



## IN BRIEF



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Gold Prices

₹ 25, 270/10g

Crude Oil Prices

\$ 98 per barrel

(as on 16<sup>th</sup> April 2013)

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PART TWO

## KNOW YOUR BASICS: SEIGNIORAGE

Seigniorage is the difference between the value of money and the cost to produce it - in other words, the economic cost of producing a currency within a given economy or country. If the seigniorage is positive, then the government will make an economic profit; a negative seigniorage will result in an economic loss. Seigniorage may be counted as revenue for a government when the money that is created is worth more than it costs to produce it. This revenue is often used by governments to finance a portion of their expenditures without having to collect taxes.

## ECONOMIC INDICATORS

### Gold Prices – ₹ 25, 270 per 10 gms (down 1.41 per cent) as on 16 Apr

Reuters/Indian Express

Continuing its free fall since last week, gold prices dipped below the 26,000 mark during mid-day on Tuesday, trading at a 15 month low of Rs.25, 270 after falling by Rs. 364 (1.41 per cent) at the MCX. Analysts pointed to the sustained weakness in gold prices in the international markets as putting pressure on the domestic prices of the precious metal. Prices however turned up briefly during late afternoon trading, with the commodity's price gaining 0.8 per cent.

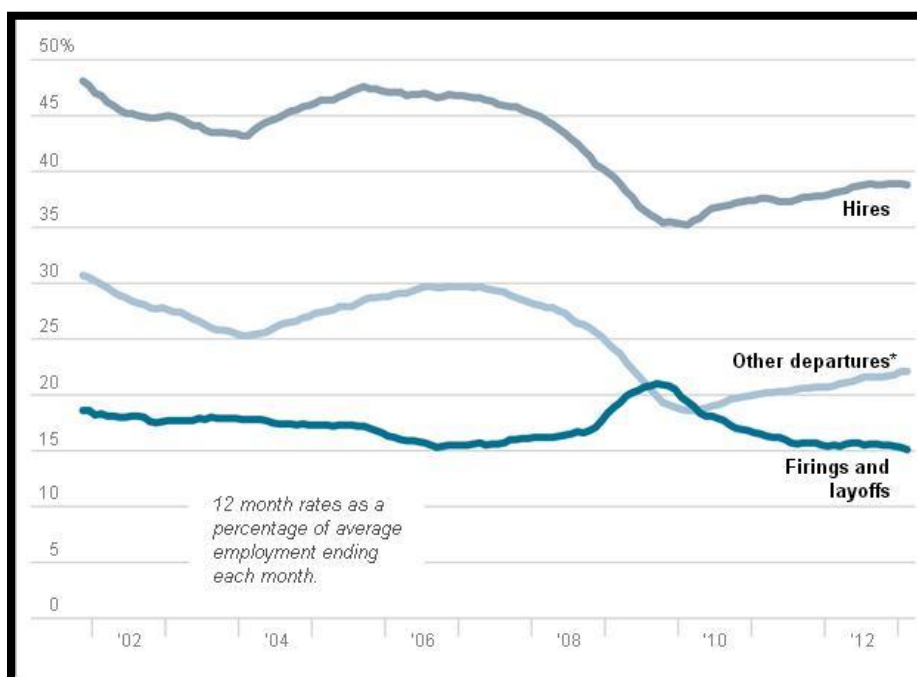
### Crude Oil Prices - \$98 per barrel (down 2.6 per cent) as on 16 Apr

Bloomberg.com

Crude oil prices went below \$100 for the first time since July last year, in the backdrop of signals indicating global economic growth may slow down, affecting fuel demand. Brent crude fell around 2.6 per cent to trade at \$98 for each barrel. Prices are under pressure due to an improvement in supplies and lack of comparable demand, with recent data pointing that China's growth has eased off slightly.

## CHARTS & GRAPHS – Hiring vs. Firing in America

Employees in America are being laid off or fired at the slowest rate seen in a decade, according to data released by a government department this week. However, the hiring rate is still lower than previous highs. According to the Labor Department's 'Job Openings and Labor Turnover Survey' for the month of February 2013, only 0.9% of total jobholders were fired or laid off in the United States of America, the first time the figure has fallen below 1 per cent since the survey began in the year 2000. The figures reveal that 15.1 per cent of workers lost their jobs due to layoffs and firings during the most recent 12 months, compared to 15.3 per cent for the period ending September 2006, which was the lowest figure before this year. That was the time when the economic boom entered a crest just before the recession that began in 2007. As can be seen in the accompanying chart, the highest number of job losses due to firing and layoffs were recorded in the fall of 2009, with 21 per cent of jobs being eliminated in the 12 months leading up to it. Although the hiring rate has been increasing steadily since its lowest point in 2009, it is still way below levels seen before 2007. The rate of firing and layoffs is the highest in the construction industry, while it is the lowest in government jobs.



## SOCIAL MEDIA ROI - BEYOND MYTHS AND LEGENDS

When it comes to the topic of calculating Social Media ROI, it appears that no two people have similar views. While some of them believe that it's not possible to accurately measure the returns on one's social media initiatives, some others believe that it is no big deal and can be done quite easily. Another class of experts, on the other hand question the need for calculating the ROI – they argue that Social Media is just a means of putting a firm's human face in front of the world. If a firm is not calculating the ROI on its vast reception area in their office which is lined with some exotic flowers and curious bonsais, then why is it so bothered about calculating the ROI on Social Media? So, are these Social Media campaigns supposed to register a mere presence, or is there a possibility to do more than that?

To begin with, to put a "human face" is the simplest and most likely the first objective Social Media enables any firm to achieve. However, marketers are convinced that much more can be done. In a [survey](#) of more than 1000 small and medium business, it was found that half of them increased the time spent on social media campaigns, this year. In fact 55 per cent of them used Facebook & Twitter as a primary tool for generating business. Yet 60% of them haven't seen any ROI from their engagement online. Ted Rubin, Chief Social Marketing Officer of [Collective Bias](#) says it's because the small firms have no idea of what they must be doing on social media. His views are in line with Nichole Kelly, author of the book [How to measure Social Media](#), who also says that Social Media is a powerful lead generator, but needs to be aligned with other means like email marketing and pay-per-click advertising, which though conventional are still the prominent tools for converting customers.



Hence, the firms trying to measure Social Media in social channel with fancy metrics such as fans, followers, likes and tweets are likely to fail as the real business does not happen on the social channel. It happens on the firm's Website or the CRM. Hence, it is imperative for marketers to learn the usage of metrics which are easily understood by the finance team. Two such metrics are cost per lead and cost per acquisition; and not the cost per tweet, cost per re-tweet and so on. In other words, while one may need Social Media metrics to decide which posts work and which don't, there are different metrics for calculating the business. One of the simplest strategies to make all this work is to measure Social Media spending through cost per click, as it is possible to measure the web traffic generated and diverted by Social Media to a firm's website via Google Analytics.



