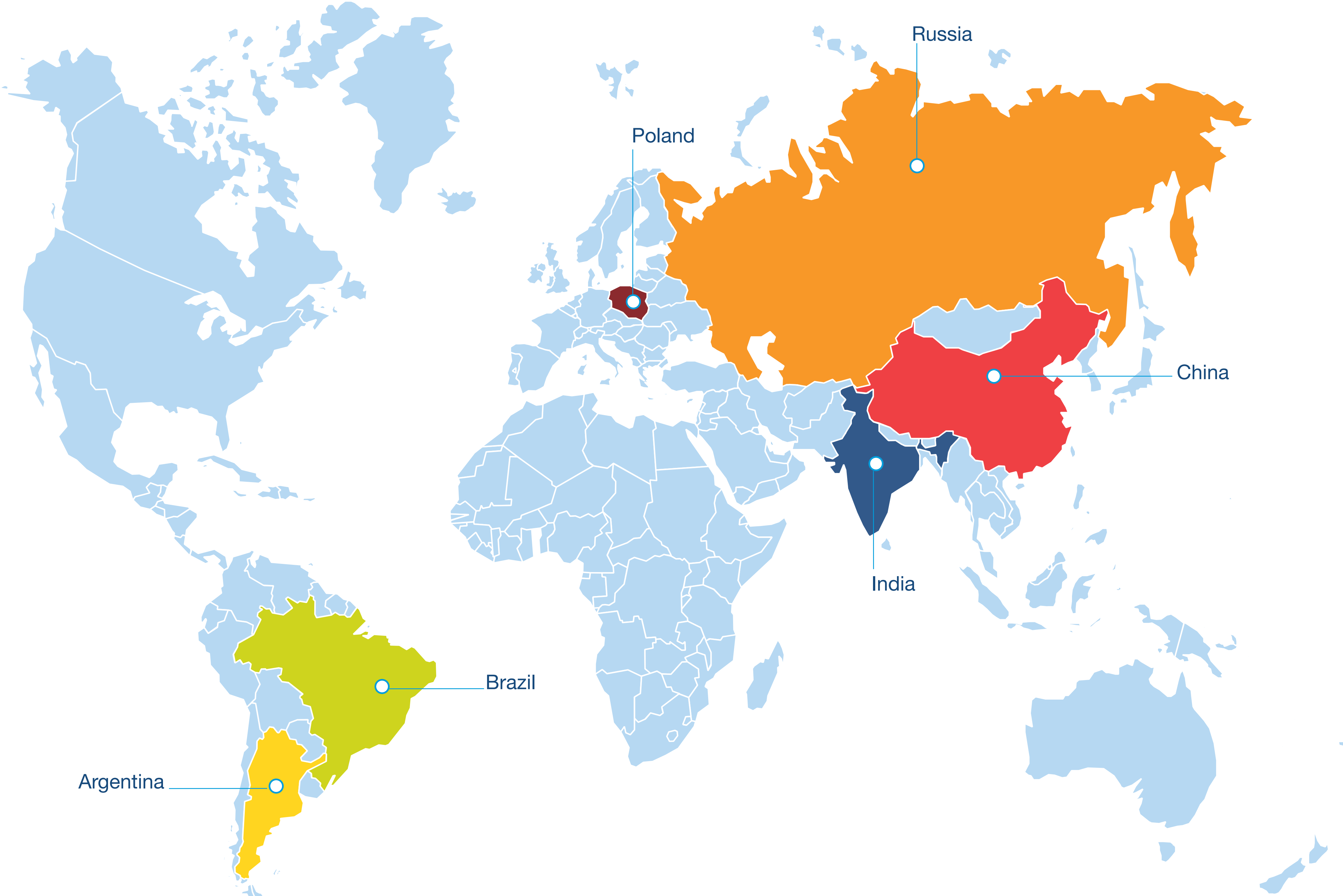
**Industries**
Retail & Consumer

# From São Paulo to Shanghai

## New consumer dynamics: the impact on modern retailing*
## Executive Summary 2006/2007 • 5th Edition


Russia
Poland
China
India
Brazil
Argentina

Carrie Yu
Global Retail & Consumer Leader
carrie.yu@hk.pwc.com

# Foreword

It is with great pleasure that we publish the 5th edition of PricewaterhouseCoopers' annual regional research project. This on-going thought leadership study has analysed over the years the different and changing investment challenges and opportunities for companies in the retail and consumer sector in transitional economies.

Each year, we determine the scope of our analysis and emphasise regions according to the angle we want to explore, as can be seen from the following list of past editions:

- *Retail & Consumer: From New Delhi to New Zealand* (2002/2003)
- *Retail & Consumer: Winning Strategies in Russia and Central & Eastern Europe* (2003/2004)
- *Retail & Consumer: Growth Dynamics from New Delhi to New Zealand* (2003/2004)
- *From Beijing to Budapest: New Retail & Consumer Growth Dynamics in the Transitional Economies* (2004/2005)
- *From Beijing to Budapest: Winning Brands, Winning Formats* (2005/2006)

This year, we have focussed on three main regions in the developing world – Asia, Eastern Europe and South America. We addressed two major economies from each continent, which include the four BRIC (Brazil, Russia, India and China) countries as well as Argentina and Poland. Therefore, this year's study is at once broader and deeper.

As usual, the goal of the study is to provide a general picture of the economic, social and cultural environment in which business investors have to operate, as well as to indicate the major consumer trends and identify the relevant challenges and opportunities for companies in the retail and consumer goods sector[1]. This year, each country report includes case studies which highlight practical examples from both multinational and regional players.

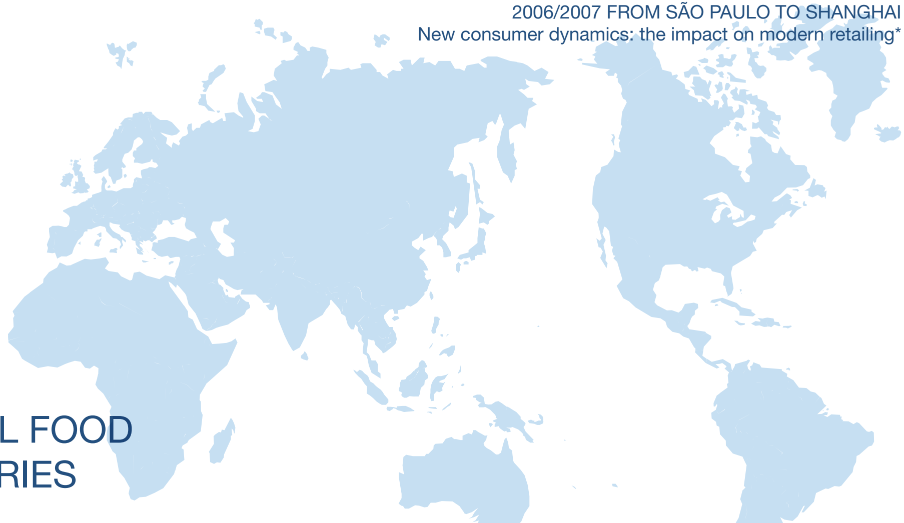
This year, the United Nations estimates that half of the world's population will live in cities by 2007; as such, particular emphasis has been placed on the urban-rural divide and its impact on investment strategies. Argentina, Brazil and Russia have predominantly urban populations, whereas in China, India and Poland, the majority of the population still lives in rural areas or small regional towns. This two-speed consumer model is producing new investment opportunities through a gradually emerging rural renaissance in certain regions.

We are proud to engage once again in the continuing success of our annual study – and to be into our 5th year of publication! The huge potential for investors in the regions covered this year jumps out of the pages of the six country reports, which are available on our website at www.pwc.com/growth or in the pocket CD enclosed with each Executive Summary. In the meantime, this Executive Summary should give you a taste of the range of information provided by our experienced professionals around the world.

Carrie Yu
Global Retail & Consumer Leader
PricewaterhouseCoopers

1 The sector comprises (i) distribution activities (wholesalers, distributors, retailers), (ii) suppliers of consumer packaged goods (food and non-food), and multinationals, regional and local players from both activities (i) and (ii)

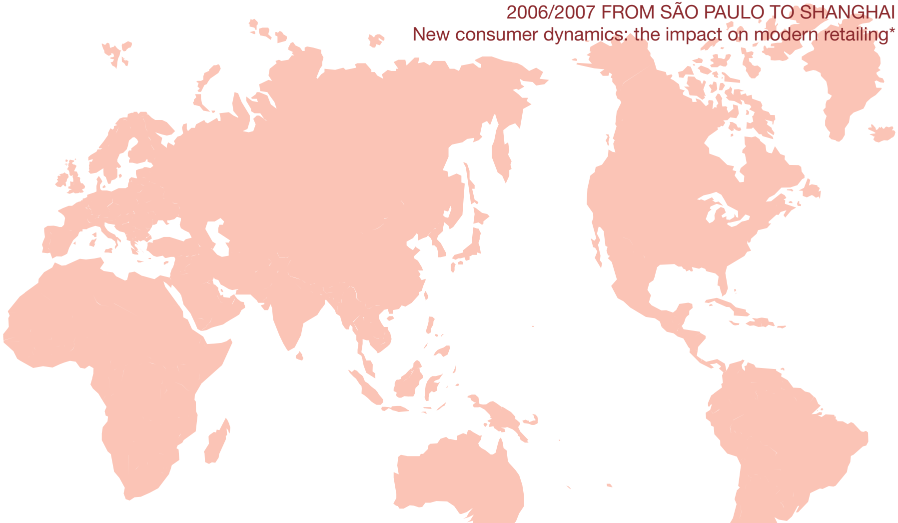
# Contents



# PRESENCE OF MULTINATIONAL FOOD RETAILERS IN THE SIX COUNTRIES

| | Argentina | Brazil | China | India | Poland | Russia | Total |
|---|---|---|---|---|---|---|---|
| AEON (Japan) | | | X | | | | 1 |
| AHOLD (The Netherlands) | | | | | X | | 1 |
| AUCHAN (France) | | | X | | X | X | 3 |
| AVA (Germany) | | | | | | X | 1 |
| CARREFOUR (France) | X | X | X | | X | | 4 |
| CASINO (France) | X | X | | | | | 2 |
| DAIRY FARM INTERNATIONAL (Hong Kong) | | | X | X | | | 2 |
| FAMILY MART (Japan) | | | X | | | | 1 |
| INTERMARCHE (France) | | | | | X | | 1 |
| JERONIMO MARTINS (Portugal) | | | | | X | | 1 |
| LECLERC (France) | | | | | X | | 1 |
| LIDL & SCHWARZ (Germany) | | | | | X | | 1 |
| MAKRO (The Netherlands) | X | X | X | | | | 3 |
| METRO (Germany) | | | X | X | X | X | 4 |
| MIGROS TÜRK (Turkey) | | | | | | X | 1 |
| REWE (Germany) | | | | | X | X | 2 |
| SEVEN & i Holdings (Japan) | | | X | | | | 1 |
| SHOPRITE (South Africa) | | | | X | | | 1 |
| SPAR (The Netherlands) | | | X | X | X | X | 4 |
| TENGELMANN (Germany) | | | | | X | X | 2 |
| TESCO (UK) | | | X | | X | | 2 |
| WAL-MART (USA) | X | X | X | | | | 3 |
| TOTAL SCOPE | 4 | 4 | 11 | 4 | 12 | 7 | 42 |

