

partnership in action

UKIBC Case Study

MARKS & SPENCER

(JV WITH RELIANCE RETAIL)

In April 2008, Marks & Spencer announced a £29m joint venture with Reliance Retail, to open fifty full-scale stores true to the Marks & Spencer brand throughout India in the next five years.

Mark Ashman, CEO of Marks & Spencer India, speaks to UKIBC about leading the business's first franchises in India with Planet Retail, bringing his experience as former Head of Outlets in the UK.



Why did Marks and Spencer first consider expanding their business in India?

We had a franchisee company in the market place, which while initially successful, in latter stages was somewhat disappointing. We came to review the marketplace and decide whether it was of a significant scale that we should move from franchising to a joint venture. We decided on some key parameters when looking for a retail partner. We decided that Marks & Spencer ought to have the confidence as a retailer to operate in any marketplace in the world, but would need capabilities from a partner in three specific areas: Property, Logistics and Supply Chain, and Experience of operating in India.

How did you decide that Reliance Industries were the right partner for the venture?

Those were the three key capabilities that we were looking for, when we found Reliance. We had conversations with a number of other potential partners and ultimately decided that Reliance was the best fit. What then came after that was an appreciation from a retail perspective of what Reliance had managed to achieve in

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literally an eighteen month period. 500 fresh stores at that time then 600, and initial stores in a whole number of other categories, from hypermarkets through to jewellery and accessories. We then subsequently also really liked the ambition in a retail sense. Initially we weren't setting out to find that.

Is management shared between you and Reliance and how did you consolidate that structure?

Marks & Spencer has the majority share of 51% to Reliance's 49%. That was a principle that we weren't prepared to compromise on. In terms of management, Marks & Spencer appointed the CEO, Reliance appointed the CFO. We then decided the Head of Buying was to be an ex-pat from M & S. The Head of HR is a local recruit, and we're finalising the Head of Marketing, as a local recruit. So that's essentially the leadership team.

How will you localise the brand?

Our plan is to take what we would say are the intrinsic values of Marks & Spencer, but it's my personal belief and this has been shared so far, that we must personalise the offering in this marketplace to the consumer, from a product perspective, and I think also from a store perspective. We will need to create a warm environment, and we'll do that as we go forward.

What will the challenges be?

I think there are challenges, we absolutely know that we have to get our pricing down, and we certainly can't be more expensive than the UK, so we'd like to be at UK pricing. If we can be lower but still maintain the quality then we will do that. I think the challenges to you will be well known; infrastructure is challenging here, but developing. I think malls are being built but not necessarily opening on time. There's an element of being patient in doing business here. There is a workforce that is absolutely keen to learn, that is very keen to please, and it's a positive experience doing business here. But the time between decision making and delivery might be more prolonged than when doing business in the UK.

Have you found cultural differences in doing business to be a challenge?

Exactly, if you said to me what are the challenges I think one of the challenges will be explaining that to the UK business. It's only a year that I've been here, but I think that you can't fight it, you have to go with it; it's cultural and the way that business is done, and ultimately I think that patience results in the right outcome. For many businesses here, some of the time will be spent trying to explain that to their corporate office around the world, but that's just the way that business is done.