



## LEVI'S WLT DISCUSSION, March 2007



Company Confidential

© 2005 Nokia

**NOKIA**  
Connecting People

# Structure

- Nokia India Story
- Consumer in India
- Doing Business in India
- The India Future

# MNCs in India - Trendline

Firm	Number of years in India	Turnover \$ Bln 2006
BAT	100	2.5
Unilever	70	2.2
Philips	60	0.5
LG Electronics	12	1.7
Samsung	12	1.5
NOKIA	11	3.2

# Nokia India Phase 1 . 1996 till 2000

## Context

- A government that was broke in 1991
- A government that did not have funds for Infrastructure investment
- Invites CII to propose a way for Infrastructure

## What happened

- Global players came in, with global mindset
- Price of a cellphone was \$ 700
- Call rate was 40 cents
- One of the few industries where local brands were not protected/encouraged

## Results

- Market was stagnant
- Global players got frustrated

# Nokia India Phase 2 . 2000 till 2004

## Context

- Global service providers wound up, termed India an untenable market
- Industry formed ICA and kept knocking on policy door
- The Government reshaped telecom policy, reshaped duties
- Handset manufacturers stuck it out

## What happened

- Prices of cellphones dropped, more due to global scale
- Call rates dropped 4 TO 6 CENTS
- Indian service providers developed an outsourced model of biz

## Results

- Market picked up
- Global players were attracted by the volume but disappointed by the complexity and low pricing

# Nokia India Phase 3 . 2004 till 2006

## Context

- Government is an active supporter.
- All firms invest in India manufacturing
- The hottest Industry in town

## What happened

- Investment from every brand – handsets and services
- Content marketing
- A virtuous cycle starts ,CALL RATES AT 2 CENTS

## Results

- India becomes No 1 telecom market in terms of sub adds in Nov 2006
- India service providers Bharti,Reliance build huge market cap
- Vodafone buys Hutch stake in India for 19.3 bln

# Nokia India 5 lessons

1. Nokia believed in the potential of India and waited for it. The first global board visited India in 1995 when there was no office !!
2. Invest in assets that can always be leveraged – Brand, People. Nokia always hired quality people ahead of the curve. Nokia operated out of Radisson Hotel, Delhi till 2003.
3. Build an effective and united Industry body to deal with Policy makers
4. Think Global, Manage regional, Execute local
5. Adapt products for India, own thought leadership