Source: PricewaterhouseCoopers – Vigie August 2006



# SETTING THE SCENE FOR RETAIL AND CONSUMER BUSINESS INVESTORS

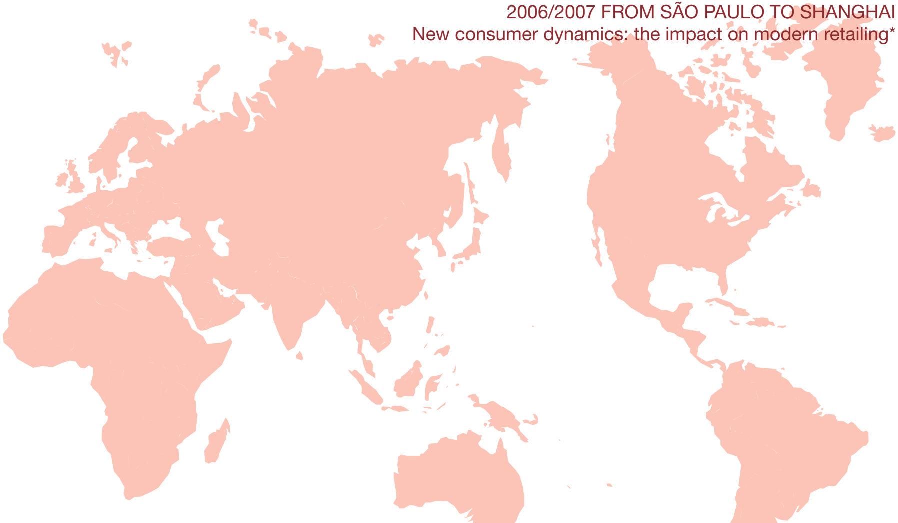
This year's study highlights a major contrast in GDP growth across the six countries covered. GDP appears to be set to accelerate in three out of the six countries: China, Brazil and Poland, over the period 2006 to 2008. China's economy was expected to cool down somewhat, but the continued growth that was achieved in the first half of 2006 points to sustained high growth in the months to come. Indeed, for the second time since April, Chinese authorities pushed up interest rates in August in the hope of slowing down investment. Brazil's GDP started picking up in 2004 after several years of erratic growth and it now looks as if it should be sustained at about 3.5% over the next three years.

Key economic growth indicators

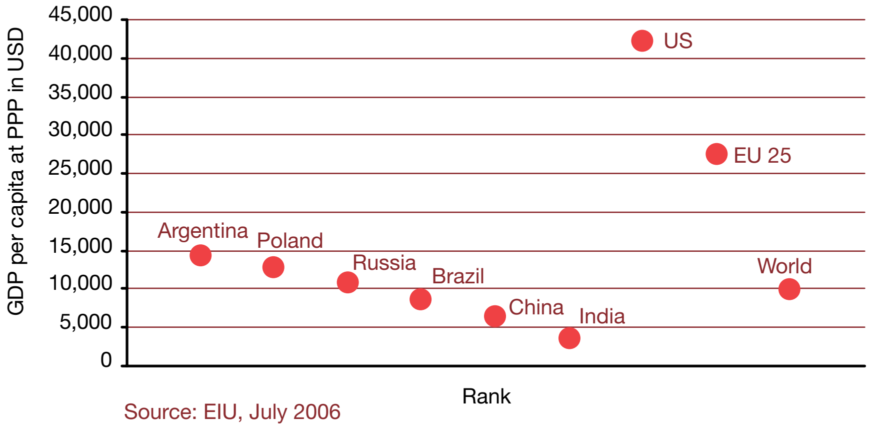
| Country | GDP growth 2005 (%) | CPI 2005 (%) | Unemployment rate 2005 (%) |
|---|---|---|---|
| China | 10.2 | 1.8 | 9.0 |
| India | 8.5 | 4.2 | 8.9 |
| Russia | 6.4 | 12.7 | 7.6 |
| Poland | 3.4 | 2.1 | 18.2 |
| Argentina | 9.2 | 9.6 | 11.6 |
| Brazil | 2.3 | 6.9 | 9.8 |
| USA | 3.5 | 3.4 | 5.1 |
| EU 25 | 1.6 | 2.1 | 9.3 |
| World | 3.4 | 3.7 | N/A |

Source: EIU, July 2006

In both India and Russia, growth is slowing. India's GDP will move from a high of over 8% in 2004 to 2005 to around 7% for 2006 through 2008, and Russia's will evolve from over 7% in 2003 to 2004, to around 6% and lower for the three years to come. Rates in Russia should, however, be sustained and perhaps improved by higher oil revenues and increases in personal incomes and household consumption. The economic outlook in Argentina, after three years of high growth at around 9%, is tempered for the near future. According to official statistics, growth rates are expected to decline slightly in 2006 to approximately 8% and substantially in 2007 to 4.2%.



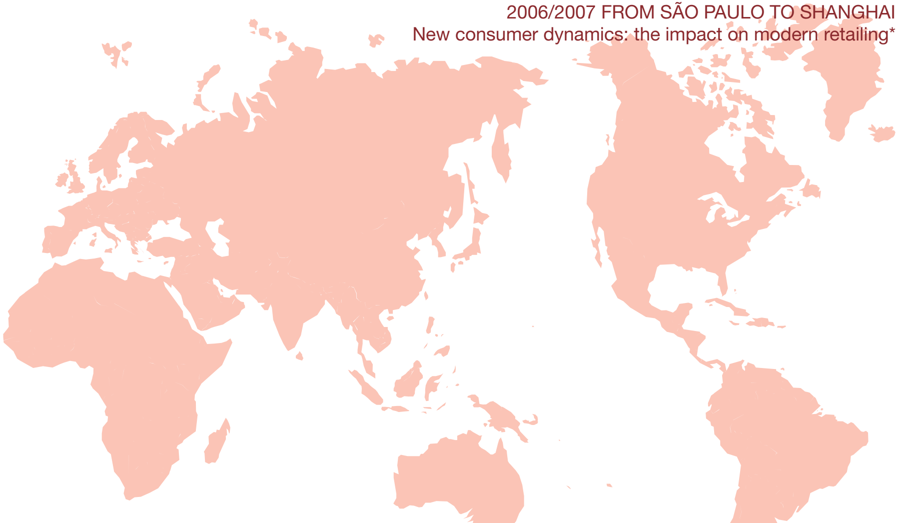
GDP per capita at Purchasing Power Parity in 2005 (USD)




Source: EIU, July 2006

As far as Consumer Price Index (CPI) is concerned, the majority of countries covered by this report appear to be taking the right measures and successfully controlling their inflation rates. The exceptions are Russia and Argentina, with an average 10% forecast for 2006. Argentina is still licking its wounds after the economic crisis in 2001, which has had a long-lasting effect on consumption. Drastic rate hikes in 2003, 2004 and 2005 have helped decrease inflation from a high of 22% in 2002 to an estimated 10% this year, according to government and local economist projections. Inflation should be contained at this level over the next three years, with the government pushing price control agreements within different industries in order to control price increases across the board.

Unemployment is a challenge in all profiled countries, from the lowest rate in Russia at 7.6% of the population in 2005 to the highest in Poland at 15.7%, according to official statistics. In Poland, unemployment of the young – those between 15 and 24 years of age – has reached 34.7% by local estimate. But over the last two years, these figures have been improving, mainly due to workers' migration into other EU states following accession. This trend is becoming a major issue for transitional economies such as Poland, where trained and skilled workers are lured away to countries in which they can find more lucrative jobs and better lifestyles. For example, since 2004, 264,000 Polish workers have emigrated to Great Britain alone. Foreign investors in the retail and consumer sector are being hit by this new development in the Polish labour market. According to official figures, the Chinese, Indian and Russian economies show signs of decreasing unemployment over the next couple of years. In China and India in particular, economies are developing faster than they can educate their populations, and increasingly, there is a lack of skilled workers.

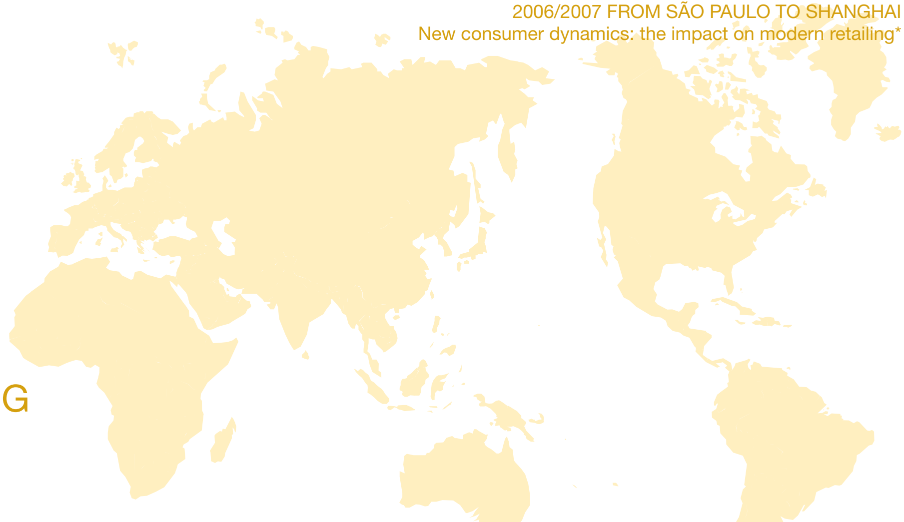


Although China and India are still attracting increased Foreign Direct Investment (FDI), and FDI in Argentina has been stable during the last two years, the other countries covered by the report all show a slight decline in foreign investment. In Brazil, food and beverage represented the most attractive sector for foreign investment.

The general increase in the price of raw materials worldwide and its impact on costs throughout the supply chain is undoubtedly one of the reasons contributing to this general slowdown. Many retail and consumer goods investors are also now into the second or third phases of their development into foreign territories. So after what has often been the breakneck speed of the first phases of expansion into foreign markets to enjoy first-mover advantage, this could be a time for taking stock, revising operational and marketing strategies, before moving on to the next stages of development.

Entry into, or the prospect of entry into the World Trade Organization (WTO), is having a beneficial impact on foreign investors. China has liberalised its rules substantially since 2001. Russia is negotiating entry at the moment. In Hong Kong, a special trade agreement, the Closer Economic Partnership Arrangement (CEPA), will facilitate access to mainland China for companies using Hong Kong as their launching pad.

The other positive sides of government intervention for the retail and consumer goods sector include: Brazil's welcome political and tax reforms after the elections of October 2006; the Chinese government's encouragement of the development of a rural retail network; and India's recent move to open the market to single-brand retailers, which will encourage further market entry. In China, direct selling is now permitted within the framework of new regulations; restrictions on franchising have been removed and an action plan has been launched in a bid to enhance the protection of intellectual property. The protection of intellectual property rights is also the subject of pending legislation in Poland.



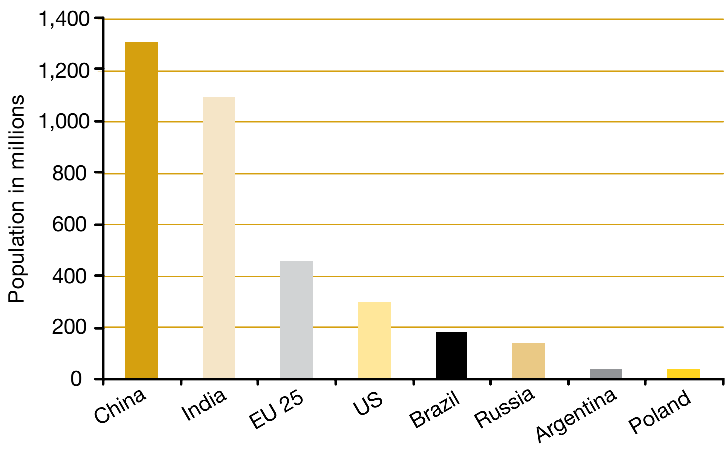
# SERVING A RAPIDLY CHANGING CONSUMER SOCIETY

The findings in all the markets covered highlight stark contrasts between urban and rural consumers, the young and the old, the rising middle classes and the much poorer populations who have been left out of the new economic growth spiral – in both urban and rural areas – as indeed have whole regions within countries.

