

NEW FRONTIERS FOR THE STATE WITH THE HIGHEST NUMBER OF BILLIONAIRES IN THE WORLD

Gold rush in the Indian market. The winning solution is the local partner

Double-digit growth and interest from Italian entrepreneurs. Success, however, is not plain-sailing

Substantial infrastructural delays and illiteracy - but also the highest number of billionaires on the planet and the 50% of its population made up of young people potentially open to the western consumer models. India is a country in which it is difficult to cast absolutist opinions in terms of business opportunities. In spite of the optimistic forecasts, the most critical problem for enterprises is to think (and to act) with farsightedness in a country where the connections between the capital and the most populous cities are inexistent, where only 3% of the commercial transactions are through major stores and the remainder through shopkeepers and street vendors and where normal marketing rules do not apply. Nevertheless Giuliano Noci, manager for internationalization of the enterprise division of Mip, the Milan Polytechnic, as well as one of the major experts on this vast Asian country, shows the propensity to see the glass half full and explains his reasoning. “Making a comparison with China is a mistake – warns the professor – India will not see the same massive exodus from the countryside to the city nor the explosion of shopping centres as witnessed in China. From 1998 to 2005 a total of 3700 miles of motorway were constructed, against the 23 thousand in China. However, it is a country in which half of the population are under 25 and therefore not imbued with the traditional culture, thus making them receptive to consumerism. In addition the ‘made in Italy’ branding is considered synonymous with quality and value”. Attilio Arietti, Chairman of M&A International is of the same opinion “there are excellent development opportunities – he explains – for Italian companies wishing to expand in India through the acquisition of medium and small-sized Indian companies. India is a market rich in entrepreneurs devoted to international expansion (where possible) either through their own direct expansion or alternatively through entry into a foreign group. In addition, the traditional presence in India of Italian manufacturing companies, such as Fiat and Piaggio, has in recent years resulted in the Indian entrepreneurs having an extremely positive attitude toward potential partnerships with companies from our country.” However, not all that glitters is gold. Like any other country in rapid expansion, India is not a new Eldorado for all. Diego Rossetti's story is indicative of this: “We opened up at Mumbai in a luxurious hotel, three years ago, with an excellent brand already positioned in the location – explains the entrepreneur – but we closed in 2007 due to insufficient commercial traffic”. The company however has not ended its experiment and will retry: “we will reopen in one of the first shopping malls, currently under construction in Delhi and Bombay”. The location is crucial and Noci concludes “those arriving first will gain the strategic positions, with a significant competitive advantage”. Suggestions? “It would be desirable to have business and brand aggregations. The *unbranded* have the advantage of arriving on the market with competitive prices: paradoxically not much is spent in the country on food but there are

resources for aspiration goods – continued the professor – it is necessary to customize the product.” The “Indian continent” is now a target of Fila Emea, the iconic Italian sports lifestyle brand: Barclays Ventures has in fact announced its support to the management buy-out. “From this operation – explains Stefano di Martino, CEO of Fila Emea and head of the management team – we expect a considerable increase in profits from the development of new products and from the expansion into new markets such as India and Russia. In particular the Indian market is a delicate one in which (at least in this phase) it is extremely important to have a local retail partner which serves as a compass for the foreign investors”.