# The Indian Consumer

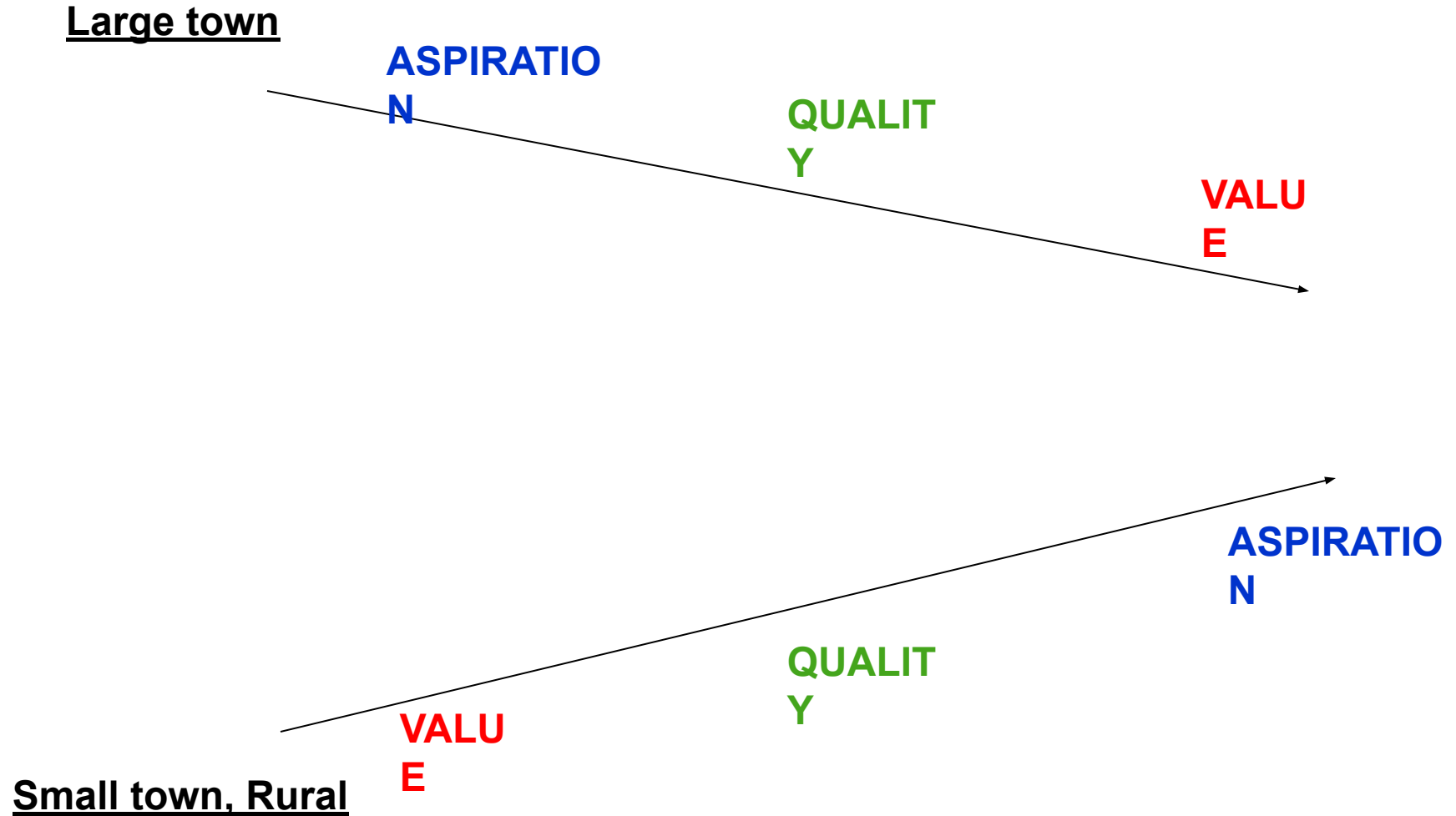
Pay More ,Get More

Worth the price

Pay less, Get  
less



# The Indian Consumer



# Living through rapid social change



# Finding simplicity



Company Confidential

© 2005 Nokia

**NOKIA**  
Connecting People

# Fundamental truths of social change in India

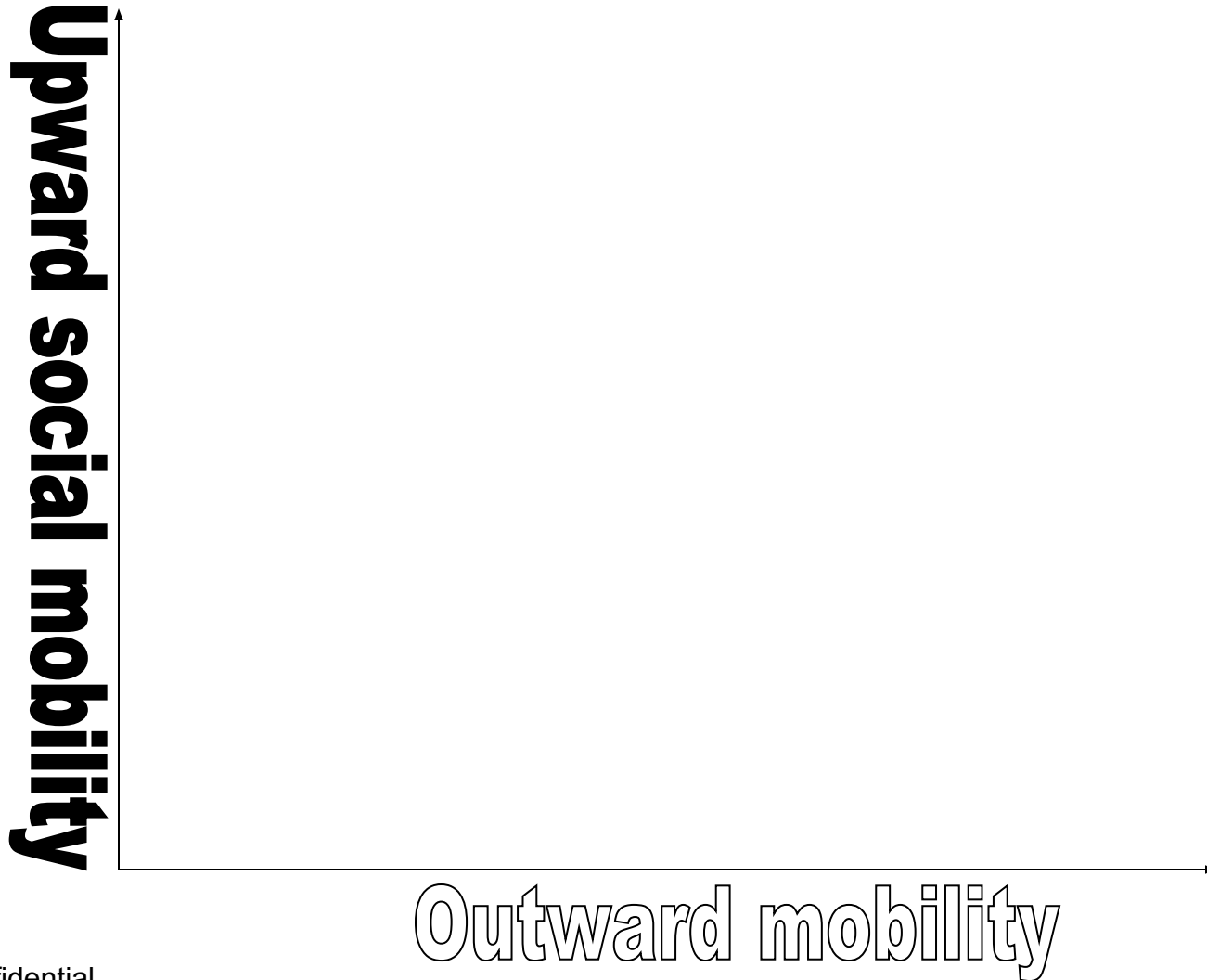
- The Indian cultural imprint is enduring – it has lasted through thousands of years and conquests of the persians, mughals, the british...
- The new never completely replaces the old – the fundamental cultural imprint resurfaces in a new avatar, when the context changes.
- The cultural imprint is hard wired into the Indian psyche

