

# International

## RETAIL

### How a Canadian design firm found happiness in an Indian supermarket aisle



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Chris Lund had just about had it with Asia. The chief executive officer of Toronto retail design firm **Perennial Inc.** had worked for three years in China, helping a restaurant chain with the look of its outlets and a cosmetics company with its packaging. He hadn't made a dime; in fact, he thinks he probably lost money. His clients' attitude about contractual obligations was, let's say, flexible.

Then he got a phone call. Nandini Sethuraman, the former marketing head for IKEA in Canada, had relocated to India. She told him that she liked Perennial's work for Loblaws stores, one of its leading Canadian clients. Would he be interested in coming to India to work with **Spencer's**, a top grocery chain?

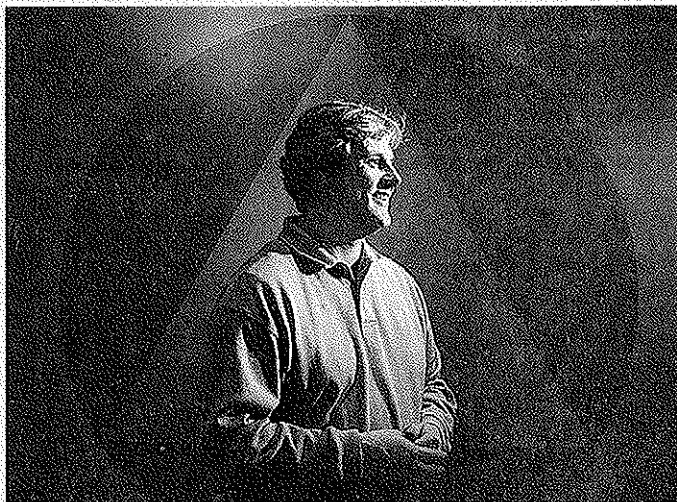
A year and a half later, Mr. Lund is a complete India con-

vert, overflowing with enthusiasm for the country and its potential. In China, he said yesterday, "we really had to struggle to make any progress with retailers. India has been 180 degrees different. We found people to be unbelievably co-operative and willing to go to work, with a high degree of integrity and respect for contractual obligations.

"In India," he marvels, "they pay their bills within 30 days."

Mr. Lund has been to India four times and plans to go again on Monday. Spencer's has become one of the 100-person design firm's biggest clients, up there with Loblaws and Home Depot. Perennial has 16 staffers working on the account, dealing with the Indian company on everything from the layout of its stores to the look of its in-store signs (the Spencer's trademark colour is a wholesome green).

What impresses Mr. Lund most is his client's willingness to embrace change. Organized retailing is all new to India. Until recently, the concept of a supermarket did not exist, and more than 90 per cent of retail sales are still from small, usually family-owned, shops



JIM ROSS FOR THE GLOBE AND MAIL

or market stalls. But malls and hypermarkets are sprouting like mushrooms in the suburbs of India's major cities as a newly prosperous middle class discovers the joys of air-conditioned, wide-aisle, big-box shopping. Spencer's, like other big Indian retailers, is trying to discover what they want. "The thing that is most staggering to us, looking at the Indian marketplace, is not only the speed at which they take on concepts but the courage with which they try new

things," Mr. Lund says. "If you come forward with a new idea, they won't hesitate to try it right away."

Perennial suggested that Spencer's might offer packaged, ready-to-eat meals for the growing number of busy, two-career Indian couples. "These guys said to us, 'Sounds great, let's do it.'" Though the idea was entirely novel in India, the company got its first ready-to-eat section up and running in just six months. It opened six weeks

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ago in a Calcutta hypermarket.

"They process information at a speed that is dumbfounding to watch," says Mr. Lund, 42, who came to Perennial 11 years ago from a marketing post at Bank of Montreal.

Awe is a feeling that comes to him often when he visits India. Like many visitors, he was at first overwhelmed by the poverty and the pollution and the general bedlam. "The first time I was there I was in shock for three days," he recalls. "I'd never seen anything

like it."

But he is equally awed by the energy and dynamism. "I look at this country of a billion-plus people and I think, 'Wow, they are on the move.'"

The potential in retailing alone is staggering. India's \$350-billion retail sector is expected to double in size by 2015. Spencer's plans to open 2,000 stores in the next three years. Competitor Reliance Fresh, owned by tycoon Mukesh Ambani, India's richest man, wants to have 100 million square feet of retail space by 2010-11. Foreign retail giants like Wal-Mart, Britain's Tesco and France's Carrefour are all struggling to get in, though Indian law requires them to have a local partner.

Mr. Lund is so enamoured that he wants to drum up more business in India in addition to his two-year contract with Spencer's. Perennial has already grown about 40 per cent in the past five years, mostly on business in North America and Europe. With India in the mix, the potential for growth multiplies. "The marketplace is just absolutely exploding," he says.

Maybe Asia is worth the trouble, after all.