

3rd Pakistan International Retail Conference- 2014

Marketing Strategy & Emerging Market Retailers

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Marriot, Karachi

April 15, 2014

Introduction:

- ▶ The diversity & dynamism of the changing scenario of the market, defy anyone size-fits-all approach market but by targeting city clusters within them company's can see the opportunities.
- ▶ Creating a powerful emerging strategy is in the top priority list of the most MNC's.

International Scenario

- ▶ Seven emerging economies - China, India, Brazil, Mexico, Russia, Turkey & Indonesia are expected to contribute 45 % of the global GDP growth in the coming decade.
- ▶ If we want to capitalize on the promising growth we need to find out a strategy to adapt internationally.
- ▶ But an emerging market is anyplace where buyers & sellers cannot easily and efficiently do business with each other so the focus is Worldwide (Asia)

International Scenario

- ▶ We need to understand that emerging markets are totally different ball game-fundamental difference between the mature & emerging markets is the infrastructure.
- ▶ In the emerging market clear development plan is not structured.

Emerging Market & Retailer

- ▶ An **emerging market** as defined by wikipedia, is a country that has some characteristics of a developed market but is not a developed market.
- ▶ **Retail** is the sale of goods and services from individuals or businesses to the **end-user**

Why Emerging Market?

- ▶ Rapid growth is the major concern.
- ▶ Bigger market size leads to a higher level of competency
- ▶ Emerging market consists of a new block of customers
- ▶ Companies continuously need to expand business

Retail Market: Global Perspective

- ▶ The 100 Most important retailers have increased their sales outside their home country with a greater percentage than what they have achieved locally.
- ▶ Today Customer's intimacy is more and more important
- ▶ Retailers have tried to Catch Consumer's loyalty to their stores through the Brands **by practising very low prices**

Retailers: Scenario

- ▶ Retailers :from a Primitive age to Maturity
 - ▶ Diminishing role of Wholesalers
 - ▶ Progressive control of distribution
 - ▶ Increasing Power in the negotiation

- ▶ The pull of Consumer demand determines what happens along the Supply.

Manufacturer's Challenges:

- Optimise Brand Portfolio Management
 - ▶ Category Management and private Label (retailers own brand) development can lead to decline in secondary brands (manufacturer brand).
 - ▶ Trade Spending have Grown up while investments on Brands are more and more necessary as counterpart to Power of the Trade

Manufacturer's Challenges: (Contd.)

- Understand and adapt to Retailer's organisation
 - ▶ Enhance Supply Chain expertise
 - ▶ Develop Category leadership through Merchandising
 - ▶ Optimise Field Management
- Drive the business with transparent and defensible trade terms consistent with Brand Strategies
- Develop Alternative trade Channels

Focus on: Strategy

▶ 1-Improve Efficiency

- ▶ Production
- ▶ IT technology
- ▶ Category Management
- ▶ Electronic Data Interchange (EDI) Electronic Cash Register(ECR)
- ▶ Control of Supply Chain

▶ 2-Differentiate via

- ▶ Advertising
- ▶ Store Branding
- ▶ Loyalty Cards

Emerging Market : Local

- ▶ An emerging market can be any geographical area or a class of new customers with increasing purchasing power and spendable income. (Mainly escalation of middle class)

Bangladesh Economy:

▶ GDP

- ▶ \$115.6 billion (2012 est.)
- ▶ \$111.9 billion (2011 est.)
- ▶ \$100.4 billion (2010 est.)

▶ GDP - real growth rate

- ▶ 6.1% (2012 est.)
- ▶ 6.5% (2011 est.)
- ▶ 6.4% (2010 est.)

Bangladesh Economy:

- ▶ Per Capita income - USD 1,044
- ▶ Population : 160 Million

Context Bangladesh:

- ▶ Bangladesh a country of around 160 million people, is growing as an emerging market for the many international brands as well as for the local conglomerates with new world class products. New cluster of customers are emerging with new taste and preferences. Managing the retail in such market requires understanding market dynamics.

Soft Drinks Industry:

- ▶ Contemporary key players (Oligopoly market)



Soft Drinks Industry: (Contd.)

Market Scenario:

- ▶ Existing market products was 330 Ml can and 250 Ml RGB



Soft Drinks Industry: (Contd.)

- ▶ Introduced innovative packaging Bangladesh:
 - ▶ Slim Can of 250 Ml (grab and go) at an affordable price
 - ▶ PET Bottle (Hassle free)
- ▶ Colorful packaging



Soft Drinks Industry: (Contd.)

Impact on retail market:

- ▶ Convenience for retailers and consumers (Ease of consumption)
- ▶ Retailers had to invest in glass bottles in addition to the liquid
- ▶ Hassle free transportation
- ▶ Consumers perceived it as more Hygienic and reliable
- ▶ Induction of new channel - grocery stores

Soft Drinks Industry: (Contd.)

Outcome:

- ▶ Significant market share gained in the very first year
- ▶ Volume sold:

Tobacco Industry:



- ▶ Sales was wholesale driven and retail was nurtured by the wholesaler
- ▶ Shifted to retail business to apply appropriate distribution methods
- ▶ Focused towards consumer interaction through retailers to gain insight and ensure structured selling format.

Tobacco Industry: (Contd.)

Why moved to retail:

- ▶ Closer to the customer
- ▶ To ensure product quality and price parity
- ▶ Ensured availability
- ▶ Optimized resource allocation
- ▶ ATL and BTL marketing expenses were more efficient and effective

Tobacco Industry: (Contd.)

- ▶ Localizing selling procedure (One stick sales)
- ▶ Plugging into unplugged market through retailers
- ▶ The success lies in understanding the local market and formulating strategy accordingly

Detergent Industry:

The logo for Procter & Gamble, featuring the letters 'P&G' in a bold, blue, serif font.

- ▶ The key cleaning agent products were bar soap and soda
- ▶ Developing customers through communicating about specialized soap which is compact detergent

Detergent Industry:

- ▶ The only way to reach the customers was through retailers
- ▶ Then came the daunting challenge of **matching to affordability**
- ▶ Affordability was matched through introducing sachet packs to attract new segment of customers.
- ▶ Now detergent is the key cleaning agent for household usage.

Paint Industry:



- ▶ Already market leader in the country
- ▶ Problem with credit structure
- ▶ The business was controlled by few big dealers .

Paint Industry:

What was done ?

- ▶ Structuring the credit facility with days and amount limit
- ▶ Quarterly target for developing new outlets
- ▶ Introduced retail audit to understand business insight

Paint Industry:

Outcome :

- ▶ Still the most preferred brand for paint with different international giants as competition
- ▶ Sustainable continuous growth

Winning strategy in emerging market

- ▶ How local are the strategies and the product
- ▶ Understanding the local market before developing strategies
- ▶ Matching to affordability
- ▶ Educating and creating consumer
- ▶ Coming closer to consumer through retail system and making the product available
- ▶ Working towards customer delightness

Thank you.