As said before, social media can generate a lot of soft leads which can then be converted to hard leads via email marketing. The challenge over here is not to get these emails marked as spam. Sending newsletters is perhaps the worst thing a firm can do as part of its efforts to convert a customer. The efficacy of email marketing, explains Gunjan Ghai, (VP, Marketing & E-Business, Tata AIG General Insurance) is largely determined by the offer. It has to be timely and relevant. Additionally the subject lines need to be more personalised. The big question is – if it is email marketing which is eventually generating business then why not simply buy a database of email addresses? Why bother too much about the Social Media? The answer lies in the fact that the databases don't give any information about consumer's preferences, likes and dislikes. Hence, a lot

of mails sent to the people in this uncategorised database end up as junk. This is where Social Media tends to have an advantage as the leads generated by it are more likely to be converted than the leads provided by databases.

So, apart from investing in a powerful CRM tool which integrates well with Social Media, what else can be done to gauge Social Media ROI? One of the ways (for campaigns run by small businesses) is to offer a coupon solely on Facebook, as it will discard the possibility of traffic coming from any other source. Facebook has in fact introduced a service known as "Offers" for the same purpose. Another strategy is to provide unique call tracking phone numbers on social media platforms like Twitter and Facebook. These can help in recognizing the channels that drive the most leads and conversions. Additionally, one can also use Facebook's very own conversion measurement tool. This allows advertisers to measure the ROI of their Facebook ads by counting relevant user actions, such as registrations and shopping cart checkouts that are driven by people seeing ads on Facebook. Of course, it does not essentially reflect the actual ROI a CEO might be interested in.

Hence, it can be concluded that there are ways to measure Social Media ROI convincingly, provided the firms have right expectations and a coordinated approach. The fact is that with evolving digital techniques, everything is measurable. Hence, CMOs now have to be more accountable than just being someone with the big idea. This is why more than 70 per cent firms today have a chief marketing technologist who reports to the CMO. Gartner predicts that in coming years, more and more of these technologists will be holding positions equivalent to a CMO. At the same time, one must also recognise that there are some elements like customer loyalty and brand preference which may not be very apparent on any metric, nonetheless are influenced by a firm's Social strategy.

Although social technologies are employed by 70 percent of organizations, Gartner, Inc. said most social collaboration initiatives fail because they follow a worst practice approach of "provide and pray", leading to a 10 percent success rate.





**Margaret Thatcher (1925 – 2013) – Ex-Prime Minister of UK**

Some fervently hate her. Some obsessively love her. But whatever the emotion, the fact is that no-one can (and never could) ignore the 'Iron Lady'. For one, Margaret Thatcher was a rare breed of women trying to rise to power in a typical male bastion of English politics (she is till date Britain's first and only woman Prime Minister in its long history). And secondly, she was in no way connected to any peerages (the nobility) and came from a simple middle class family – her father was a grocer. Her political, economic and social approach of functioning during her time as Prime Minister came to be styled as 'Thatcherism'. Its economic policy largely revolved around monetarist thinking & the writings of Milton Friedman and involved increasing indirect taxes, limited public spending, etc.

*“To those waiting with bated breath for that favourite media catchphrase, the U-turn, I have only one thing to say: You turn if you want to. The lady's not for turning.”*

Thatcher was born in 1925 in a small community to a grocer. Her father was active in local politics (he served as Mayor for a short period) and was a role-model for her. An extremely hardworking student, she won a scholarship to study Chemistry at the University of Oxford and graduated from there in 1947 with a specialization in X-ray crystallography. Her interest in politics originated at Oxford and after being rejected by a top-notch employer for being too "headstrong, obstinate and dangerously self-opinionated", she joined the Conservative Party in 1951. After early defeats, Thatcher studied to become a lawyer (with specialization in taxation) and passed the bar in 1953. Her first win came in 1959 and as a Member of Parliament she held various positions in the Treasury, Fuel & Power, Transport and Education Departments. During this time, Thatcher introduced cuts in spending in the education sector, controversially voted in favour of decriminalizing male homosexuality (noted for its far-reaching impact) and against the relaxation of divorce laws. In 1975, she became the Leader of Opposition (& party leader) and in this capacity, won the Prime Minister-ship in the General Elections on 1979.

As PM, Thatcher had to deal with increasing racial tension, high inflation and un-rest among trade unions. She responded by increasing indirect taxation, introducing cuts on social spending like education & healthcare, introducing a Community Charge (poll tax) and squashing the power of the trade unions. She also followed a massive privatization policy (the root of why opinion on her is divided), immensely distrusted Communism, led Britain to a successful war to regain the Falkland Islands and was one of the first Western leaders to respond warmly to reformist Soviet leader Mikhail Gorbachev. A self-described conviction politician, Thatcher was known for her frugal living style in 10 Downing Street and took an active role in policy-related debates (she was pragmatic and a details person). Thatcher fascinated foreigners and her own people alike – why else would the death of a former British Prime Minister have the whole world sit-up and take notice?



**R P Goenka (1930 – 2013) – Founder, RPG Group**

*“I am lucky I fell in love with books at a young stage of my life. My two sons, Harsh and Sanju, took charge of the business some years ago. The Rajya Sabha term, which I immensely enjoyed, was over. Trust me, if there is no emptiness in me, it is because books have kept me company.”*

Lakshmi Mittal considers him to be his inspiration to adopt the take-over route while building his gigantic steel empire. Life of R.P Goenka – the man behind the RPG Group – was (and in some ways still is) a constant learning lesson for India's business community. Though born into a prominent family in Kolkata (his ancestors had business relations with the British East India Company and his grandfather, Sir Badri Prasad Goenka was the first Indian to be appointed Chairman of the Imperial Bank of India [now SBI]), RP was a leader and an astute businessman in his own right and by his own labour & hard-work. Successful takeover sprees which diversified his empire (it ranged from tyres to music) earned him the nick-name of 'Takeover Specialist'.

RP was born in 1930 in Kolkata. He studied History from the city's Presidency College graduating in 1950 and went on to do an advanced management degree from Harvard University. When his father split the family business between RP and his brothers in 1979, RP started the RPG Enterprises with an annual turnover of around Rs 100 crore. A shrewd businessman, RP acquired companies with a classic flamboyance and a smooth flair with the sole aim of diversifying his business footprint – all this and more even before the term 'mergers & acquisitions' entered business lexicon. Though extremely religious, RP is credited with having natural business acumen and exceptional managerial skills. Some things about RP set him far apart from the crowd – his trendsetting ability, his success in growing his empire in the pre as well as in the post reform periods, his refusal to exit from West Bengal despite the decline in the industrial atmosphere in the turbulent 70's and 80's and the friendly way in which he used to complete acquisition deals.

RP was known among his peers as an excellent crisis manager and his ability was put to use in the Rajya Sabha – of which he was a member of from 2000 till 2006. His inquisitive mind was trained and honed by his love of reading. Apart from numerous honorary posts and degrees from Indian institutions, RP was awarded the 'Order of the Sacred Treasure' (comparable to the Order of the British Empire in the UK) by the Emperor of Japan.