## DEMOGRAPHICS

Populations are growing in China, Brazil, India and Argentina, whereas Poland and Russia both have declining populations. With an increase of 15 million people against China's 7 million, India's population is growing twice as fast as China's. India will therefore overtake China as the world's largest population faster than expected – probably by 2030. India can also boast the youngest population in the world. Young people represent a huge opportunity – and challenge – for developing countries. Education is a priority that governments cannot afford to neglect if their countries are to capitalise on this potential workforce, which can drive up living standards and consumption levels and reduce existing income disparities. These economies would be well advised to adopt inclusive policies to engage, and even centre, the new young in their economic development.

Population by country in 2005




Source: EIU, July 2006

## CONSUMER DYNAMICS

Emerging consumption patterns will be driven by the following consumer components:

- The middle class
- The new rich and the upwardly mobile young adult
- The working woman

### The middle class

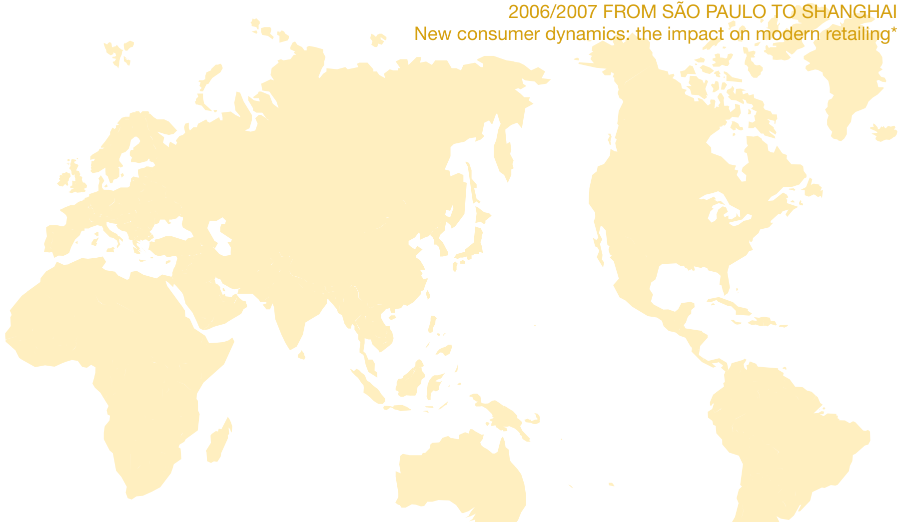
A fast-emerging middle class is driving consumption patterns everywhere. The criteria used for designating the middle class varies so much from one country to another that is difficult to give one definition of the average income brackets of this population segment. But these mainly urban dwellers are contributing to the statistics that show that less is being spent on food and groceries and more on equipping their homes. The success of home furnishings, DIY and consumer electronics outlets are all being driven by the middle class.

In addition, the development of credit cards will give a further impetus to middle-class consumption in all the transitional economies. In China, the insurer Ping An has decided to diversify into what it considers to be a very important potential credit market and Wal-Mart is planning to launch its own credit card in partnership with GE Money and Shenzhen Development Bank. The number of cards issued in China has accelerated 13 times to 40 million in the past two years.

### The new rich and the upwardly mobile young adult

At the upper end of the middle class, the new rich and the upwardly mobile young are driving luxury brands and lifestyle products. In this segment, foreign brands are in big demand and seen as both fashion statements and status symbols.

Many luxury brands are investing in extremely sophisticated flagship stores in the upper-scale malls of transitional economies, as both advertising and sales vehicles for the new rich. Indeed in many cities in both Eastern Europe and Asia, the luxury industry is spurring urban renewal. In China, the LVMH group is dispatching architects to work with regional city authorities to explore the architectural potential of future commercial centres. In order to test the waters in cities a little further afield, many big luxury brands have already invested in stores in Hangzhou, a city southwest of Shanghai.



## The working woman

The impact of the increasing number of working women on consumption trends is of note in the reports from China, Brazil and India. In India, the number of women at work has increased from 22% of the working population in 1991 to 26% in 2001. A study in India notes that urban working women, on an average, spend about 24% of their earnings on enhancing the quality of their own life, as compared with 13% on household purchases. Other areas of expenditure for Indian working women in urban centres include savings/ investments (23%), spending on children (13%), purchase of durables (9%), insurance premium (7%) and monthly dues such as electricity and water bills and rent (5%). Working women need packaged, easy-to-use FMCG (Fast Moving Consumer Goods) to facilitate their lives and they also use more HaBA (Health and Beauty Aids) as they spend more time out of the home in a competitive work environment. For example, the Russian cosmetics and personal care market is one of the most rapidly growing in the world, with annual growth rates of around 13%. In Brazil, another promising market for these products, revenues rose by 14.1% in 2005. In general, the two factors that were the main drivers of modern commerce in the West – the working woman and car ownership – will impact the development of retail and consumer in the transitional economies in much the same way.

# SERVING A BROAD CONSUMER SPECTRUM: THE DEVELOPMENT OF BRANDS AND MULTI-FORMAT RETAILING

As the amount spent on food diminishes, opportunities for FMCG investment are offered by the development of new distribution channels such as the increasingly popular shopping centres with their restaurants, bars and takeaways. And as the middle class ages in most markets, with the exception of India, consumption trends will include the development of healthcare and pharmaceutical product segments.

Premium and luxury brands are highly popular at the top end of middle class populations. International brands in non-food products, and particularly luxury items such as fashion and consumer electronics, have a big future. For example, according to Merrill Lynch, Chinese customers already account for 11% of the world's luxury industry, and are expected to buy 23% of the industry's output by 2014. The luxury group LVMH's chief executive, Bernard Arnault, says, *"For us, China is very similar to what we did in Japan."* Global luxury brands are all ensuring that they establish a firm footprint in the Chinese market.

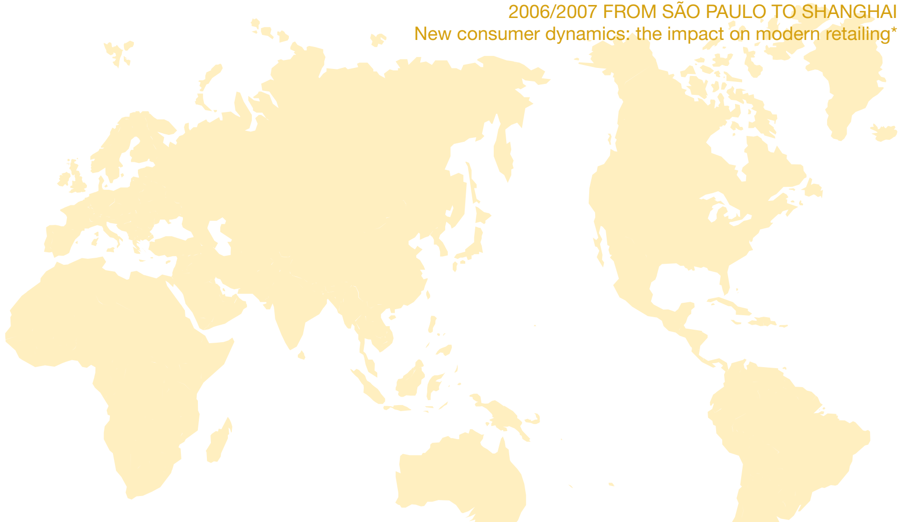
Private label represents a big growth opportunity in most FMCG markets, and these products are being expanded by supermarket chains in Argentina, Brazil and Russia. In Russia, overall market share does not yet exceed 3% for hypermarkets but can reach 10% in discount stores. In Poland the penetration rate is 4% of total market share. The Hong-Kong-based AS Watson chain offers over 1,000 private-label products in China, representing about 20% of its total product offer. In general, private labels are associated with lower prices, which appeal to the price-conscious, lower-income consumer segments.

As far as retailing is concerned, this year's report shows that foreign retailers are particularly strong in Argentina, Brazil and Poland whereas their total market share in China, Russia and India is relatively small. Foreign retailers are keenly evaluating the Indian market and identifying partners to forge an alliance within areas currently permitted by regulations. In Argentina, the regional player Cencosud leads the market followed by Carrefour at close range. In Brazil, local CBD enjoys the number one retail slot, with Carrefour and Wal-Mart respectively occupying numbers two and three. In China, the majority of the top 30 retailers are domestic companies, with Carrefour enjoying the top foreign retail slot. French Auchan, German METRO and Turkish Ramenka are the three foreign grocery retailers in the Russian market to date.

But being a foreign retailer does not guarantee success, as can be seen by the departures of Ahold and Sam's club from Argentina, Ahold and Sonae from Brazil, OBI from China, and Casino and Dohle from Poland.

What store formats seem to be doing best in the countries covered by this study? Many retailers are adopting the multi-format approach so as to be able to adapt to the very different shopping patterns that can exist within regions and even within one country.

There appears to be a correlation in trends, with the traditional supermarket often being squeezed between the bigger hypermarkets or smaller stores such as the hard discount, convenience store or traditional store. In general, the discount segment in transitional economies is developed by foreign players, with the exception of Russia, where this market is dominated by domestic operators.



In Poland, both Carrefour and Tesco are adapting to this “smaller is beautiful” trend; Carrefour having opened its first Carrefour Express in June 2006 and Tesco having recently opened its Jedynka outlets. Tesco may introduce its own Tesco Express concept in the future as well. But many supermarkets are also managing to sustain their attractiveness with their relatively large product mix, and smaller size, in other markets. For instance, they are considered the second most dynamically developing format in Poland after discount stores. In China, the supermarket is still the dominant format in food retailing and discount outlets are in the development stage.

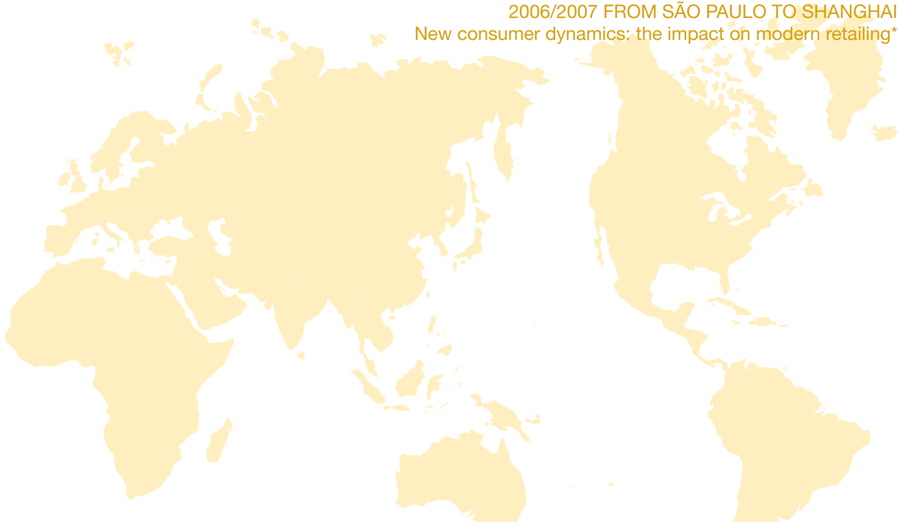
The growing middle class is pushing the development of speciality stores everywhere. Outlets for home furnishings, DIY and consumer electronics are all in big and increasing demand. The consumer electronic market is thriving and is often dominated by domestic retail companies. Russia’s DIY sector is enjoying annual growth of 30% to 40% and DIY is also considered one of the fastest developing retail sectors in Poland. The Kingfisher Group, through its subsidiaries Castorama and B&Q as well as Leroy Merlin and OBI, are the main DIY foreign players in transitional markets. IKEA is well established in home furnishings in most of these economies, and Home Depot is to open soon in China.