**The Indian cultural imprint is  
constructed around one central  
truth**

**Life is “lived” in A HEIRARCHICAL SOCIAL  
NETWORK**

**The Purpose of today's Indian middle class is to be found in the application of this truth to the current social context**

# Two social forces create momentum in today's middle class



Company Confidential

© 2005 Nokia

**NOKIA**  
Connecting People

# The purpose of upward social mobility is to enhance social esteem

**Upward social mobility**

Social Esteem = Status, respect, power and influence  
Social Esteem is derived from wealth and fame

Outward mobility



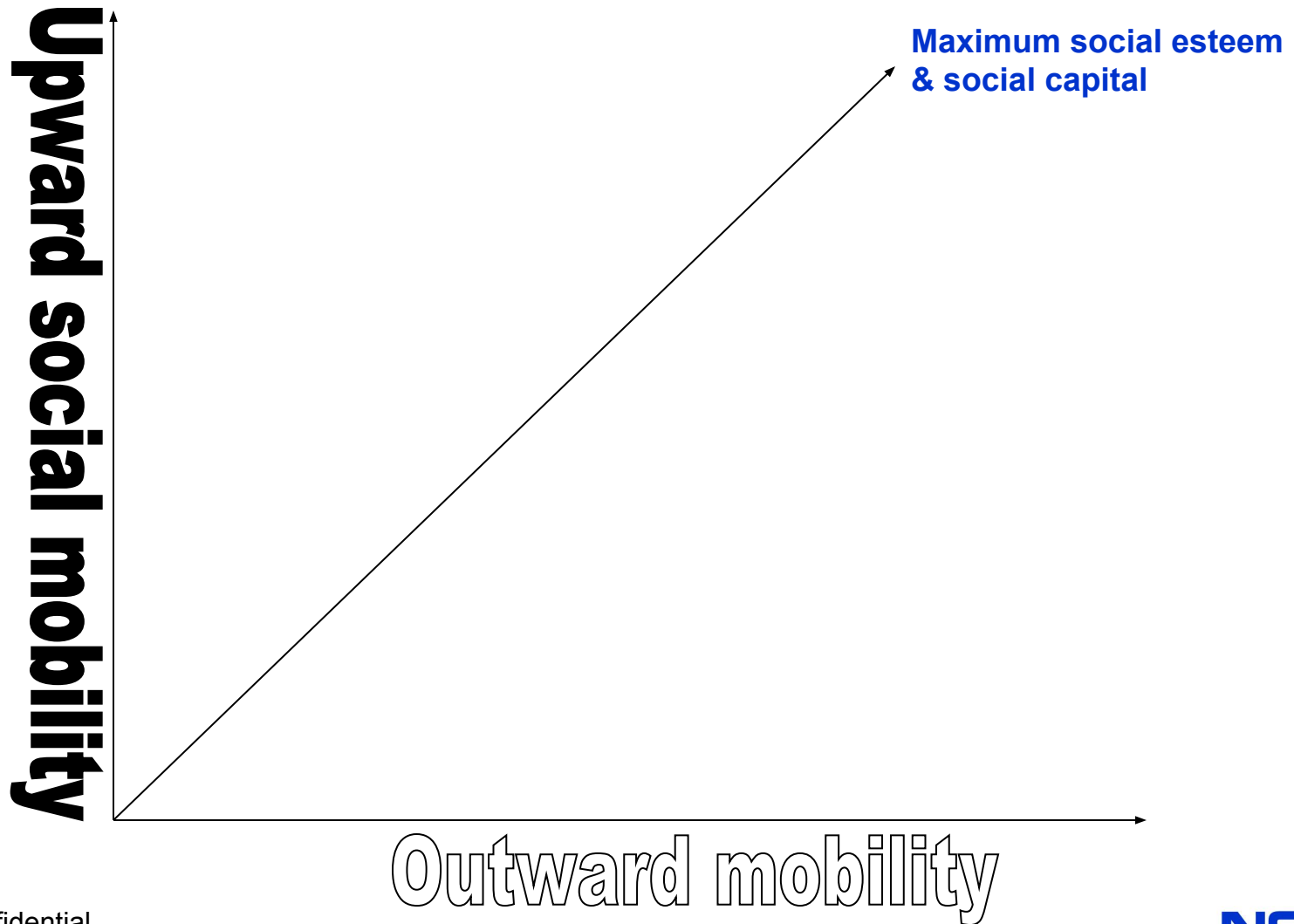
# The purpose of outward mobility is to enhance social capital