**Pantaloon Retail (India) Ltd (Lifestyle products, Hypermarkets, Discount Stores)**

Kishore Biyani led Pantaloon is the largest listed retailer in India and has won various awards for bringing in a revolution in the domestic retail industry. It currently has 1,200 stores in over 80 cities and around 60 rural locations across the country. Pantaloon Retail was incorporated as Manz Wear Pvt Ltd and the company went public in 1994. It is present across several business lines: Pantaloons – fashion, apparel & accessories; Big Bazaar – General merchandise; Food Bazaar – Groceries; Future Bazaar – online retailing; along with consumer durables, books & music, home improvement, leisure & entertainment etc. The company’s subsidiary Future Value Retail operates the three discounted stores (Big Bazaar, Food Bazaar and KB’s Fairprice) which are multi-brand retail shops and cash and carry store. In early 1990’s Pantaloons manufactured and marketed readymade garments for men (including the famous John Miller brand) and by 1997 they started manufacturing apparels for women & children.



In May this year, Aditya Birla Nuvo (ABL) had announced that it shall acquire a controlling stake in the company. It was supposed to buy Rs. 800 Crores debentures thus taking over the control of the company with a little over 50% stake. However, after the June results of Pantaloons saw a downfall in profits, the Kumar Mangalam Birla led company is now

	<b>Pantaloon Retail</b>	<b>Shoppers Stop</b>	<b>Trent Limited</b>
<b>Founded</b>	1987	1997	1952
<b>Parent Company</b>	Future Group	K Raheja Group	Tata Group
<b>Key Person</b>	MD: Kishore Biyani	MD: Govind Shrikhande	Chairman: F K Kavarana
<b>Total Income</b>	Rs. 4,346.81 crores (2011)	Rs. 2,053.44 crores (2012)	Rs. 960.13 crores (2012)
<b>Headquarters</b>	Mumbai	Mumbai	Mumbai
<b>Brands</b>	<ul style="list-style-type: none"> <li>Pantaloons Fresh Fashion</li> <li>Central</li> <li>eZone</li> <li>Home Town</li> <li>Brand Factory</li> <li>Planet Sports</li> <li>KB’s Fairprice</li> <li>Food Bazaar</li> <li>Big Bazaar</li> </ul>	<ul style="list-style-type: none"> <li>Shoppers Stop</li> <li>Homestop</li> <li>Crossword</li> <li>HyperCity</li> <li>Nuance Group</li> <li>M.A.C.</li> <li>Brio</li> <li>Mothercare</li> <li>Clinique</li> <li>Arcelia</li> </ul>	<ul style="list-style-type: none"> <li>Westside</li> <li>Star Bazaar</li> <li>Landmark</li> <li>Fashion Yatra</li> </ul>

re-negotiating the terms of the deal.

**Shoppers Stop (Malls, Supermarkets, Fashion Products)**

K Raheja Group promoted Shoppers Stop is one of the leading departmental stores in India and the company was one of the early birds to start the shopping mall culture in the country. Currently the retail chain has over 50 stores all over India. It also won the award for “Emerging Market Retailer of the Year” in 2008 by the prestigious World Retail Congress. The company retails lifestyle products like apparel, footwear, jewellery, home furnishing, books and music. It also includes domestic as well as premium international brands along with products like personal care, health and beauty. Its Crossword Bookstores is the leading book store chain in India with over 80 shops. Shoppers Stop has also partnered with various companies and started operations like cafes (Brio) and airport stores (Nuance Group). It has also entered entertainment business with Timezone Entertainment – a firm providing gaming kiosks in shopping malls.



**Trent Limited (Departmental Stores, Supermarkets, Lifestyle Products)**

The retail arm of TATA Group - Trent, which operates the famous Westside chain across India, was incorporated in 1952 as Lakme Ltd. After the group sold Lakme brand to HLL in 1998, they renamed the company Trent Ltd which also owns Landmark, Fashion Yatra & Star Bazaar. With over 45 stores in tier 1 & tier 2 cities in India, Westside has managed to attract a large chunk of the rising middle class segment in India. The company ventured into hypermarket business with Star Bazaar – a departmental store focused on groceries, in 2004 to directly compete with Big Bazaar. However, since it started operations, Star Bazaar has not gained much popularity and has minimal presence with only five stores across Indian metros. Trent also acquired the Chennai based book retail chain – Landmark a few years ago. Landmark is the second largest book store chain (after Crossword), with over 26 stores in all major cities, hotels & airports and has a huge collection of books, music, toys, stationery & gift items. In addition to this, Trent owned apparel store chain - Fashion Yatra focuses on price conscious consumers.



### 1. Honda launches Amaze sedan, its first diesel product in India – ET/Hindu Business Line

**IMPACT** Honda Cars India has launched its widely awaited compact sedan Amaze in India, the company's first diesel based offering in the country ever. The Japanese manufacturer has announced that the car would be in the price range of Rs.4.99 lakh to Rs.7.60 lakh (ex-Showroom Delhi prices). Going by the company's claims of the vehicle having a mileage of 25.6 km/litre of diesel, it would be India's most fuel efficient car. The car will be available in four diesel variants and six petrol variants. The petrol model has a 1.2 litre i-VTEC engine and boasts a fuel economy of 18 km/litre in manual transmission version and 15.5 km/litre in the automatic variant. The focus however is on the 1.5 litre diesel engine in the diesel variant of the Amaze, which is the biggest in its segment, churning out 100 bhp of power and sporting the company's latest i-DTEC diesel engine technology. "Amaze has been developed keeping in view the Indian customer need. It is Honda's answer to Indian customer's demand for diesel and should have a strong acceptance," said Honda Cars India President and CEO H Kanayama on the occasion of the launch. Bookings and deliveries for the car have already started across the company's network of 150 dealerships in 97 cities across India. The Amaze has been developed at the Honda Research and Development Asia Pacific located in Bangkok, heavily utilizing opinions from market surveys in India regarding people's driving needs and lifestyles.

**KEY PLAYERS** Honda Cars India, Amaze Sedan, i-DTEC diesel engine technology

**WHY IT IS IMPORTANT** Honda was till now the rare major car maker in India without a product catering to the diesel segment. The launch of Amaze can be a potential game-changer, with it competing directly with Maruti Suzuki's Swift Dezire and offering a worthy option to those customers wanting to upgrade from diesel hatchbacks like the Hyundai i20 to compact Sedans.



### 2. RIL to give up 56% area of KG-D6 block – PTI/ET

**IMPACT** Reliance Industries has said that it will give up close to 56% of the area in its eastern offshore KG-D6 block, keeping with it only those portions where oil and gas discoveries have been made. A proposal for relinquishment of "low prospectivity area" has already been submitted to the government, RIL said in an investor presentation following the announcement of the company's January-March quarter financial results. It said that only 3,412 square kilometers of area out of a total of 7,645 sq km in the KG-D6 block will be retained by the company. The part RIL wants to retain contains 18 gas discoveries and one discovery of oil, including the currently producing D1 and D3 gas fields and the MA oil and gas field. The company has also submitted revised field development plans to the authorities for the D1, D3 and MA fields regarding work-overs and facility upgrade to improve gas production. The company has a target to work on the undeveloped resources over the next 3-5 years. The government had last year approved the field development plan for four smaller discoveries among the remaining finds, while the company has submitted investment plans for another cluster, known as the R-Series. Contractually, companies are required to relinquish an oil and gas field in three phases over a period of seven years, retaining only those areas where it has made a discovery and which may be required for development and production.