Shopping centres continue to act as a pivot for modern retail outlets and in particular for stores selling luxury products and brands. At the same time, these malls fulfil a role as leisure centres with restaurants and facilities for entertainment. For example, in Argentina, it is expected that some 30 new commercial centres will open in provincial towns within the next 18 months. In India, the number of malls is expected to rise to 220 by 2007 against the 30 malls in operation in 2003.

Source: PricewaterhouseCoopers Brazil Report Case Study, October 2006

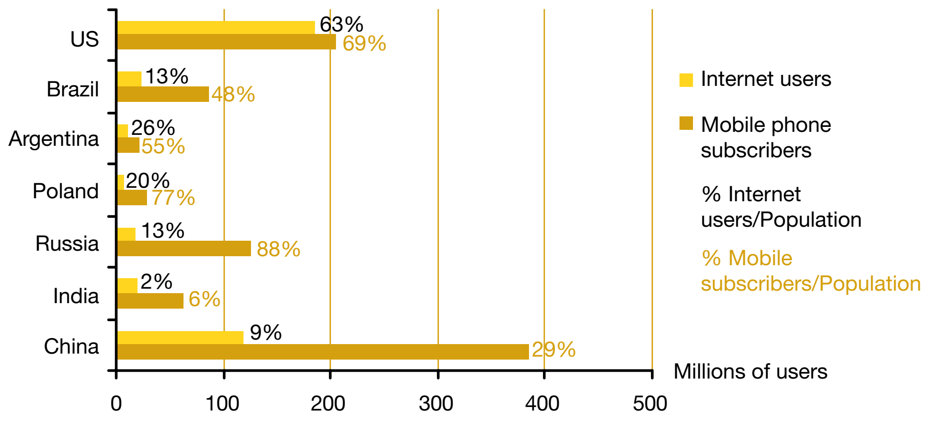
## How has Companhia Brasileira de Distribuição (CBD) used multi-format retailing as a strategy for success?

CBD, renowned for one of its brand names, Pão de Açúcar, is the largest retail chain in Brazil. Using an aggressive growth strategy involving numerous acquisitions, CBD has been in the vanguard of many retail trends in Brazil, including the vigorous development of different stores formats in order to serve various consumer opportunities. CBD, which launched the first electronic and delivery supermarket in Brazil in 1995, is now an organisation with 70,000 people, operating hypermarkets, supermarkets, discount stores, department stores, DIY outlets, home appliance stores, consumer electronics stores and an e-commerce channel.



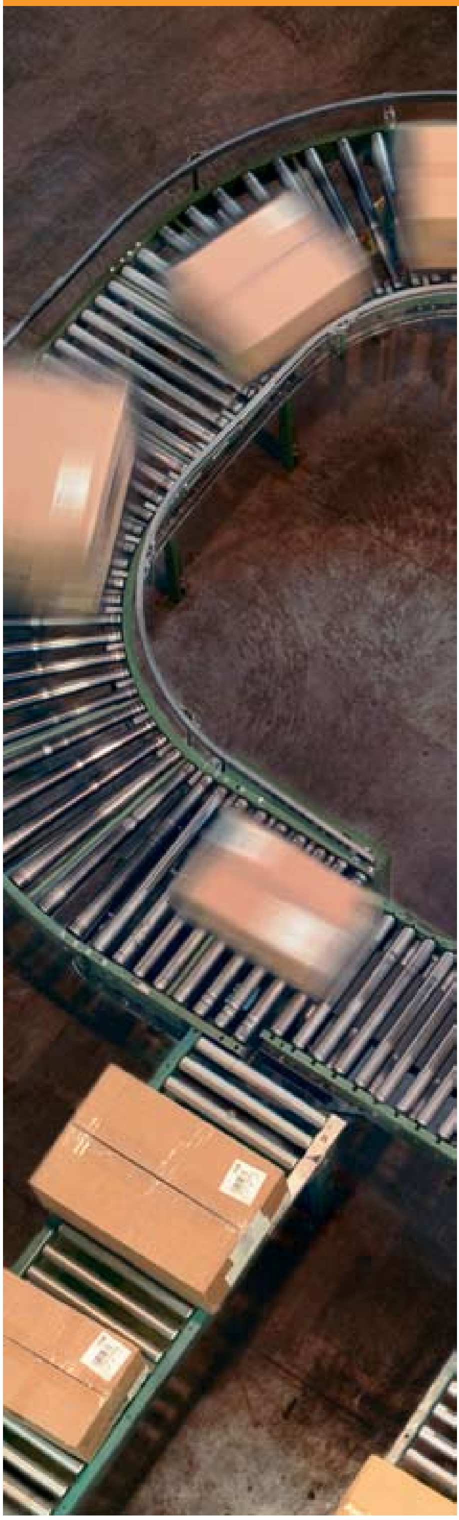
Internet users are increasing everywhere, and although online sales are rising fast, the Internet is not yet a significant channel for shopping. As in more developed countries, it is non-food purchases that are the most popular. In Poland, the sales of Internet shops and auction portals exceeded 1% of total retail sales for the first time in 2005. In China, business-to-consumer transaction volume was RMB5.6 billion (USD8.11 billion) in 2004. With the development of the technology-enabled consumer, Internet and indeed m-shopping (mobile phone shopping) will very much be part of the longer-term future. One of the most important factors behind the growth of e-commerce will be the increasing availability of credit cards. Large populations of young consumers will push these trends forward as fast as they can go. It is estimated that there are now more than 1 billion people with Internet access worldwide, of which 200 million are located in the countries covered by this study.

Number of Internet and mobile phone users and penetration rate†




Source: EIU, July 2006
†2005 estimates

# STRATEGIC CHALLENGES AND OPPORTUNITIES



The six countries covered by our study all offer big investment opportunities for companies in the retail and consumer sector. The development of all transitional economies is extremely complex, as one part of the population inevitably moves ahead faster than others. This is a challenge because retail and consumer companies are confronted with extremely diverse markets as far as incomes and lifestyles are concerned and as the detailed discussion on the rural renaissance below illustrates. In addition, economic success is often simply not followed up fast enough by policies to put in place the modern infrastructures that are paramount to success in today's fast-moving global economy. But constant innovation in tailoring products and advertising to widely differing consumer segments, and the development of know-how on local markets through partnerships with domestic companies, can accelerate successful expansion.

## STRATEGIC CHALLENGES AND OPPORTUNITIES

### Challenges

- Logistics
- Regulations
- Brand loyalty
- The fight for talent

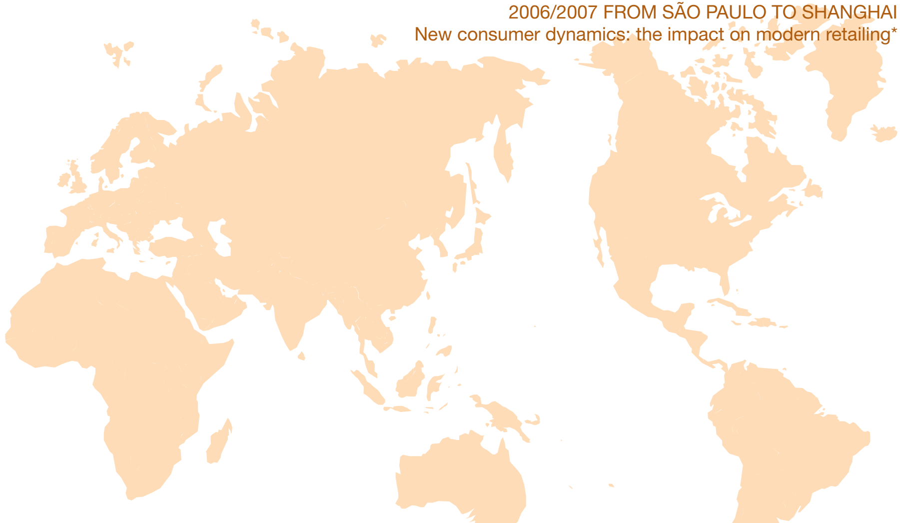
### Opportunities

- Retail and product distribution concepts involving local populations
- Mergers, acquisitions and partnerships
- Rural renaissance and expansion into Tier II and Tier III cities
- Product innovation

## Challenges

### Logistics

The importance of government investment in infrastructure – everywhere – cannot be stressed enough. It is estimated that, in China, logistics represent 20% of a product's cost compared with 10% in the United States. According to *The Economist*, India needs an additional 2.5% to 3% of GDP annual investment in infrastructure if it is to sustain its current economic growth of



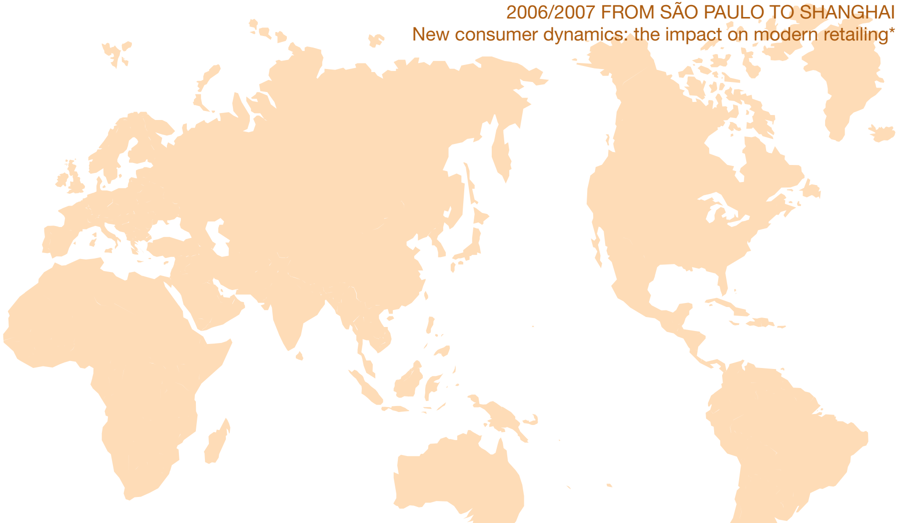
around 8%. Montek Singh Ahluwalia, deputy chairman of India's Planning Commission, says, *"The investment required to upgrade our infrastructure is massive and not all of it can come from the public sector."*

One way of tackling the supply chain problem is to contract out the function to a third party. For instance, Unilever has done so in India, where it has now achieved national reach with more than 20 distribution centres. Given the huge distances involved, Carrefour decided to use local networks for its logistics function in China from the beginning, rather than build its own platforms and systems. The president of Carrefour China, Jean Luc Chéreau, says, *"You have to work with local distributors, and the power in this case belongs to them."* It is estimated that the Chinese market share for third-party logistic service providers will grow from the current 3% to 20% by 2010, with a market value of some USD30 billion.

## Regulations

Local legislation on size, zoning, property and urban locations are all part of the challenge of operating abroad. With regulations varying greatly from one country to another, government intervention has both positive (see the first section of this Executive Summary) and negative sides.

