

Catering Equipment Exporters Conference

India

Sabe Tibbitts
International Trade Adviser

UK TRADE & INVESTMENT
London Region

UK Trade and Investment DTI and FCO

Inward Investment
Export

International Trade Services through:

Overseas - over 150 commercial posts

UK - 12 regions

- 300 UK Advisers

UKTI London

- Specialist Advisers
 - Sector focus
 - Geographic focus
 - Sector and Market Experience
 - Regional Presence
 - Posts Abroad - regular visits
 - Partners : Chamber of Commerce, LDA, GLE – One London, industry organisations
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INDIA STATISTICS

- 1/3 size of US
 - GDP up 8% per year
 - Growth steady since 1994
 - Income per capita \$3,100
 - Economy
 - 23.6% agriculture
 - 28.4% industry
 - 48% services
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INDIA STATISTICS

- 28 states + 7 union territories
 - Population 1,080,264,388
 - Median age 24.66 years
 - 80% Hindu 13% Moslem
 - Languages:
 - 30% Hindi
 - 14 other official languages
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INDIA TODAY

- One of the fastest growing economies
- Not all parts are growing and infrastructure creaky
- Fast changing market - India's now global
- Large, diverse, bureaucratic
- Stable political system (states more autonomous)
- "Western" business environment
- Generational differences re. UK/US
- English used in commerce
- Education levels / IT skills high



SOME BARRIERS STILL

- High Tariffs – average 20%
 - Limits on direct foreign investment
 - Bureaucracy
 - Infrastructure
 - 25% below poverty line
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THINGS ARE CHANGING

- Liberalisation of aviation, telecoms, insurance
 - Large government investment
 - Roads & Rail: comprehensive but poor quality
 - Golden Quadrilateral: invested US\$6.8 billion
 - Road links four metro cities
 - Delhi
 - Kolkata
 - Chennai
 - Mumbai
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Trends in Hotel Segment

- Investment
 - all hotel segments - 5 star, 4 star & below
 - Domestic Business Travel:
 - business hotels & executive apartments
 - Leisure
 - price sensitive leisure market
 - (5 star segments pricing out of leisure market NB:
government hotels and resthouses)
 - Demand
 - requirement for quality catering equipment rising
 - (local equipment suppliers have to match high quality international brands - imports easier option for hotels against their duty free licenses)
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Major Chains (International Standard)

- Indian
The Oberoi group (East India Hotels), Taj Group (Indian Hotels limited), ITC hotels, Leela Group, Park hotels, Sarovar Park Hotels, Claridges hotels
 - International
Shangri-la, Marriott, Hyatt, Hilton, Intercontinental, Accor, Aman Resorts, Star wood- Sheraton, Westin, Le Meridien. Recent entrant Four Seasons
 - Location
All metro's i.e. Delhi, Mumbai, Kolkatta, Chennai Bangalore, Hyderabad. Further Pune, Goa, Vishakapatnam, Kerala etc.
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Market Size

3 * - 5* Rooms

	Existing Supply	Proposed Supply	Increase over Five Years	Active Development of Supply	Luxury	First Class	Mid-market	Budget
Agra	1,336	764	57%	32%	-	10.5%	73.8%	15.7%
Ahmedabad	519	2,230	430%	60%	-	30.3%	40.9%	28.9%
Bangalore	2,414	12,882	534%	61%	22.8%	35.7%	34.7%	6.8%
Chandigarh	340	1,567	461%	45%	9.6%	22.3%	45.3%	22.8%
Chennai	2,442	6,213	254%	68%	23.8%	20.5%	40.9%	14.7%
Delhi (NCR)	7,990	19,423	243%	56%	23.3%	25.9%	32.5%	18.3%
Goa	2,450	3,058	125%	58%	37.5%	22.4%	28.1%	12.0%
Hyderabad	1,868	10,619	568%	47%	18.3%	34.1%	34.2%	13.5%
Jaipur	1,388	4,012	289%	56%	12.2%	36.5%	35.3%	16.0%
Kolkata	1,354	3,644	269%	67%	16.9%	30.6%	47.7%	4.8%
Mumbai	7,402	11,578	156%	49%	31.8%	31.8%	24.8%	11.6%
Pune	777	8,072	1039%	77%	14.1%	24.4%	51.8%	9.6%
Other Cities	9,005	17,909	199%	58%	4.2%	23.6%	21.5%	50.7%
Total	39,285	101,971	260%	58%				

Buying Authority Catering Equipment

- Mixed Autonomy
 - varies by chain: local or group headquarters
 - some with required approvals/
some centrally monitored.
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Purchasing

Local / Import supply

- Local Distributors
spread in metros mainly in Delhi & Mumbai as
base offices
 - Import duties
(government rules hotels earning FOREX can
use their duty free license to negate equal to
the FOREX earned)
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Other Opportunities

- Hospitals
emerging market for catering equipment - Max-New York life, Fortis, Escorts etc are making their units self sufficient to the specialised catering/ dietary requirements
 - MNC canteens
need for quality catering equipment. Corporates incentivise with internally managed cafés
 - Private Events / restaurants
mushrooming! e.g. Indian weddings! constant need for such equipment.
 - Many hotel management schools
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EXPORTER SUPPORT

- Export strategy
 - Development for Export
 - Long Term Growth
 - Mentoring
 - Resource assessment
 - Strategic advice
 - IPR
 - Pricing
 - Branding/ USP
 - Review opportunities and leads
 - Managing agents
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OVERSEAS SUPPORT

UK Trade & Investment services

- Trade Missions
 - Tailored market information
 - Visit arranging
 - PR service
 - Exhibition support
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START TRADING

- Agent/distributor; licensing; local JV or subsidiary
 - Commercial issues
 - partner choice and motivation
 - due diligence
 - exclusivity and geography
 - pricing and payment streams/terms
 - legal: intellectual property/dispute resolution
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CONCLUSION - ENTERING THE MARKET

- Research: UK Trade & Investment ; professional advisers; network; visit; exhibitions; top management commitment; due diligence ... go on a Trade Mission
- Product: know your product and world wide competition; be prepared to sell latest product/technology; will your product work in India?
- Market entry: understand import conditions and local cost build up; where's the market and how big is it
- Plan: with flexibility - agreements will not stay static



Look a gift horse in the mouth! And hang on to pricing!

CONTACT DETAILS:

- www.uktradeinvest.gov.uk
 - Sabe Tibbitts, International Trade Team - London
 - New City Court, London SE1 9RS
 - Tel: 020 7234 3029
 - e-mail: sabetibbitts@uktilondon.org.uk
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