

# Analyzing harry rosen expansion to india essay sample

[Countries](#), [India](#)



The case basically shows us the fast improvement in Indian economy, and therefore, great opportunities in targeting this country for business. India has been among developing countries and recently it has been improving more quickly. Why India?

According to National Portal of India, based on Purchase Power Parity (PPP) India has the fourth largest economy of the world. Today India is an attractive country for investment and business opportunities because of a huge manpower base, natural resources and macro-economic fundamentals. Since 1991 some economic reforms have been occurred in this country, which as result, have been providing friendlier environment for investors through a liberalized policy framework spanning the whole economy.

[http://business.gov.in/indian\\_economy/index.php](http://business.gov.in/indian_economy/index.php)

According to Hindu magazine, for international luxury brands, "India is no longer a mere testing ground, but a lucrative market. Estimates suggest that India has more consumers for luxury goods than the adult population of several countries." Based on the World Wealth Report 2005-06, published by Merrill Lynch and Cap Gemini, India has the world's second fastest growth at 19.3 per cent in the number of high net-worth individuals in 2005. Every year 25 million people are getting added to the Indian middle class population. Therefore, companies and brands across the world, especially luxury brands cannot take their eyes off this fact, since it is a great opportunity for them.

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Industry estimates suggest that more than 200 international luxury brands are trying to make into the Indian luxury market, worth \$444 million (according to the “ India Luxury Trends 2006” report by KSA Technopak), growing at 30-32 per cent. According to the Synovate PAX media survey 2006, the ownership of luxury goods has grown from 15 per cent to 19 per cent since last year. Those owning luxury jewellery (\$500 and more) now account for 17 per cent of affluent India. Spurred by this growth in the purchasing power of young India, these brands are actively looking to either launch themselves there or scale up their existing presence.

<http://www.hindu.com/mag/2007/06/03/stories/2007060350090400.htm>

#### Harry Rosen expanding to India

Harry Rosen is a privately owned Canadian luxury menswear retail chain. The company was established in 1954 by Harry Rosen, the founder and executive chairman of Harry Rosen Inc. The company’s headquarter is located at Toronto and it owns 15 stores across Canada. Harry Rosen accounts for 40 percent of the Canadian market in high-end menswear. For Harry Rosen, as a luxury company, there are many good reasons and great business opportunities to expand into Indian luxury market. SWOT Analysis:

#### Strengths

- \* 57 years of experience and expertise in its business
  - \* High quality products and brands with reasonable prices
  - \* The company with large capital. The company is greatly capable of promoting its brand in new location
- #### Weaknesses

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- \* Lack of enough knowledge about Indian culture
- \* No experience about Indian fashion and styles
- \* Harry Rosen brand has no worldwide recognition specially in India
- \* The company has proven its success by having a large share in the clothing market in Canada. It is most likely that Harry Rosen will be able to successful in India too. Opportunities

- \* Large population with young average age of 25 years
- \* Indian people are becoming able to afford luxury products more and more every year
- \* Lower costs, more profit. The company may be able to outsource some of its costs occurring in Canada to India and save money, because of the lower wages in India. Threats

- \* High government duties and taxes on luxury products
- \* Different fashion in compare to European and American fashion.
- \* Too many different cultures and different tastes
- \* Existence of competition (other high end brands and stores)
- \* Risk of not being accepted by Indian people as a luxury store, because of no brand reputation in this region

Demographic structure and trends

India's demographic structure and trends can have positive and supportive effect on Harry Rosen expansion to this region. For instance: Large population, which majority are young male. India currently has population of 1, 189, 172, 906 (July 2011 est.). 65% of the population is people from age 15 to 64, which again 398, 757, 331 of this population are male. The current average age for male in India is 25. 6 years. Population growth rate is

estimated as 1.344% (2011 est.) per year. <https://www.cia.gov/library/publications/the-world-factbook/> High income and purchasing power.

Based on the periodical household income surveys conducted by the National Council of Applied Economic Research (NCAER), there were 20,000 families with annual incomes of more than 2 million USD in India in 2001-02. That number was expected to grow to 53,000 by 2005 and to 140,000 by 2010. India has the world's second fastest growth at 19.3 per cent in the number of high net-worth individuals in 2005. Every year 25 million people are getting added to the Indian middle class population. Therefore, companies and brands across the world, especially luxury brands cannot take their eyes off this fact, since it is a great opportunity for them. (Based on the World Wealth Report 2005-06, published by Merrill Lynch and Cap Gemini) <http://www.ncaer.org/>

[http://economictimes.indiatimes.com/ET\\_Cetera/Luxury\\_brands\\_wish\\_list/articleshow/2450540.cms](http://economictimes.indiatimes.com/ET_Cetera/Luxury_brands_wish_list/articleshow/2450540.cms)

Socio-cultural trends

India's customs and cultures differ from place to place within the country, but they have some commonality. India is the only country in the world to have so many religions and beliefs. The culture of India is mixed of all the sub-cultures and traditions of the different areas of the country. Some of India's diverse culture are such as Indian religions, yoga and Indian cuisine, which have had impact across the world. Also fashion and clothing is

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different in different parts of the country and is effected by local culture and climate.