On the negative side, foreign retailers in Argentina and Poland are still subject to restrictive store size. The Indian move to open up the market to foreign single-brand retailers will not help international grocery retailers that are still not allowed to own retail operations. And this is in spite of the fact that it is generally accepted that foreign retailers not only source the vast majority of their products locally – over 90% of local procurement for Wal-Mart in Brazil, Carrefour in China and METRO in India – but also help local producers to export abroad. India is the world's second-largest grower of fruit and vegetables. Foreign food retailers could do a great deal to help modernise India's agricultural sector in which some 30% of produce is lost because of the lack of efficient cold chains, logistics functions and continuing inadequate infrastructure. METRO, the wholesaler that has two distribution centres in India with three more planned, shows just what can be done.



Source:
PricewaterhouseCoopers
India Report Case Study,
October 2006

## METRO works with Indian farmers to improve logistics, having:

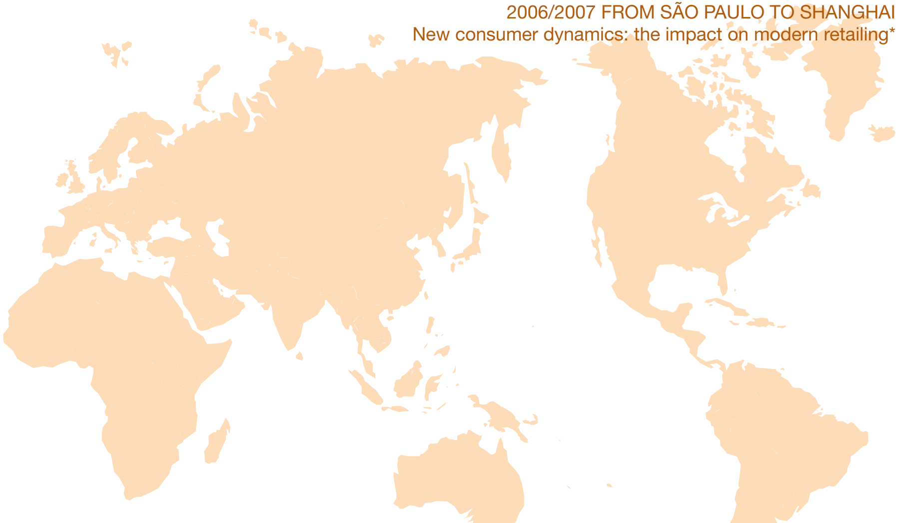
- Launched a supplier relationship management portal to modernise supply chains.
- Partnered with the government of Karnataka to improve the infrastructure for fisheries in the state.
- Launched a pilot project for farmers near Bangalore, providing knowledge and training for local farmers.
- Initiated several training projects for Indian sheep farmers.

## Brand loyalty

Building brand loyalty is not easy, above all with grocery goods, in spite of the first loyalty programmes and cards being put in place. In many transitional economies, there is a definite bias in favour of local retailers and local products. In Poland, two-thirds of customers prefer locally manufactured products. International companies need to add real value to their products and differentiate them clearly. Health and safety considerations are two product components that favour international brands.

The potential vulnerability of foreign brands is demonstrated by the recent accusations that Coca-Cola and PepsiCo products contained high levels of pesticide residue in India. Local authorities were very quick to jump on this issue and products from these companies were banned in several states.

Counterfeit and fraud are other major problems that international brands have to contend with. In June 2006, the world's biggest mobile phone manufacturer, Nokia, lodged a formal complaint for industrial counterfeit for the first time in China. Governments are beginning to address what is a major global issue. Intellectual property laws are being reviewed in China, Poland and Russia to protect foreign investors. In China, action is also being taken on a business level. *The Financial Times* reports an agreement made by landlords who pledged to suspend or evict tenant retailers found selling counterfeits manufactured by a group of 23 international brands.



## The fight for talent

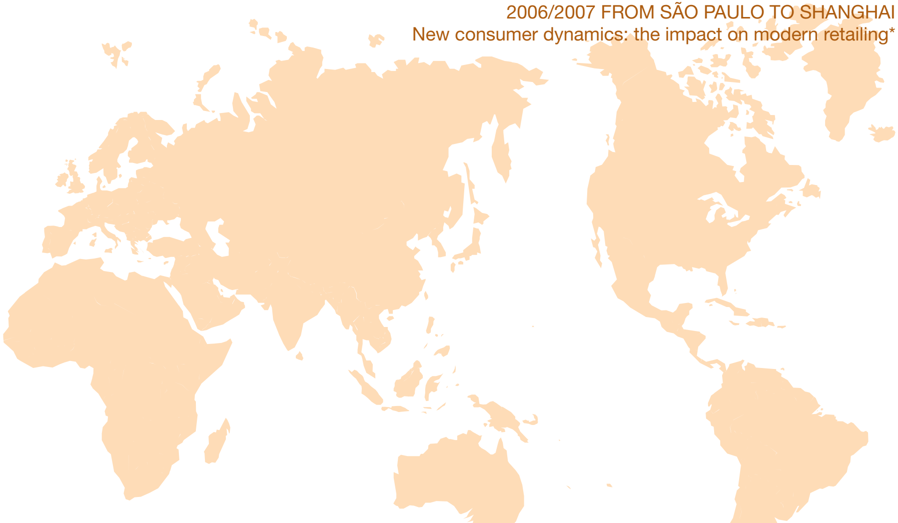
Attracting, training and retaining good staff continues to be a major challenge for foreign investors. This is exacerbated by the fact that in certain countries, for instance China and India, there is an increasing lack of skilled workers. Although both these countries produce millions of graduates every year, they are often not immediately employable by multi-nationals as they do not always have the operational skills necessary for corporate management jobs.

This situation is pushing wages up as demand outstrips supply. One of the fundamental problems that many transitional economies have to face up to is that their populations cannot be educated or trained quickly enough to keep up with economic growth. Some companies are developing their own training facilities to fill this gap. An example is B&Q, which has set up its own university in China. The company's CEO in China, Steve Gilman, says, *"I could say that talent is among our biggest challenges."* Both B&Q and Carrefour use bonus strategies to motivate and retain good staff. Carrefour set up its China Institute in 2000. If trained staff members leave before their contract expires they have to reimburse their training expenses. In Russia, where the METRO Group has a high demand for qualified staff, the company has initiated a "METRO Education" project. In the context of this plan, the METRO Group will be supporting business schools in more than 14 cities. It will be contributing both learning material and additional training for teachers. In addition, foreign retail and consumer companies also collaborate with local leading universities on specific retail training programmes.

### Tesco's talent programme generates employment

- Tesco has created 20,000 new jobs since it entered the Polish market in 1995.
- 40% of its staff was previously unemployed.
- 11% are graduates for whom Tesco is their first employer.
- Tesco offers a comprehensive training programme to help new recruits develop the necessary management skills as fast as possible.
- Tesco Polska's talent development programme has been so successful that it is being used in the company's operations in other countries, including China, the Czech Republic and the UK.

Source:
PricewaterhouseCoopers
Poland Report Case Study,
October 2006



# Opportunities

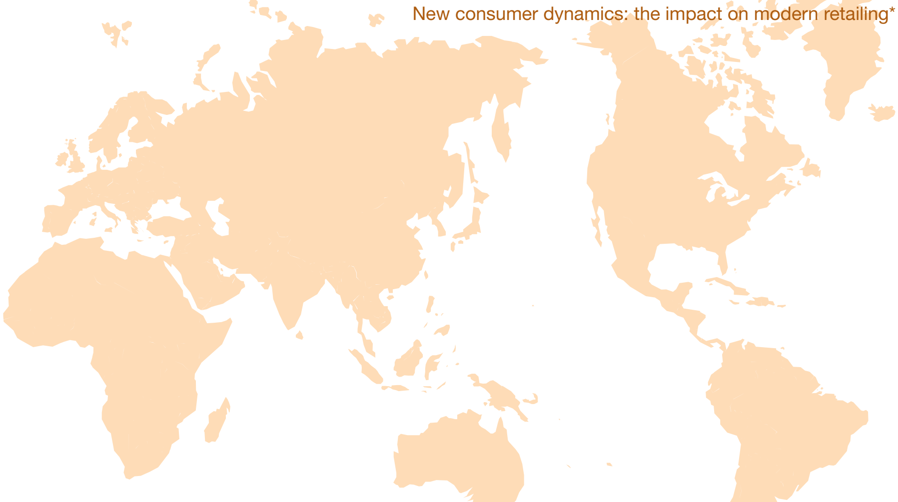
## Retail and product distribution concepts involving local populations

Retail concepts that demand the involvement of local populations are in favour across the board. Franchising is mentioned as an opportunity in the reports from China and India. Direct selling and voluntary chains also offer employment and training opportunities to locals. In the past couple of years, both SPAR and IGA entered the Chinese market. SPAR is targeting Tier II cities and its first hypermarket, opened in conjunction with a local partner Jia Jia Yue Supermarket, has proved successful. In China, the concept of voluntary chain operations has received official government support and has generated keen interest among independent domestic retail operators. At the same time, the franchising market is growing at 40% per year. In India, Tommy Hilfiger and UK-based Costa Coffee both chose franchising as the mode of entry into the country. As a result of the re-opening of the Chinese market to direct sales – albeit within a tight legal framework – Avon hired over 114,000 sales representatives this summer, highlighting the promise that direct selling holds in the Chinese market.

In 2005, Unilever launched its “Project Shakti” in India to build a product distribution network in rural areas, through the co-opting of 200,000 women entrepreneurs. The project is based on self-help groups which can borrow small loans of, for instance, USD250 from a micro-credit company. Thus members buy stocks for a network of direct-to-home distribution. At the moment, there are about 13,000 Shakti women distributing products in 50,000 villages. The goal is to recruit some 100,000 women entrepreneurs, covering a network of 500,000 villages – representing some 400 million customers.

## Mergers, acquisitions and partnerships

Strategies for market penetration and growth, including mergers, acquisitions or partnerships, are on the rise in all these transitional markets either to facilitate entry into a new market or to drive growth. The total number of deals was up in Argentina, Brazil and Russia, which saw a wave of joint ventures with foreign investors in 2005. In Russia, M&A activity increased by 65% over 2004, and in its consumer market the highest level of activity took place in the brewery and retail sectors. India had a record year for financial transactions, with 625 deals – both incoming and outgoing – valued at USD16.3 billion, representing 200% growth over the previous year. In Brazil, where the food and beverage and retail sectors accounted for 70% of total transactions in 2005, there have already been 54 deals in the first half of 2006, compared with 56 transactions for the whole of 2004.



Consolidation is already taking place in a number of markets as smaller local players join together to build up critical mass and international firms buy up locals to establish trading posts in more far-flung regions.

In a move to gain critical mass, the Russian market retail leader, Pyaterochka, merged with competitor Perekrestok this year. And in India, the country's biggest retailer, Pantaloon Retail, set up strategic alliances with Planet Sports, Liberty Shoes and Unitech Enterprises to expand its range of products. In India, established retailers like Pantaloon will be competing against new large corporate entrants such as Reliance, the petrochemical and textiles giant, and Bharti Enterprises, a major player in the telecom industry.