**KEY PLAYERS** Reliance Industries Ltd., KG-D6 block

**WHY IT IS IMPORTANT** RIL along with its Canadian partner Niko Resources was awarded the KG-D6 block in the year 2000. Its third and last phase for relinquishing areas without discoveries ended in June 2007. However, the Directorate General of Hydrocarbons (DGH) agreed to an RIL proposal in 2006 to declare the entire area of 7,645 sq km as discovery area, allowing it to retain the whole of it. This decision was questioned by the CAG of India.

### 3) Indian Railways to offer better customer services like personalized alerts – ET

**IMPACT** The Railways is planning to launch a number of personalized services for its passengers like alert messages on their phone if the train is delayed or cancelled and wake-up calls. The services are being launched in collaboration with RailYatri.in, a subsidiary of Stelling Tech. "We're looking at providing services like wake-up calls and informing passengers if there are any changes in the schedule of the train they are booked in like delays or cancellations through SMS or phone calls," says RailYatri.in CEO and co-founder Manish Rathi. RailYatri currently offers real-time details like routes, locations and expected arrival times of up to 6,500 trains running at any given point of time on their website, named Rail Radar. RaiYatri along with the Centre of Railway Information Systems, the IT arm of Indian Railways, is also working on a smartphone app which will provide real-time information about the position of trains and expected arrival times for different stations on the route directly to people's phones. "We are fine-tuning some features. We want to ensure it will work on all platforms including iPhones, Windows system and Blackberry," Mr. Rathi says. The application may be available within the next few months.

**KEY PLAYERS** Indian Railways, RailYatri.in

**WHY IT IS IMPORTANT** The Railways has been in overdrive mode of late, introducing various measures to serve passengers better and make it the preferred choice over low cost airlines. It has introduced internet connectivity on trains on a test basis, promised to overhaul its tedious online ticket reservation system and now attempted to make itself more customer friendly with these personalized services.





#### 4) Tesco to exit US market as profits fall first time in 20 years – Reuters/ET

**IMPACT** British retailer Tesco will be exiting its loss making business in the United States of America, after undertaking a \$1.5 billion write-off that has contributed towards the first fall in the company's annual profits in 20 years. The announcement signals a critical point in Tesco's fight back for economic revival and regaining its stature as one of Britain's most consistent performers. "The announcements made today are natural consequences of the strategic changes we first began over a year ago and which conclude today," said Tesco Chief Executive Officer Philip Clarke. Mr. Clarke said the company is showing the right signs and started to feel like a better business. Tesco operates 199 Fresh & Easy stores in the United States employing around 5,000 people. Tesco registered a pretax profit of 1.96 billion



pound in the year up to February 2013, which is down by 51.5 per cent. The company also witnessed a 14.1 per cent decline in underlying full year profit, largely due to its 1 billion pound turnaround plan for its home market of Britain. Tesco's revival plan for its British market focused on increased number of staff, revamped range of foods, attractive price offerings and done up stores. It was intended to reverse a long period of underinvestment and holding back market share from rivals like J Sainsbury and Asda. However, growth has still slowed down in Britain in spite of the huge investments by the company.

**KEY PLAYERS** Tesco, Fresh & Easy, Britain, USA

**WHY IT IS IMPORTANT** Tesco has put in more than 1 billion pounds of capital over its Fresh and Easy stores in the US since its launch in 2007. However, the business has never returned a profit to the company. Exiting the market will remove the strain which the US business unit was exerting over the parent company's turnaround plans elsewhere.

#### 5) Govt. bats for subsidy and incentives for clean energy – Outlook India/Hindu Business Line/Financial Express

**IMPACT** Prime Minister Manmohan Singh has strongly backed subsidies for clean energy initiatives, saying market forces alone would not be able to finance it. He also criticized rich nations which are the largest emitters of green house gases in the world. The Prime Minister made his comments while speaking at the Fourth Clean Energy Ministerial, co-chaired by Planning Commission Deputy Chairman Montek Singh Ahluwalia and US Energy Secretary Steven Chu. The conference is being attended by Energy Ministers of the world's 20 leading economies. "For the moment green energy is not viable on its own without subsidy or regulatory incentives. Investors obviously need assurance that these incentives will continue," the PM said. He made it clear that rich nations, which were responsible for the bulk of greenhouse gas emissions in the world, were "technically most advanced, and to that extent best placed to provide workable solutions not only for themselves but for the whole world". Planning Commission Dy. Chairman Montek Singh Ahluwalia said the government wants to incentivize the use of clean energy and wants to create a viable and competitive domestic industry in the field. US Energy Secretary Steven Chu called for the development of higher efficiency devices, saying progress on the clean energy front was not fast enough.

**KEY PLAYERS** PM Manmohan Singh, Montek Singh Ahluwalia, Steven Chu, Clean Energy



**WHY IT IS IMPORTANT** These comments assume significance in the backdrop of an ongoing dispute between the US and India at the WTO, over incentives for local players in the solar power industry. The US had lodged a trade dispute at the WTO against incentives offered to local suppliers in India's solar power industry.

#### 6) Microsoft enters patent deal with Foxconn covering Android devices – Ars Technica/PC World

**IMPACT** Microsoft's patent licensing campaign has landed its biggest fish yet in the form of Taiwanese hardware manufacturer Foxconn, formally called Hon Hai Precision Industry Co. Foxconn has agreed to pay royalties to Microsoft for every device it manufactures running on Google's Android or Chrome operating system including smartphones, tablets and televisions. Microsoft has insisted for years that any company making Android operated phones needs to license its patents as Android infringes many of them. Microsoft has been able to strike deals with many Android phone manufacturers including OEM (Original Equipment Manufacturers) like Samsung, HTC and Acer as well as ODM (Original Design Manufacturers) like Pegatron, Wistron and now Foxconn. "We recognize and respect the importance of international efforts that seek to protect intellectual property. The licensing agreement with Microsoft represents those efforts and our continued support of international trade agreements that facilitate implementation of effective patent protection", said Samuel Fu, Director for IP at Foxconn. Some others like Google's Motorola Mobility have chosen to fight out the patent issues with Microsoft in courts.



**KEY PLAYERS** Microsoft, Foxconn, Patent licensing, Intellectual Property

**WHY IT IS IMPORTANT** Microsoft's patent licensing programme has been successful enough to bring in more revenues than its own mobile phone system since the year 2011. Foxconn is the largest contract manufacturer in the world and is famous for manufacturing the iPhones and iPads for Apple Inc. It also has significant manufacturing contracts for Android devices from companies like Acer and Amazon

Inc. The patent licensing agreement with Foxconn is one of its biggest yet and will bring big revenues.