Most Indians wear summer clothing and waterproof clothing most of the year, like cotton made clothing, since it is ideal for the region's hot and rainy weather. India's clothing styles have continuously evolved over the course of the country's history. The 1980s was marked by a widespread modification to Indian clothing fashions, which was characterized by a large-scale growth of fashion schools in India, increasing involvement of women in the fashion industry and changing Indian attitudes towards multiculturalism. These developments played a pivotal role in the fusion of Indian and Western clothing styles. European-style trousers and shirts for men, are popular in India. In India, a person's social status is perceived to be symbolized by his or her clothing. Current competition

Current competitions for Harry Rosen in India are all the official and unofficial luxury men's wear stores providing luxury brands, which are already located in there. Examples of them are, LV and LVMH brands, Gucci and many more.

Economic trends

The economic trends in India will be in favor of Harry Rosen expansion to the country. Because, despite the worldwide economic weakness for the past few years, India's economy has been growing. India is developing into an open-market economy. Economic liberalization, industrial deregulation, privatization of government enterprises, and reduced controls on foreign trade and investment, began in the early 1990s and has served to accelerate

the country's growth, which has averaged more than 7% per year since 1997. In 2010, the Indian economy came out of the global financial crisis – mainly because of strong domestic demand – and growth exceeded 8% year-on-year. Basically, the economic growth means that Harry Rosen can expect an increase and improvement in sales every year. Regulatory aspects

As usual, in international business, customs duties, tariffs and taxes are the most important regulatory aspect that should be considered. Before 1991, there were macro-management issues in India that needed resolution. The customs duties on imports of luxury products were high in India. Ranging between 30 per cent and 70 per cent, they had rendered domestic purchases of luxury products more expensive than offshore purchases. High tariffs were a disincentive for consumers to buying locally. The federal government did not allow foreign direct investment in a retailing venture. The rich in India were flying to London, Dubai, Singapore, New York and Paris to shop because there was nothing available in India for them to buy. However, since 1991, government of India has changed its strategy and has been developing an open-market and liberalized economy. Target market Harry Rosen target market in India will be adult people with high-income level. People, who perceive luxury products as a reward. They see them as status symbols with which to make the personal statement that they have “arrived.” Highly driven, they are motivated by a desire to be successful. They are also eager to showcase their success to others. At the same time, they are keen on not appearing lavish or hedonistic. They want to make seemingly “smart” decisions that demonstrated the importance of their

purchases while not leaving them open to social criticism of any kind.

Marketing messages communicating “ acceptable” exclusivity appeal to this group. (According to a study by American Express)

The size of this luxury market in India is estimated to be about \$4 billion, and expected to grow to \$30 billion by 2015. The third largest segment is luxury products. Comprising clothing, watches, jewelry, high-end electronics, wines, spirits, perfumes, apparel and personal accessories, the luxury products market is estimated to be \$444 million and growing at about 20 per cent annually. Marketing mix as Harry Rosen expands its business into India

Product – Harry Rosen products are high quality men’s wear, high-end brands, custom made men’s wear, for people who want to feel more special and exclusive. Harry Rosen differs from competition because of the quality of products, services and professionalism of their job. Two of the Harry Rosen special services are luxury private shopping room and custom tailoring for its valued customers. Customers benefit from private undistracted shopping and prefer clothing, which is specifically made for them.

Price – Harry Rosen products can be priced reasonably in India. Since, the company has already done its price negotiations with suppliers for its Canadian stores, therefore it already has its relationship and connection with important suppliers to minimize the product cost.

Place (Also referred to as Distribution) – Harry Rosen stores in India should be located in high-end areas of highly populated cities. Cities that are close to people with high-income level (like high end shopping malls)

Promotion – Harry Rosen should communicate the features and benefits of its products



and services through luxury places, like billboards in high-end areas of cities, shopping malls, luxury magazines.

In conclusion, this is a great opportunity for Harry Rosen to expand to India. Indian people are willing to spend more on luxury products. These people used to travel to other countries for shopping at high quality brand stores. Now, Harry Rosen by expanding to India will domestically solve Indian people needs for luxury products. Because, not all of the brands that Harry Rosen carries have branches in India, therefore, this will be a great opportunity for Harry Rosen to promote these brands to this region.