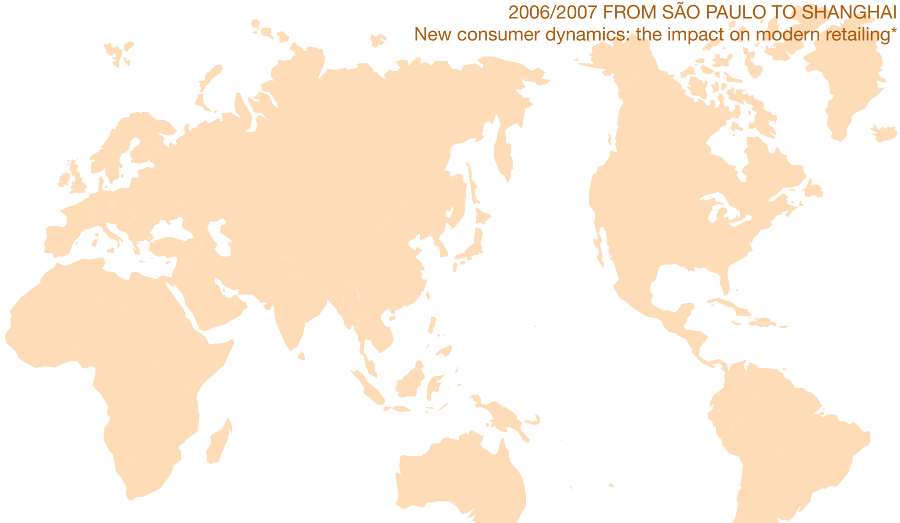
On the foreign front, Danone, furthering its strategy to partner with local companies, acquired 22.2% of the number one Chinese fruit juice producer, Hui Yuan, in July 2006. And proposed takeovers, such as SEB's acquisition of Supor and Candy's purchase of Jinling, are also set to increase. SEB sees China's Supor as a low-cost producer for the sale of its fast-moving household electrical products worldwide. At the time of writing, these proposals are still subject to official approval.

Concentration is a general trend and PricewaterhouseCoopers forecasts, for example, that the number of large retailers in operation in Poland will drop from the current number of twenty to between five and six by 2010.

## The rural renaissance and expansion into Tier II and Tier III cities

United Nations figures show that half the world's population will live in cities in 2007. And one out of three city dwellers – 1 billion people – will be classified as part of the urban poor segment living in insalubrious housing conditions. Indeed, the rapid urbanisation of populations in the transitional economies is creating a substantial problem: assimilation. But it appears that India and China are attempting to come to grips with what can be termed as Asia's growing inequality challenge and contain the too-rapid influx of millions to cities that simply cannot guarantee minimal living conditions. Both China and India are addressing income disparities in general and the development of their rural poor populations by encouraging a rural renaissance in particular.

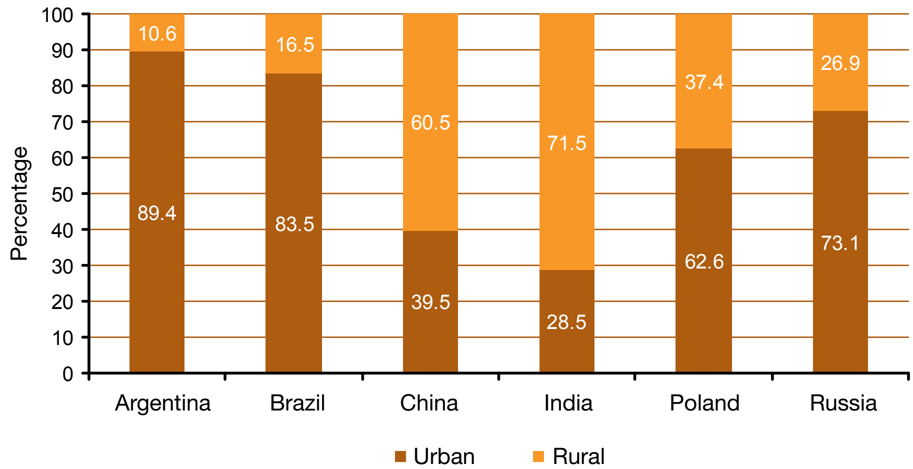
All countries in the study have in common a major income disparity between the haves and the have-nots. Rural populations are the poorest, but the massive migration of workers to the biggest cities, for example, in Brazil or China, has created an equally massive urban poor. According to the reports from Argentina and India, over 30% of their populations live under the



poverty level. It is through their investments, which will contribute to improved lifestyles, that retail and consumer companies will be tackling what C.K. Prahalad, the renowned Indian academic, describes as "the fortune at the bottom of the pyramid".

There is an important split between the urban-rural population of the countries covered in the study. Argentina, Brazil and Russia have predominantly urban populations, whereas in China, India and Poland, the majority of the population still lives in rural areas or small regional towns.

Urban vs. rural split in percentage of total population in 2004

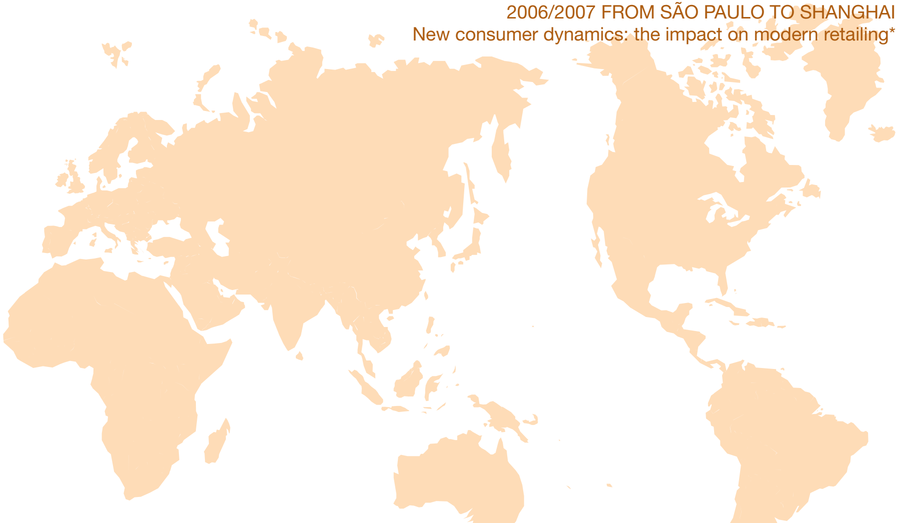



Source: EIU, July 2006

In China, the government is giving incentives to develop rural areas by lowering taxes and investing in education and health. In March 2006, the Chinese central government announced a series of measures to build a "new socialist countryside" over the next five years, including a new rural retail network.

Support from local authorities will pave the way for retailers to the hitherto untapped rural market. Encouragement will be given to retailers that take over or cooperate with existing rural stores by means of franchising or voluntary chain operations.

The incomes of Chinese rural populations are increasing through the money sent back to them by their families working in large cities – or when these workers return home. At the same time, Chinese companies are beginning to set up new factories in regional, under-developed areas in order to benefit from a more stable labour force. For example, businessmen from Wenzhou,



an eastcoast city in China, are starting to build large manufacturing facilities in Chongqing, a fast growing city some 2,000 km west of Shanghai. If this area takes off, the development could reflect a shift in the country's economic geography. Instead of workers migrating to big urban centres, factories will move to where workers live.

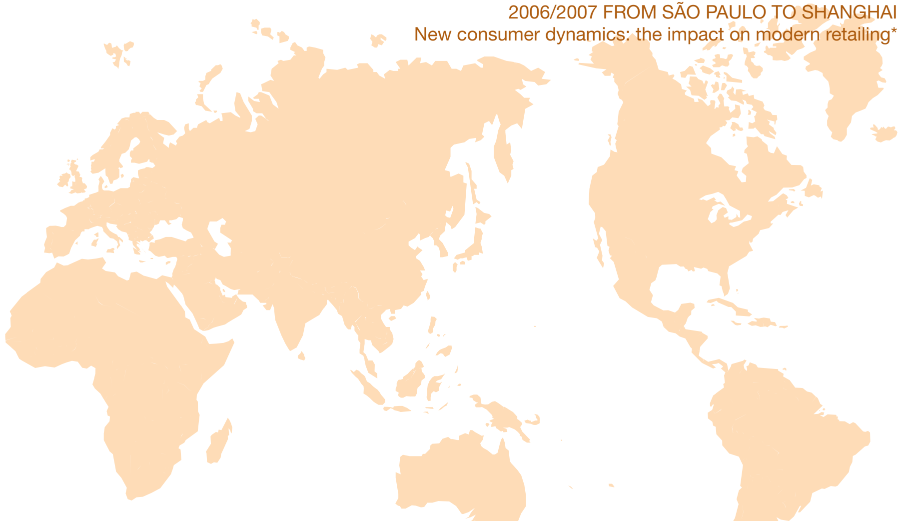
By the same token, in India, large software companies such as Satyam Computer Services are decentralising offshored IT services out of big cities to more distant regions and villages. As a lack of skilled workers in big cities starts to make itself felt – with a corresponding rise in wages – it makes sense to decentralise to smaller cities where the new economic prosperity enjoyed by the biggest urban areas has not yet permeated down. The Indian state-run telecom operator, Bharat Sanchar Nigam, has plans to bring 25 million new mobile connections to villages over the next three years. Manoj Kohli, the president of Bharti, India's leading telecoms carrier, says, *"It's very clear that, of the 700 million living in villages, 400 million can afford a mobile phone, and the other 300 million may be able to three to five years from now."*

In all the countries covered by the study, foreign and local retail chains are stepping up their investment in Tier II and III cities and less-developed regions, as the Tier I cities become saturated.

In India, both Globus and Pantaloon have already begun building a retail presence in Tier III cities before many other retailers have finalised their Tier II operations. In China, the home improvement chain B&Q was encouraged by the government, which contributed financial assistance, to expand into western regions of the country. The emergence of regional players, including foreigners, which go immediately for regional development will be among future development trends. In Argentina, Wal-Mart and Carrefour are both vigorously developing their operations in the interior regions of the country.

As a rural renaissance emerges, formats adapted to these less-sophisticated populations are being designed. In India, ITC is experimenting with a rural hypermarket through its "Choupal Sagar" format, which combines grain procurement and a storage centre with the mall. The underlying premise of this model is to capitalise on the farmers' visits to wholesale markets to sell their produce by offering them a range of products and services. Another example is DCM Shriram Consolidates, which is launching "one-stop shops" for farmers.

Adapting products, packaging and advertising to rural markets is a strategic requirement. The contrast between the Cartier watches and the CHANEL handbags so sought after by the new rich, could not be greater when compared with the basic necessities such as toothpaste, detergents or mosquito repellents which are needed by rural populations. The question of



product packaging is highly significant in rural areas: the shampoo market took off in India when the product was packaged in individual sachets rather than in bottles which were too expensive. Another example is afforded by Unilever, which launched its Lifebuoy soap in India in 2000. The product lost money for about a year, but took off when the company reviewed the product's quality and perfume and underlined its health and hygiene benefits for children. The price was increased by 20%, and sales increased by 15% per year.