## 7) India to reduce import duty on foreign cars to 10% - TOI/ET

**IMPACT:** In a move that could hurt the domestic automotive industry badly, the Indian government has bowed down to demands made by the European automakers and has agreed to slash customs duty on 2.5 lakh imported vehicles from EU to 10%. Currently, the import duty on luxury cars that cost over \$40,000 is 100%. As part of the proposed India-EU Bilateral Trade & Investment Agreement, the government will impose only 10% import duty on over 2.5 lakh cars that will be brought from EU member nations between 2017 and 2022. The tariff rate quota will be applied for all cars including small, medium, SUVs, sports cars and luxury vehicles and there is no cap on annual imports. But, the government has mentioned, that if the proposed quota is breached a concessional duty of 30% will be levied on the car makers. Also, it turned down the proposal of additional concessions on auto components, as there was no relaxation in the environmental rules. Apart from this, the Indian government will also reduce duty on wine imports from 150% to 30%. Although European automobile companies are rejoicing over the new agreement, Indian car makers are worried as this reduction of duty will have a greater impact as they will directly compete with foreign car makers. It will also affect the auto-component industry as well as logistics industry.

**KEY PLAYERS:** EU, India, Auto companies

**WHY IT IS IMPORTANT:** India has opened its manufacturing sector to EU with a hope that it will gain greater access to EU's services sector. India wants EU members to shed their safeguard clause in services sector, which will happen only when 20% of EU's committed numbers of professionals enter member states' territories. It also wants relaxed norms for Indian expatriates and their family members (dependent members), working in EU member states. India is also pushing for a "data-secure" status for the homegrown multinational IT companies which will help them get outsourcing projects and will also reduce their operational costs – as non data secure companies have to follow strict contractual obligations.



## 8) With poor quarterly results Infosys is an easy acquisition target – TOI/FE/ET

**IMPACT:** All is not well in the HQ of the once bellwether of Indian IT sector - Infosys. The company reported a dismal performance in the fourth quarter that led to a stock crash by 15% on Friday. The net profit grew by just 1.1% and sequential revenue growth was mere 0.3%. The biggest disappointment came in when Infosys projected a 6%-10% growth for next fiscal which was below the industry standards of 12%-14%. It has also discontinued the practice of providing EPS (Earnings Per Share). Commenting on the results, Infosys CEO and MD S D Shibulal said, "Global economic uncertainties remain challenging for the IT industry. We are progressing well on our strategic direction of building a high-quality company which is relevant to our clients. We are making all the investments necessary to differentiate ourselves in the market place while positioning ourselves as a partner of choice for our clients." But investors are least assured, and the stocks of Infosys have fallen by up to 21% since the quarterly results were out. However, the company has reported cash reserves worth ₹22,436 crores. It does not have any debt burden and the promoters' stake is little over 16%. It has an army of 1.5 lakh skilled software professionals serving 800 active clients accounts. All these factors have made Infosys an easy target for acquisition.



**KEY PLAYERS:** Infosys

**WHY IT IS IMPORTANT:** Infosys was the leading player in Indian IT sector until a few years ago before it was toppled from its position by TCS. The economic slowdown in Eurozone, strict visa policies of US & series of high profile leadership exits in the past two years have added to the troubles of Infosys. Yet, the institutional investors – who hold a stake of 56% - have sown great faith in the firm. The management has to

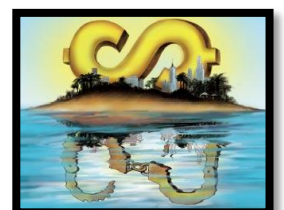
now get its act together faster & make its Infosys 3.0 strategy work before its core support is eroded.

## 9) EU members to fight tax havens – BS/Reuters

**IMPACT:** In the wake of the ongoing economic crisis, the Eurozone partners have decided to abolish bank secrecy laws thus fighting tax havens in order to recover money lost through tax evasions. In a meeting, the finance ministers of six EU partners – United Kingdom, Italy, Germany, Spain, France and Poland unanimously agreed to make reforms that would push more transparency in banking transactions of the member countries as well as neighbouring territories. These members were referring to specific targets like Cayman Islands, British Virgin Islands, Austria and others. Luxembourg – a tax haven - recently announced that it will start sharing details of foreign bank accounts with the EU governments from 2015. The union wants an automatic exchange of information on bank depositors and bank deposits. But, Austria has taken a lone stand of not giving into the pressure and has dismissed any exchange of information stating it as an invasion of privacy.

**KEY PLAYERS:** EU, Luxemburg, Austria

**WHY IT IS IMPORTANT:** The Eurozone member governments lose around one trillion Euros in tax evasions every year. Now, the group has taken a firm stand to increase transparency in financial transactions and expect all the tax havens to follow Luxemburg's lead. France, in particular, wants to tackle tax fraud issue after the country's former budget minister was found guilty of hiding his Swiss bank account details.





## 10) Gold prices fall, may adversely impact banks & NBFCs – BS

**IMPACT:** Gold prices have fallen to a three year low and have breached the psychological mark of Rs 27,000 per 10 gram to settle at a rate of Rs 25,906 per 10 gram; thus marking a 20% fall from its November 2012 peak of Rs 32,975. The main reason cited by traders for such a fall in prices is “significantly weak global cues”. The fact that Cyprus has decided to sell off its excess gold reserves (this has sparked rumours that other distressed countries will also follow suit) has added to the selloff pressure leading to a downward trend in global gold prices. As a result of this fall, jewellery stores across the country witnessed a surge in buyers with some places even reporting long lines (not a surprise in a gold-crazy country like India). However, NBFCs and banks are a worried lot because a further (and sustained) fall in gold prices could adversely impact the asset quality of their gold loan portfolios. It will also affect the operating margins of gold jewellery houses.



**KEY PLAYERS:** Gold market

**WHY IT IS IMPORTANT:** Given that gold constitutes a significant portion of India’s import bill, a fall in global gold prices is a good sign for the country’s economy as it will help in reducing the current account deficit (CAD). This coupled with a fall in

global crude oil prices have a section of economists believing that the CAD will fall to 4.4% of GDP in the current fiscal. The high loan-to-value (LTV) ratio of banks’ and NBFCs’ gold loan portfolio is a worrying factor. Some of them have an LTV ratio of almost 80% in spite of a RBI cap of 60%. This especially poses a problem for gold loan NBFCs and might impact their business growth as banks will be more cautious in lending to them in the future.

## 11) Chidambaram to woo investors in North America – Reuters

**IMPACT:** Continuing his series of visits to promote India as an investment destination, Finance Minister P Chidambaram is on a week long tour to USA and Canada. The primary aim of such visits is to reduce the country’s high current account deficit (which had reached a record high of 6.7% in Q3FY13) by attracting international investments. Finance Ministry officials are hopeful that these visits will help in attracting atleast \$20 billion in new investments and will help in preventing the dilution of India’s \$300 billion foreign exchange reserve. According to a statement given by them to Reuters “The proposals (as set by them) include raising the cap on foreign investment in rupee-denominated government debt by up to \$5 billion, reducing tax rates on such investments, making it easier for Indian firms to borrow abroad, and easing curbs on foreign investment in sensitive sectors such as defence, telecoms and media, finance and trade officials.”