**Upward social mobility**

Social capital = the advantage created by a person's location in a network of relationships

Outward mobility

# The 'purpose' of today's middle class is to maximize social esteem and social capital



Company Confidential

© 2005 Nokia

**NOKIA**  
Connecting People

# Rules of success with the Indian middle class

- World class quality
- Indianization – not just marginally adapted, but created to their preferences
- Great price-value
- ‘Modern’ image

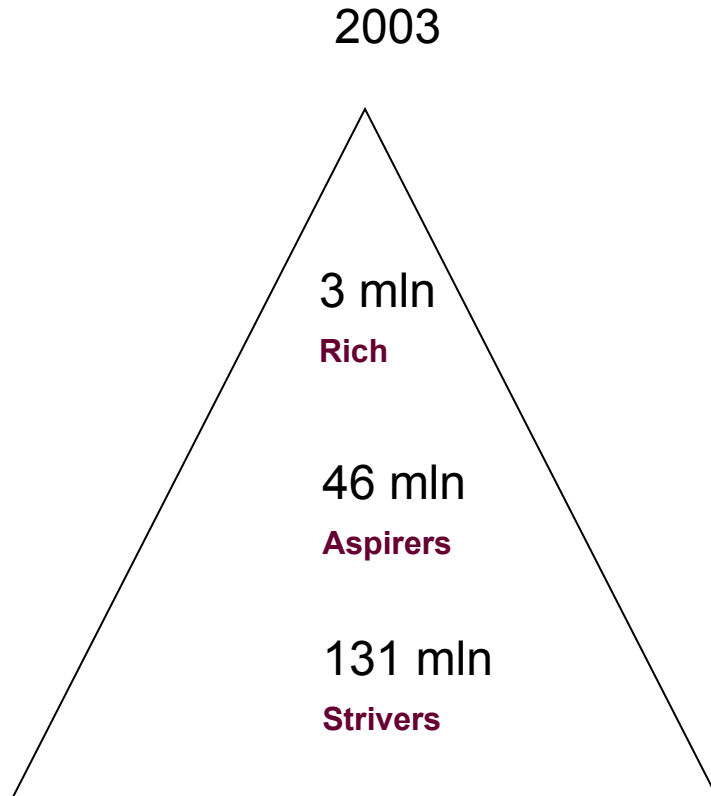
# Segment Comparison at a glance...