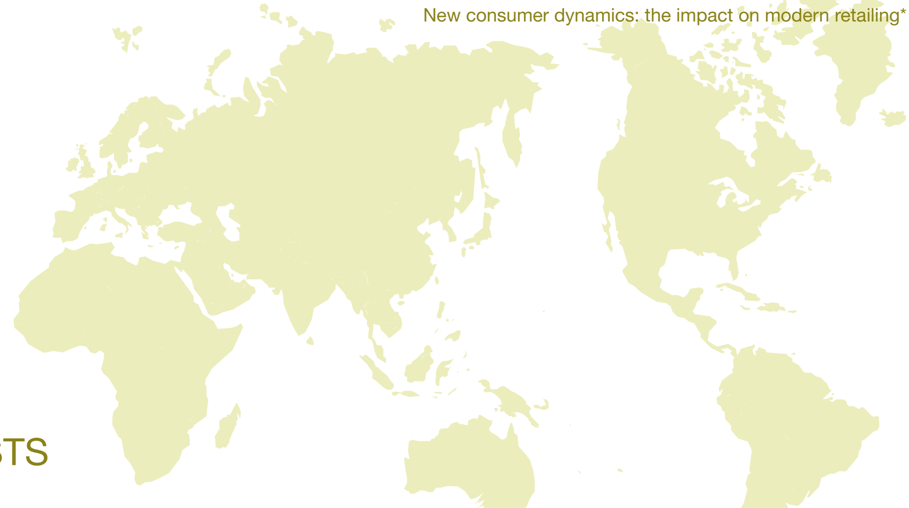
## Product innovation

Research and development are crucial to innovative and successful product development in all regions. Offers must be constantly adapted and fine-tuned to the very differing needs of specific age groups and geographical regions and the on-going change in consumption patterns. Global suppliers are increasingly establishing research and development centres in China. Johnson & Johnson recently set up a consumer goods R&D and innovation centre in Shanghai. P&G pays particular attention to developing cultural empathy in its advertising campaigns for different markets, and in China it has used traditional medicinal remedies to create new toothpaste flavours for its Crest brand. For Danone, the development of research centres in China is very much part of its strategy for expansion in Asia. The company has recently opened a centre for fresh dairy products in Shanghai. It has three others. One is devoted to the biscuit business, developing products aimed at consumers in China, India, Indonesia and Malaysia. The other two are dedicated to beverages for the Chinese market. It has 150 researchers, product developers and engineers working on product innovation in China.

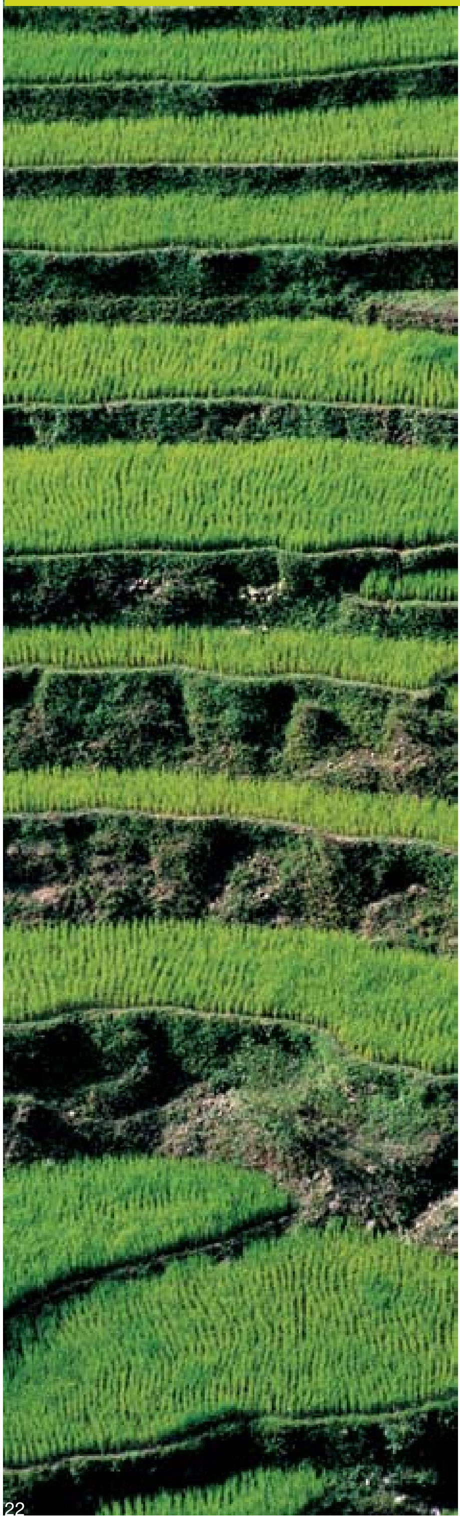
## P&G in the Chinese market: growth through product innovation and adaptation

- P&G sells products in more than 500 cities in the country.
- The company established a lead position in the shampoo market before broadening its portfolio to other products.
- On average, P&G introduces one new brand of products in the Chinese market every six months.
- The company's innovation model, "Connect + Develop", taps into the creative thinking of not only its own researchers, but a wide spectrum of individuals outside the organisation.

Source: PricewaterhouseCoopers China Report Case Study, October 2006



# CONCLUSION: CORRELATION AND CONTRASTS



There is a strong correlation across the countries studied this year as far as favoured formats are concerned: hypermarkets at one end of the size spectrum, discounts and convenience stores at the other. Consumer dynamics are also very similar, with a growing middle class, a "new rich" class and an important segment of upwardly mobile young adults. International brands are popular in the upper and middle classes, for whom fashion items and consumer electronics function as status symbols. FMCG brands find it more difficult to penetrate certain markets where there is still a preference for local brands in groceries. This underwrites the major potential of private-label products as a solution for the very price-conscious grocery shopper.

What jumps out of this study are: the contrasts thrown up by the urban-rural divide; the widening gap between skilled and unskilled workers; and the polarisation of the formats and products needed by highly differentiated consumer segments at each end of the social spectrum.

But, as it is now recognised, the retail and consumer sector can do a great deal to accelerate the improvement of lifestyles through modernising supply chains, employing and training workers and selling high-quality products in the countries in which they invest. In China and India, tackling the left-outs in rural areas opens up new areas of opportunity for business as governments seek to spread the benefits of economic development more equitably.

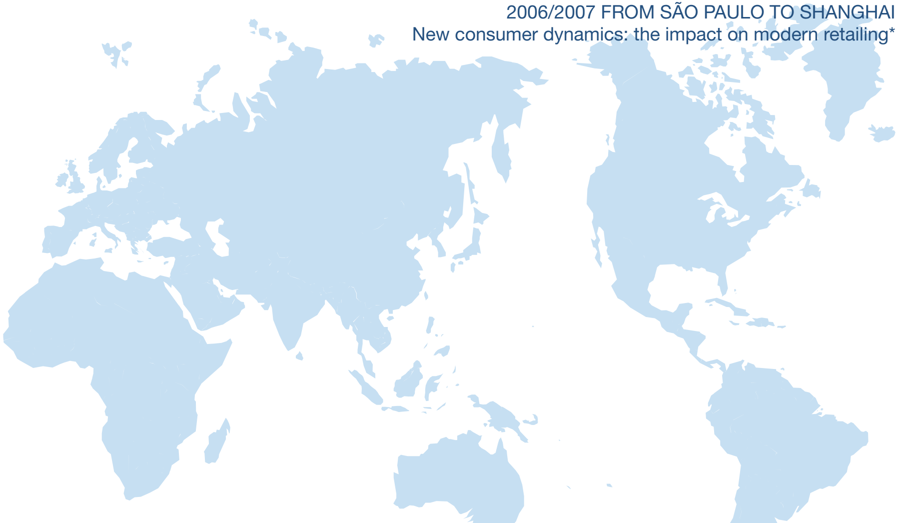
Other changes, such as the increase in the number of working women, the rise in the number of credit cards and a potential explosion in car ownership are all factors that will be pushing consumption to much higher levels that will greatly favour the retail and consumer goods sector's expansion.

Who will be the future winners in the transitional economies: foreign retail and FMCG companies or locals? The answer is: both. International companies are driving the modernisation of retail and consumer goods development and new concepts, formats and products. Innovation, flexibility and continual adaptation to specific markets are the rules of the game. Indeed, global players are becoming increasingly local-minded or "glocal", as local players become more westernised in their operational approach. Therefore, competition will be increasingly tough. Neither locals nor foreign investors will dominate in the long run. But what is certain that is critical mass is essential for success: BIG will win.

# Appendices

## ABBREVIATIONS/ACRONYMS

| | |
|---|---|
| ASEAN | Association of Southeast Asian Nations |
| bn | billion (in the tables) |
| BPO | Business Process Outsourcing |
| Cagr | Compounded annual growth rate |
| CEPA | Closer Economic Partnership Arrangement |
| CPG | Consumer Packaged Goods |
| CPI | Consumer Price Index |
| CRM | Customer Relationship Management |
| CSR | Corporate Social Responsibility |
| DIY | Do It Yourself |
| (e) | estimate |
| EC | European Commission |
| EIU | The Economist Intelligence Unit |
| EMU | European Monetary Union (EU 25) |
| ETDZ | Economic and Technological Zone |
| EU | European Union |
| EUR | Euro |
| (f) | forecast |
| F&B | Food and Beverage |
| FDI | Foreign Direct Investment |
| FICE | Foreign Invested Commercial Enterprise |
| FIE | Foreign Invested Enterprise |
| FMCG | Fast Moving Consumer Goods |
| FY | Fiscal Year |
| GDP | Gross Domestic Product |
| HHT | Handheld Terminal |
| HR | Human Resources |
| ICT | Information and Communication Technology |
| IMF | International Monetary Fund |
| IPO | Initial Public Offering |
| IPR | Intellectual Property Rights |
| IT | Information Technology |
| JV | Joint Venture |
| K for k | Thousand(s) |
| MERCOSUR | Mercado Comun Del Sur |
| MOFCOM | Ministry Of Commerce (in China) |
| M&A | Mergers & Acquisition |
| m or mn | million (in the tables) |
| N/A | Data not available |
| OBP | Outline Building Permit |
| POS | Point of Sale |
| PRC | People's Republic of China |
| PC | Personal Computer |
| PPP | Purchasing Power Parity |
| Q1 | Quarter 1 (Jan, Feb, Mar) |
| R&D | Research and Development |
| RFID | Radio Frequency Identification |
| SCM | Supply Chain Management |
| SPE | Special Economic Zones |
| TV | Television |
| USD | US Dollar |
| VAT | Value Added Tax |
| WTO | World Trade Organization |
| WFOE | Wholly foreign owned enterprises |
| y/y | year to year |
| YoY or y-o-y | year on year |

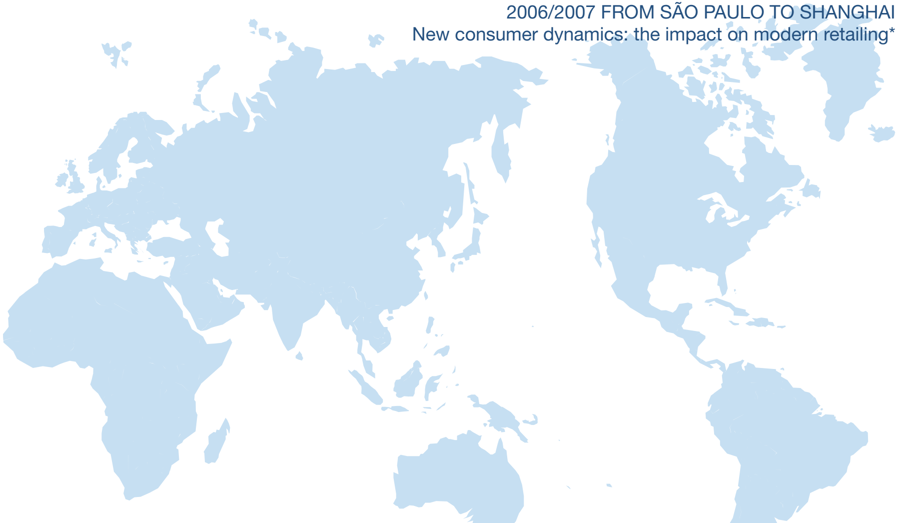


## CURRENCIES VS. US DOLLAR

Within the country reports, in some cases, key figures and sales turnover have been provided in local currencies. The table below provides the average conversion rate in USD for the year 2005 for the six countries in the scope:

| Country | Currencies | 1 USD |
|---|---|---|
| Argentina | Argentine Peso (ARS) | 2.9 |
| Brazil | Brazilian Real (BRL) | 2.4 |
| China | Chinese Yuan Renminbi (RMB) | 8.2 |
| India | Indian Rupee (INR) | 44.1 |
| Poland | Polish Zloty (PLN) | 3.2 |
| Russia | Russian Rouble (RUR) | 28.3 |