**KEY PLAYERS:** Foreign investors, Indian economy

**WHY IT IS IMPORTANT:** How any country finances its current account deficit is important. In India’s case, the Government is planning to finance it through foreign investments (and thus has undertaken visits to market India as a destination which can well protect foreign investment). However, economists are of the view that over-dependence on foreign investors is extremely risky as it will “expose it to sudden reversals in capital flows” which in turn could trigger a full-fledged financial crisis. They believe and strongly advocate the use of expenditure reducing policies and (much in tune with today’s globalized world) policies that help improve competitiveness and thus increase the country’s exports.



## 12) India Inflation Dips to 40-Month Low, Boosting Rate-Cut Case – Bloomberg

**IMPACT:** India’s WPI fell below 6% for the first time since November 2009. At 5.96%, the fall was mainly attributed to a reduction in the prices of primary articles – especially food. Government data also showed that CPI fell to 10.39% even as industrial production growth slowed down to 0.6%. A decline in inflation immediately clamoured up calls for rate-cuts by the RBI in its next policy meeting on May 3, 2013. BSE and NSE both reported gains as a result of these figures. In spite of the fall in figures, it is important to note that inflation in India is still high and remains the highest among the BRICS group. In a research note, Morgan Stanley stated that “India’s retail inflation is expected to ease to around 7 percent by March 2014 on account of the lagged impact of slower growth in state spending, and a slower rise in global commodity prices”.



**KEY PLAYERS:** Indian economy

**WHY IT IS IMPORTANT:** The question of how long the reduced inflation rates remain is huge. If IMF figures are to be believed, CPI in India shows an increasing trend with it rising from 9.3% in 2012 to 10.8% in 2013 and 10.7%

in 2014. However, given that global crude oil and gold prices have recently declined, they are expected to correct India’s macro-economic imbalances like reducing the fiscal and current account deficits (by lowering India’s import bill), further pushing down inflation (which will decline because of lower import costs) and giving the central bank room to implement industry-demanded rate cuts.

### 13) Kremlin warns US against publishing Russia blacklist – BS/Bloomberg/Huffington Post

**IMPACT:** The two former Cold War foes – Russia and the United States of America – are on the verge of getting into another dispute. The US government has blacklisted several Russians barring them from entering into the country on grounds of human rights violations. It now plans to publicly release the names of 18 of those individuals. Kremlin is furious over the news and has warned the US against doing so. In retaliation, it is in the process of implementing a law that would ban Americans from adopting Russian children. In addition to this, the Russian government has made its own list of US citizens who have committed human rights violations and will be banned from entering the country. This tit-for-tat game started in 2009, after the US passed a law called "Magnitsky Act". Sergei Magnitsky, a Russian accountant and auditor, was investigating the corruption in the Russian government. His testimony implicated several officers of Ministry of Internal Affairs, police, the judiciary, tax officials, bankers, and the Russian mafia. Instead of taking an action against the officials, Kremlin blamed Magnitsky of participating in tax fraud his company was accused of. He was arrested and imprisoned. He died within a year due to medical negligence at the age of 37. The Magnitsky Act intends to punish those 60 guilty individuals by prohibiting their entry in the US and restricting the use of US banking system.

**KEY PLAYERS:** Russia, the US, Sergei Magnitsky

**WHY IT IS IMPORTANT:** The Magnitsky case shed light on the corruption in the Russian government, and the opposition is using this case to overthrow the 12 year old reign of President Vladimir Putin. Leaders from around the world criticized the Russian government for failing to take appropriate action against the guilty in Magnitsky case. The international attention in this case has intensified with countries pressurizing the Kremlin to bring justice to Sergei Magnitsky. The EU and Canada have also banned those 60 officials from entering those countries and the assets of these individuals in different countries have been frozen.



### 14) Snapdeal CEO says inventory model is 'dead', looking for deals – Livemint

**IMPACT:** E-commerce in India is a fast growing field. E-commerce websites in India have traditionally followed the inventory model since their inception and have gone on to become great successes. Flipkart is a case in point. Snapdeal is an exception since it was founded on the lines of Groupon but soon changed its business model to that of a marketplace – though the success of a marketplace model is not yet proven in India. However, Snapdeal's CEO thinks that "this model is the only viable way to work around poor logistics and high costs of holding inventory". He also believes that the inventory-led direct online retail model in India is dead. Snapdeal's relative success (in bringing on board numerous small Indian merchants) has attracted the attention of USA's eBay which is planning to expand in foreign markets.



**KEY PLAYERS:** Indian e-commerce market

**WHY IT IS IMPORTANT:** Though an increasing number of Indians are starting to use online shopping portals, internet penetration in India is still within the lower end of the spectrum with only 10% of the population having access to the net. Also, according to the research firm Gartner barely 10 million Indians have high-speed access and thus, they are the only ones who can shop online. Also, India has a vibrant cash economy. This and the fact that Indians are still

wary of online payment methods means that many online shoppers prefer to use the 'Cash on Delivery' option. Though the marketplace model is very successful in developed economies (some of the biggest e-commerce companies are marketplaces), its success rate and its growth trajectory in India remains to be seen.

### 15) Mark Zuckerberg launches political lobbying group Fwd.us - AP/Huffington Post/LA Times

**IMPACT** Facebook CEO Mark Zuckerberg, along with other Silicon Valley tech leaders, has announced the launch of a political action group to lobby in the corridors of power for a revamp of immigration policies, tackling educational issues and boosting investment in science and technology research. Although the formation of the group named Fwd.us (pronounced 'Forward Us') was reported by the Associated Press over a month back, a formal announcement came in the form of an op-ed article written by Mr. Zuckerberg for the Washington Post. "We have a strange immigration policy for a nation of immigrants," Zuckerberg wrote in the piece. He argued that the current US immigration policy is unfit in today's world, and the country needs a new approach towards it to stay ahead economically. It includes offering a path towards citizenship to the 11 million illegal immigrants currently in the US. He called for a "comprehensive immigration reform that begins with effective border security, allows a path to citizenship and lets us attract the most talented and hardest-working people, no matter where they were born." Mr. Zuckerberg also vouched for higher standards in school learning and increased focus on science, technology, engineering and math learning. Google Chairman Eric Schmidt and Yahoo CEO Marissa Mayer are some of the major financial contributors from the technology industry to the group, which is also backed by LinkedIn CEO Reid Hoffman.

**KEY PLAYERS** Mark Zuckerberg, Fwd.us, Silicon Valley

**WHY IT IS IMPORTANT** Mark Zuckerberg is himself the grandchild of immigrants and the announcement comes at a time when a sweeping bill is going to be tabled for approval by a bipartisan Senate group. The bill is expected to increase the number of H1 B visas granted to professionals to come and work in the US. Technology companies like Microsoft and Google have been pushing to make working in the US easy for high skilled workers and entrepreneurs.



# 50K and a handful of dreams

Continued from last week...



## How they hired

After the earlier failure with Askme, Just Dial hired fresh graduates and aligned goals with their needs. Providing incentives based on productivity made it even more attractive and encouraged a lot of early employees to get their friends and contacts on board. A motivated sales force was also integral to Just Dial getting a foothold in the market. The fact that their services were low cost as well as low risk didn't hurt Just Dial's chances at all. Of the 20-25 people who joined Mani at the start, nearly 70 per cent are still with him.