	Global	China	UK	USA	India
Young Explorers	7,9%	8,0%	7,2%	3,0%	7,5%
Technology Leaders	6.10%	6.90%	5,4%	8,0%	3,4%
Technology Stylists	6.40%	8,7%	6,8%	4,1%	6,4%
Style Leaders	10.60%	15,3%	4,2%	3,4%	22,8%
Style Followers	7.20%	17,8%	-	-	24,9%
Image Seekers	6.30%	8,7%	3,6%	-	9,9%
Family Providers	10.30%	12,9%	9,6%	3,0%	6,8%
Simplicity Seekers	13%	3,9%	25,1%	18,0%	2,9%
Mature Acceptors	7.60%	-	7,3%	23,5%	-
Life Jugglers	3.80%	-	6,2%	9,7%	-
Pragmatic Leaders	7.10%	3,2%	7,7%	17,8%	-
Life Builders	13,9%	14,8%	16,8%	9,5%	15,3%

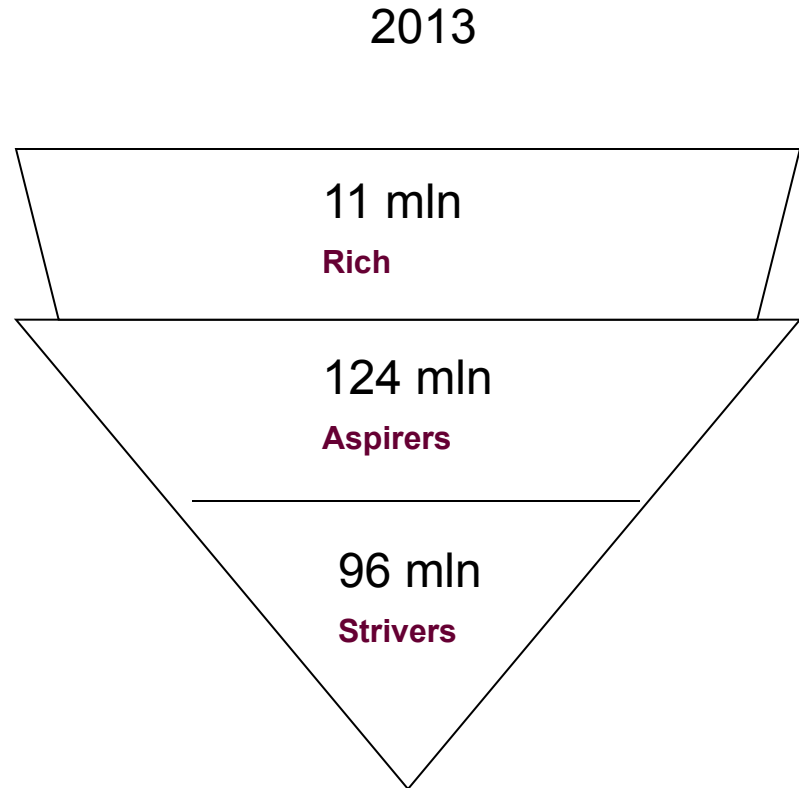
# Doing Business in India

- Your View of India and the dream for India !
- The Local India Team , what are you hiring them for?
- The need for a sponsor – Mr India on the WLT

# The Shape of things to come



Figures in millions of households



Source : NCAER

# RETAIL will help Levi's

## Context:

- 12 Million outlets in India
- Organized retail is about 3-4% in 2006, will be 8% in 2010
- Two types = Value and Lifestyle
- 30 malls in 2005, 225 in 2007
- Top 67 cities in India with > 0.5 mn popln = 14% of popn, 27% GDP

## Future: OT as % of Total Retail

India = 3%

China = 17%

Brazil = 35%

Malaysia = 55%

1. Young population
2. Urbanization
3. Land not an issue
4. New Business Models
5. Govt. more committed
6. Aggressive Investment

# India – Unlimited Potential

- Pre 1700
- Italy 2014, Spain 2015
- In 2066, India & US will have positive demographics

## Drivers of Unlimited Potential

1. Demographics – Workers : Retirees
2. Savings rate @ 32pc
3. Legal and Judiciary Framework
4. Headroom for Productivity Growth
5. Managerial Talent
6. Entrepreneurial spirit
7. Free Media
8. Government realization about Potential
9. Infrastructure Investment
10. Value Business Models



# The India Downsides

- 16 – 2 – 4
- Middle Management Musical chairs
- For every fact , there is a valid counterfact

# Summary

- Nokia in India and the five lessons
- Social Mobility and Outward mobility
- Doing Business In India
- The Unlimited Potential that India offers.
- The Downsides

