenges. These challenges result in what is termed "big retail" occupying only as much as 6% and as little as 4% of the country's retail trade. **This concentration is primarily focused at the top end of the demographic around branded goods**, with those brands in many cases being international.

Some of this retail has been developed under the auspices of the country's leading industrialised companies such as Tata and Reliance, and more recently in partnership with international retailers. While setting new standards in India, **much of this existing retail is arguably not world-class**. This results in much of the spending power of the Indian elite (other than for consumable products) "leaking" to places outside of the country as those Indian consumers who are traveling around the world explore and acquire global-quality retail products

Facing the challenges

During a recent presentation to Indian retailers, I outlined the challenges for the Indian market as a path that capital-rich India retail groups might take in the future.

This throws up some key questions: will they be satisfied to copy and parody retail groups that exist outside of India? Can they borrow intellectual property that may on the surface be appealing to the domestic consumer, but might not necessarily fit, work or appeal to the nuances in this very diverse and complicated marketplace? **Will they respect and see the role that creativity plays in creating a brand** - or primarily relegate creativity to the role of a technician with a seat in the second row while the "main table" is occupied by accountants and operators?

In contrast to what today appears to be a distant and sometimes antagonistic relationship between developer, retailer and marketer, **will they evolve into a partnership where centers are merchandised, designed and positioned in a way that the consumer is offered a thoughtful and distinctive set of complementary retail choices?** Or will they be provided a patchwork of what is often inconsistent and overly repetitive options?

Lastly, will India find a way to leverage its rich, colourful and provocative history without surrendering it to the invasion of intrusive and foreign ideas? Or **will protectionism and prejudice keep it and the retail industry from evolving** and its increasingly sophisticated and worldly population from enjoying world-class retail?

Impressions of India

India is **provocative in its juxtaposition** of the ancient and the modern, the superstitious and the technical, the spiritual and the commercial, the poor and the privileged, and the beautiful and the neglected.

It is proud and confident in its history and culture, but a bit **less secure in its openness to collaboration**, criticism and innovation with people and ideas from outside the marketplace.

Ideas in India are either viewed as "Indian" or not: clothing is ethnic or western; teams are seen as local or from elsewhere. **Breaking down these perceptual and cultural barriers** and recognising the "fusion" on the one hand, while respecting and celebrating the things that make the places we live unique - not as a series of conflicts, but as a progression of opportunities - will be **essential for retail to continue to successfully evolve**.

Ken Nisch is an architect and chairman of JGA, a US brand strategy, retail design and architecture firm. Named one of the industry's "Most Influential" and a Legion of Honor recipient by the Retail Design Institute, Nisch applies his knowledge and entrepreneurial insight into consumer markets to create concept and prototype development, brand image positioning and architectural direction. JGA's clients include Godiva Chocolatier, Brookstone, Cortefiel/Springfield, Verizon Wireless, Borders, Hershey's, Hickey Freeman, Jaguar and The North Face.

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Nisch recently presented at the [In-Store Asia Conference](#) in Bangalore.

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