## Going to the Web

In 2007 Just Dial launched its web presence. There were some fears that the web site would cannibalize the voice based operations. The fears proved unfounded as the web-site grew phenomenally without hampering the growth of the voice based services. Just Dial has launched android and iPhone apps as well.

## A good review

Interestingly, Just Dial has the largest collection of online reviews in the world, more than 2.5 million of them. A lot of web-sites tend to have paid reviews which are naturally rather unreliable. Just Dial actually calls up users to take their feedback thus enhancing its ability to provide reliable information to users.

## Just Dial's Fund Raising Efforts

Just Dial's first major investor was the BITS alumnus Raj Kumar Koneru, who is said to have invested about Rs 6.5 Crores for a 40 per cent stake in the company. Incidentally, he is said to have sold his stake to SAIF partners and Tiger Global in 2007 to rake in a nifty 25 times profit.

- SAIF Partners reportedly invested about \$ 12 Million in Just Dial in its Series A funding in 2006.
- Series B funding of about \$15 million came from Tiger Global in 2007.
- Series C which amounted to \$ 8 million was led by Sequoia Capital.
- Joining up with SAP Ventures, Just Dial raised about \$ 10 million in Series D.
- In June of 2012, Sequoia and SAP Ventures together pitched in about \$ 57 Million

Shareholder	Stake Pre-IPO	Stake Post-IPO
Promoters	37.39	37.39
Tiger Global	20.02	14.16
SAIF Partners	19.84	14.04
Sequoia Capital	18.5	17
SAP Ventures	1.59	1.50
EGCS	0.93	0.43
Amitabh Bachchan	0.09	0.09
Employees	1.63	1.63
Public	Nil	13.76

Source: Just Dial DRHP | Stake in %

As can be seen from the chart, the cost of acquiring a stake in Just Dial has steadily gone up with investors getting a smaller share for a higher investment. This is normally the case when a company is doing very well and has a future. Also each time a stakeholder changed or was added, it wasn't necessarily the company that benefitted exactly, but the exiting stake holder who sold his stake for a profit. Welcome to the world of Venture Capitalists!! Interestingly, in case of an IPO most investors are set to make at least 10 times their investment if they decide to exit. This is significant in a market where investors rarely make more than 5 times their investment.



**MANTRA/** DREAM, DREAM BIG. WORK HARD TO FOLLOW YOUR DREAMS. ANALYZE YOUR ACTIONS, CHANGE.

**IPO plans** Just Dial intends to go for an IPO in the first half of 2013. The issue size is expected to be about Rs 700 Cr. However, based on the most recent round of funding there are talks that the IPO might be delayed.



## **New Initiatives**

- *It has started offering targeted marketing campaigns based on consumer preferences, for its advertisers*
- *Events Listing*
- *Database mining to come up with data analytics for different business categories*
- *Real time updates on offers and price quote updates from local businesses available through e-mail and sms*

**Future Initiatives** Just Dial intends to focus more on smaller cities in India which are yet to have access to such services and offers a near virgin territory for Just Dial to take over. Just Dial entered the US in 2010 and is growing steadily there as well. In fact, Just Dial intends to create almost a 1000 call centre jobs in mainland US apart from running a lot of the operations from India. The US market is obviously far more challenging to penetrate as such a service is not exactly new there. With the hyper wired state in which an average American lives, it will be interesting to see just how Just Dial creates a space for itself in the consumer's mind. It's investors, at least, believe that Just Dial's success in India can be replicated in the US. For most future managers, the simple fact that a first generation Indian entrepreneur has managed to get a foothold in the US is enough to be proud and get wholeheartedly behind their own ideas.

## [1\) Godrej's new ad featuring Aamir Khan tries create an emotional connect with consumers – ET 11 Apr](#)

So what does Godrej really make? Locks, soaps, cupboards, hair dye...the company finds that the answer varies widely depending on who you ask. It's trying to stitch together a strategy that showcases a cross section of its folio, tying it back to the mother brand. And helping it along is brand ambassador Aamir Khan in drag. Recently a simple query about the exact number of brands under the Godrej umbrella evoked a hesitant and somewhat unsure response from the top management. Not a big deal in itself, many would say since it is just a number. Besides Godrej is known for its presence across categories and verticals - from soaps and cupboards to air fresheners and microwaves. But the ambiguity also reveals the haziness that exists among the company's approximately 500 million strong consumer base about its constituent brands. Simply speaking, consumers of individual brands are not able to connect the dots in their headspace and tie into the other categories that the group operates in. This is the backdrop against which the company had embarked on an ambitious master-brand strategy around 2006. Now it is rolling out the next phase of its go-to market initiative. [Read More](#)



## [2\) High-street labels roll out made-to-measure outfits to suit unshapely Indians – ET 11 Apr](#)



In a nutshell, ladies and gentlemen, that's how the Armanis, Guccis and the Zegnas of Italian high-street fashion lost their war with the stubborn Indian potbelly as they set out to clothe one of the biggest emerging markets for Rs 1 lakh-plus suits and trousers. As the realisation sunk in that India's wealthiest men - from Altamont Road's pedigreed industrialists to Gurgaon's nouveau riche builders - are so unshapely for their dapper ready-made suits, the Romans have decided to stretch that famous Italian stitch a bit more. Enter MTM (made-to-measure) offerings - clothing that is sewn to fit each customer individually. A typical Armani or Zegna suit will come for Rs 1 lakh, if you are unwilling to go easy on the desi ghee stuff, no problem, but be willing to shell out Rs 30,000 more for an MTM one of your favourite brand. Armani, Gucci, Zegna, Corneliani, Canali, you name it, the MTM offering comes alongside these days, even for the very British Burberry's. The Indian apparel market is currently estimated to be around Rs 1 lakh crore, of which about Rs 30,000 crore is ready-to-wear.

## [3\) Pepsi's second global campaign "Embrace your past, but live for now" featuring Beyonce – ET 11 Apr](#)

Last week, Pepsi launched its second global campaign and first TV spot featuring Beyonce in her role as global brand ambassador. Executives close to the development and production of the spot say Beyonce was very hands on -- offering ideas for the creative concept. "We've worked with a lot of athletes and celebrities. Usually the client and agency develop something, then it's presented to the artist or athlete for approval. And then you all go make it and they sign off and approve the final content," said Chris Mendola, chairman-founder of 180 LA, the agency that worked on the spot. "This was nothing like that at all. Certainly from Beyonce's standpoint, her image - it's impeccable," Mendola added. "This isn't a negative, but there was just a high level of perfection, a really, really detailed level of perfection to craft this particular film to the standards of Beyonce and Pepsi and 180." When the singer was announced as the soda's global brand ambassador in December, the deal was touted as a 'true creative and wide-ranging global collaboration.'



## [4\) Honda plans smaller diesel engine for emerging markets – BS 15 Apr](#)



Honda Motor Company (HMC), which drove into the Indian diesel car market last week, is looking at developing a diesel engine with reduced capacity, to power small cars in emerging markets. A final product usually comes out two to three years after a project starts. The small diesel engine plan is strategic, as it aims at doubling sales in emerging markets, including India and China, to three million units annually by 2017. On Thursday, the Japanese auto major had launched a diesel-powered entry-level sedan, Amaze. Honda has recently introduced the 1.5-litre i-DTEC (exclusively developed for the Indian market) engine. But it has no plans to use this in existing products. The 1.5-litre engine would be sequentially adopted on newer products, including the new City,

the Fit (Jazz) and utility vehicles. The smaller diesel engine would be used to power entry-level cars, said industry experts.