# Mega Change Drivers

- Urbanization
- Nuclearization of the joint family
- Education
- Democracy
- Globalization
- Market economics / capitalism
- GDP growth
- Media explosion
- ICT revolution

# Immense Diversity



Company Confidential

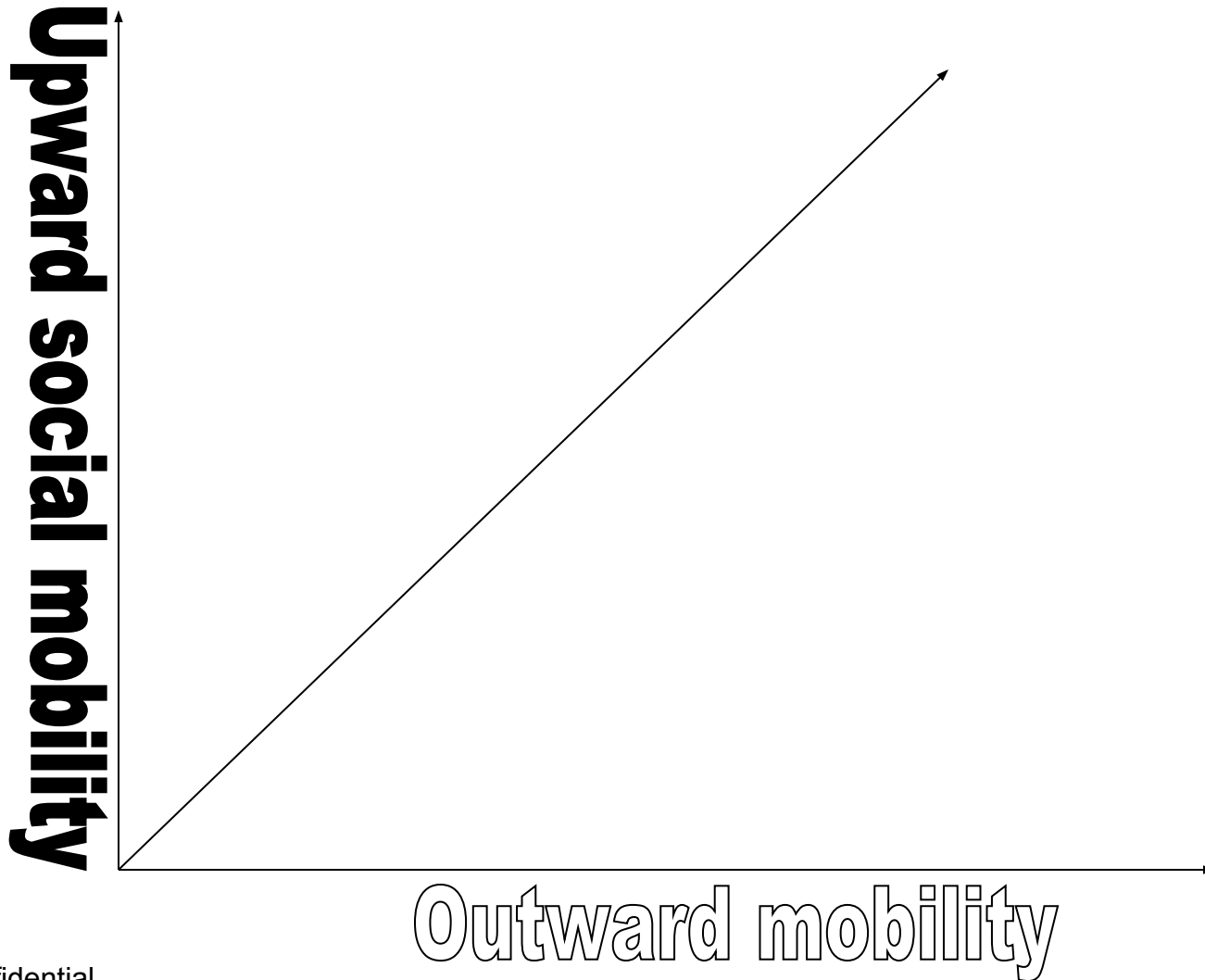
© 2005 Nokia

**NOKIA**  
Connecting People

# Managing complexity



Categories that are on the diagonal have seen explosive growth



Company Confidential

© 2005 Nokia

**NOKIA**  
Connecting People

# Going “Mobile”

## Profiting from India’s growing Middle Class

# The Indian Consumer

Company Confidential

© 2005 Nokia

**NOKIA**  
Connecting People