## [5\) Birla, Tata review use of parent branding for bank – BS 15 Apr](#)

Top Indian conglomerates, including Aditya Birla Group and the Tatas, have sought clarity from the banking regulator on using the branding of the parent group while applying for a banking licence. The brand name of the proposed bank has to be sent to RBI by July 1, the deadline for application. A senior Birla official said they were looking at the option of not using the parent brand, following the interpretation by their lawyers of RBI's guidelines. Hence, they had sought the regulator's clarifications on using the brand name before April 10, when the deadline for seeking clarifications from the regulator on bank applications expired. Once the RBI's clarification on using the parent brand comes in, these conglomerates would take a call on the parent brand name. Insiders said a survey done by the Birlas have shown that the Aditya Birla brand was associated with a high degree of trust, ethics, reliability and corporate governance. The Tata group, too enjoys positive brand image among Indians. Both Tata and Birla have non-banking financial companies using the parent's brand name.



**6) Flavour makers relish India's appetite for new tastes – ET 15 Apr**



Indian consumers could soon munch on masala tea flavoured biscuits, or sip on guava juice spiced with red chillies straight out of tetra pak. These are among a dozen flavours the world's largest flavour company Givaudan has developed specially for the Indian market as flavours emerge a high-potential business segment in the country with packaged food companies increasingly adding new flavours to push their brands. Swiss firm Givaudan recently opened an innovation centre in Mumbai while US firm International Flavors & Fragrances (IFF) last year opened a facility in Gurgaon to primarily develop flavours for food, sweets, beverages and dairy products. They are buoyed by the country's increasing appetite for snacks and beverages and consumers' willingness to

tease their taste buds with new local and international flavours. Industry sources estimate the flavours market in India at around \$250 million, or approx ₹1,350 crore. It has been growing in double digits in the last couple of years; and going ahead, the growth rate is only expected to accelerate.

**7) Autorickshaws to sell Uninor recharge coupons – BS 15 Apr**

Norwegian telecom services operator Uninor has set up unique sales team to increase the business and its customers. Now instead of traditional sales executives, local auto rickshaw drivers will sell Uninor's recharge coupons through their network. Uninor has announced a first-of-its-kind initiative in India, for the Maharashtra region-'Auto recharge'. It will allow auto rickshaw drivers to inform and provide Uninor services to their customers. The project started with 10 auto rickshaws from the Vishrantwadi Rickshaw Union as a pilot servicing important areas such as airport, railway station and key bus depots of Pune. Keeping in mind the success of the initiative Uninor now plans to launch 1,000 auto recharge vehicles in the next six months across Maharashtra. The auto rickshaw drivers are well informed about various Uninor services and recharge benefits in order to provide full support to existing customers.



**8) Rexton powers M&M's premium drive – BS 16 Apr**



Rexton, produced by SsangYong Motor, has climbed to the number 2 spot in the ₹15-25-lakh sports utility vehicle (SUV) category in less than six months of its official launch in India. In the process, Rexton has raced past Ford Endeavour and Skoda Yeti. The Korean-made Rexton is the first of several products planned by Mahindra & Mahindra, which owns a controlling stake in SsangYong, South Korea's smallest automobile player. M&M bought the automaker in late 2010 for ₹2,100 crore. Though the Korean company has a premium sedan in its line-up, it specialises in SUVs - just like M&M. Rexton, priced in the range ₹ 18.4-20.6 lakh (ex-showroom, Mumbai) sells around 450-500 units a month. Sold in two variants, it is offered with two differently powered engines. Other SUVs in this category include Chevrolet Captiva, Mitsubishi

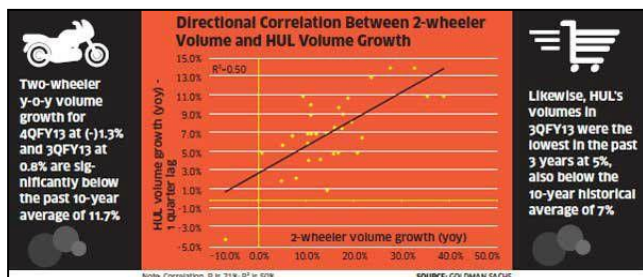
Pajero and Outlander, Honda CR-V, Renault Koleos, Maruti Suzuki Vitara, Nissan X-Trail and Hyundai Santa Fe.

**9) Coke launches 100 ml Maaza packs at Rs 6 – BS 17 Apr**

In an aggressive bid to crack the country's rural market, Coca-Cola has introduced ready-to-drink 100 ml packs of its mainstream fruit-based beverage, Maaza, for ₹ 6. The product, in low-cost tetra-fino packaging, has been launched as a pilot in three districts of Uttar Pradesh; the firm will take it to other parts of India if the idea clicks. This is going to be the lowest price for a Coke product in the non-returnable ready-to-drink category, where the pricing ranges from Rs 8 to Rs 12 and goes on to as high as Rs 60 for a two-litre plastic non-returnable pack. In package size, too, this is the smallest in the beverage product category - the smallest so far were the 200 ml returnable bottles. Explaining the strategy, Coca-Cola India President & CEO Atul Singh told Business Standard in an exclusive interview: "There are two million retail outlets in rural India where we sell our products. There are consumers who want packaged beverage at an affordable price. We have been working with our suppliers to get affordable packaging and have got Maaza at the right price point."



**10) Slowdown in 2-wheeler sales may spell bad news for FMCG firms: Goldman Sachs – ET 09 Apr**



The slowdown in the sales of motorcycles and scooters could spell bad news for India's consumer good companies, notably top player Hindustan Unilever, says a Goldman Sachs research report that has spotted a strong co-relation between the two sectors. A recent report has alluded to a 71% co-relation between the performance of HUL and that of the two wheeler industry. A bad showing by the two-wheeler industry usually portends bad times for the top FMCG player in the subsequent quarter. Two-wheeler year-on-year volume growth for the third and fourth quarters of 2012-13 at 0.8% and (-)1.3%, respectively, are significantly below the past 10-year average of

11.7%. Puneet Jain and Aditya Soman of Goldman Sachs wrote in a report dated April 11. "Likewise, HUL's volumes in 3QFY13 were the lowest in the past three years at 5%, also below the 10-year historical average of 7%."



# Content marketing redefined

## Beverage major Red Bull wants to recover much of its marketing costs through content sales

In October 2012, Red Bull launched **Stratos**, an audacious event where it sent parachutist Felix Baumgartner up 39 kms into the stratosphere in a balloon so he could jump and break the sound barrier while free falling. Baumgartner became the first human to do so.

The stunt, which Red Bull had been planning for seven years, was itself perhaps not so surprising when you consider the company had been sponsoring extreme action sports almost its inception. What was ingenious, however, was **what it did with the event**.

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