Source: EIU, July 2006



# BIBLIOGRAPHY

PricewaterhouseCoopers local offices provide their sources of information in each of the six countries in the scope. Complementary research was made using international financial or economic institutions (World Bank, OECD, IMF), national statistical offices as well as economic and industry intelligence services Macro-economic data and charts have been sourced from the Economist Intelligence Unit. Companies' annual reports have been used in many cases to complete the retail and consumer goods players' tables. An exhaustive list of the all sources used is available below:

Executive Summary and all PricewaterhouseCoopers' country reports from Argentina, Brazil, China, India, Poland and Russia

CIA World Factbook
City Population
CRIS INFAC Retail Report 2005
Economic Intelligence Unit
Financial Times
Les Echos
LSA (Libre Service Actualités)
The Economist
The International Herald Tribune
The McKinsey Quarterly
The New York Times
World Bank

## ARGENTINA

AC Nielsen
Asaretail Magazine
CCR
Clarín (newspaper)
Company data (webpage)
Consejo Técnico de Inversiones S.A. Tendencies Report
El Cronista (newspaper)
El Economista (newspaper)
Gustavo Quiroga Investigations
INDEC
Instituto Nacional de Estadística y Censos (INDEC), Demographic projections and estimations report, Argentina (1950-2015)
La Nación
Labour Indicator Survey issued by Argentinean Labour Ministry
Mercado Magazine
Ministry of Economy
"Planning the future: Argentinean families and their decisions on consumption, saving and human resources investment", Latin American economic investigation foundation (FIEL)

## BRAZIL

AC Nielsen
Associação Brasileira de Supermercados
Brazil Business Magazine
Central Bank of Brazil
Exame Melhores e Maiores
Gazeta Mercatil
Instituto Brasileiro de Geografia e Estatística

## CHINA

2005 FDI Confidence Index, A T Kearney
CEIC
China Chain Store and Franchise Association
China Daily
China Statistical Abstract
China Statistical Yearbook
"China Youth Culture Consumer Research Study 2005", Label Network
Company reports and websites
"Consumer China 2006", Euromonitor

Hong Kong Trade Development Council

"India and China: News Tigers of Asia, Part II", Morgan Stanley

Invest Hong Kong, Government of Hong Kong SAR

iResearch website, China

Li & Fung Research Centre

Ministry of Commerce, China

Ministry of Information Industry, China

National Bureau of Statistics, China

People's Daily

Retail Forward

State Administration for Industry and Commerce, China

The Economist

"The value of China's emerging middle class", The McKinsey Quarterly, 2006 special edition

Xinhua Economic Information Centre

Xinhuanet

## INDIA

AT Kearney's FDI Confidence Index

Business Line

Business Standard

Business Today

Company Websites: www.metro.co.in, www.pantaloon.com

Fast Moving Consumer Goods (www.ibef.org)

Financial Express

Hindustan Times

"Hyper Activity", USP Age

IMAGES KSA Technopak, India Retail Report, 2005

"India and China: News Tigers of Asia, Part II", Morgan Stanley

India Resource Center, URL: http://www.ibef.org, "Apparel Retail: Labelling the Indian Market."

"Indian Retailing: Investing for Growth.", Fitch Ratings

Reliance Retail: The Mega Retail Story

SSKI India

The Economic Times

The Hindu

The Hindu Businessline

The Press Trust of India Limited

The Rising Elephant: Benefits of Modern Trade to Indian Economy, PricewaterhouseCoopers, 2005, URL: http://www.pwc.com/in/eng/ins-sol/publ/rising_elephant.html

Yahoo News i

## RUSSIA

Central Bank of Russian Federation

Expert-Data Research Agency

Interactive Research Group

Kommersant Magazine

Ministry of Economic Development and Trade

Renaissance Capital

Retail Banker International

Rosstat

## POLAND

GFK Polonia

GUS

Polityka – lista 500

Rzeczpospolita – lista 500

Trade Press

Wierzbowski Eversheds law firm

# Acknowledgements

I would like to thank the local PricewaterhouseCoopers offices in each of the six countries covered by this study and the PricewaterhouseCoopers Global Retail & Consumer team, very warmly indeed for their enormous involvement and support during the past six months in gathering and reviewing the information and insights that were necessary for the country reports. In particular, I would like to thank our local team based in:

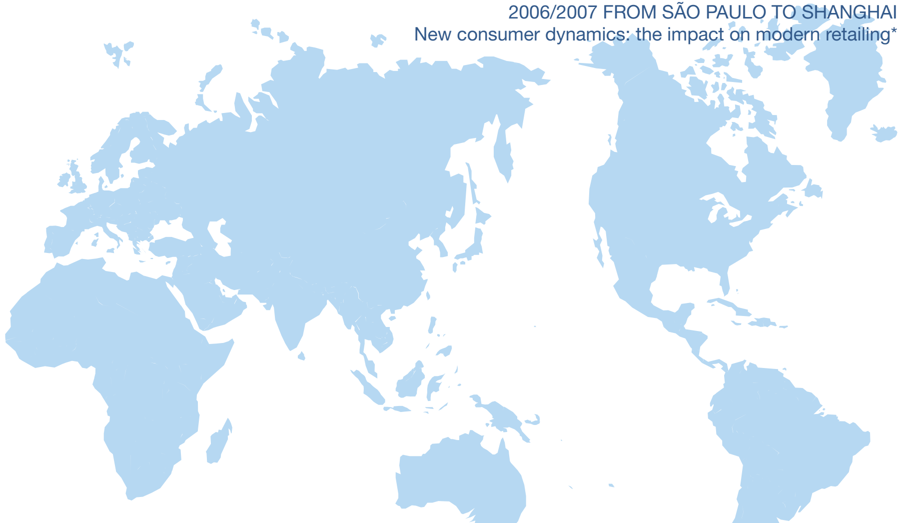
| | |
|---|---|
| Argentina | Gabriel Martini, Cecilia Versolatto, Daniel Santiago, Norberto Montero, Sebastian Jose Noya |
| Brazil | Marcio Vieira, Alexandre Pierantoni, Luis Reis, Mauricio Girardello, José Onto, Rodolpho Valadão, Gilberto Vianna |
| China & Hong Kong | Sonny Doo, Betty Ko, Graham Matthews, Anthea Wong, Andrew Yuen, Tiffany Wong, Jenny Ng, and special external assistance from Regina Yu |
| India | N.V. Sivakumar, Vivek Mehra, Asitava Sen, Lalitha Banerjee, Roshini Murjani, Aprajita Khokha |
| Poland | Katarzyna Witaszewska-Król, Agnieszka Ostaszewska, Jakub Lech, Łukasz Feliks, Aleksandra Tarasiewicz, Izabela Chojnowska, Daniel Flis, Aleksandra Grabuń |
| Russia | Chris Skirrow, Irina Martakova, Jane Harrison, Polina Nemirovchenko |

I would also like to thank the following Retail & Consumer industry regional partners of PricewaterhouseCoopers for reviewing the study with a critical and constructive eye: Henrique Luz, PricewaterhouseCoopers Retail & Consumer South America Leader, and George Johnstone, PricewaterhouseCoopers Retail & Consumer Central and Eastern Europe Leader.

Moreover, special thanks to our friends and external consultants, Denise Larking-Coste (Business Communication) and Patrick de Saint Martin (Observatoire Vigie) for their advice and input.

Last but not least, I would like to address warm thanks to the Global Retail & Consumer Marketing team, Anne-Sophie Lacarelle-Gasse, Florence Tang, Nitya Gupta and Charlotte Dewast from the PricewaterhouseCoopers Paris office, as well as Anna Lai, Jennifer Yep and Zona Chu from the PricewaterhouseCoopers Hong Kong office.

Carrie Yu
Global Retail & Consumer Leader
PricewaterhouseCoopers



## AN INTERNATIONAL NETWORK

PricewaterhouseCoopers (www.pwc.com) provides industry-focused assurance, tax and advisory services for public and private clients. More than 130,000 people in 148 countries connect their thinking, experience and solutions to build public trust and enhance value for clients and their stakeholders.

("PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.)

## GLOBAL INDUSTRY PROGRAMME

### Your connection to the marketplace

PricewaterhouseCoopers' Global Industry Programme demonstrates our industry strengths and drives value for our clients. The programme's foundation is a deep understanding of business and industry issues connected with meaningful solutions. Companies leverage PricewaterhouseCoopers' extensive industry resources and knowledge to compete more effectively in their specific marketplaces.

# RETAIL & CONSUMER INTERNATIONAL NETWORK


**Global Retail & Consumer Leader (Hong Kong)**
Carrie Yu + 852 2289 1386
carrie.yu@hk.pwc.com

**Argentina**
Gabriel Martini + 54 11 4850 4762
gabriel.martini@ar.pwc.com

**Australia**
Mike James + 61 3 86 03 68 98
mike.james@au.pwc.com

**Austria**
Ian Murdoch + 43 1 501 88 1420
ian.murdoch@at.pwc.com

**Belgium**
Peter Van Staaij + 32 32 593 303
peter.van.staaij@be.pwc.com

**Bolivia**
Cesar Lora Moretto + 591 3336 4050
cesar.lora@bo.pwc.com

**Brazil**
Marcio Vieira + 55 11 3674 3950
marcio.vieira@br.pwc.com

**Bulgaria**
Jean-Pierre Vigroux + 359 2 9355 238
jean-pierre.g.vigroux@bg.pwc.com

**Canada**
Ross Sinclair + 1 416 228 4000
ross.sinclair@ca.pwc.com

**Central & Eastern Europe**
George Johnstone + 48 22 523 42 43
george.johnstone@pl.pwc.com

**Chile**
Luis Enrique Alamos + 56 2940 0007
lealamos@cl.pwc.com

**China and Hong Kong**
Sonny Doo + 86 20 3819 2248
sonny.doo@cn.pwc.com

**Czech Republic**
Thomas Linder + 420 2 51 15 20 14
thomas.linder@cz.pwc.com

**Denmark**
Søren Skov Larsen + 45 39 45 91 51
soren.skov.larsen@dk.pwc.com

**Ecuador**
Sandra Vargas + 59 34 228 8120
sandra.vargas@ec.pwc.com

**Finland**
Mikko Nieminen + 358 9 22 80 12 57
mikko.nieminen@fi.pwc.com

**France**
Sabine Durand-Hayes + 33 1 56 57 85 29
sabine.durand@fr.pwc.com

**Germany**
Gerd Bovensiepen + 49 21 19 81 29 39
gerd.bovensiepen@de.pwc.com

**Greece**
Vassilios Goutis + 30 210 6874 620
vassilios.goutis@gr.pwc.com

**Hungary**
Andrew Simonds + 36 1 461 95 51
andrew.m.simonds@hu.pwc.com

**India**
N. V. Sivakumar + 91 80 2558 5663
n.v.sivakumar@in.pwc.com

**Indonesia**
Irhoan Tanudiredja + 62 21 521 2901
irhoan.tanudiredja@id.pwc.com

**Ireland**
Kevin Egan + 353 1 662 6069
kevin.egan@ie.pwc.com

**Italy and Eurofirms**
Roberto Adami + 390 422 69 69 11
roberto.adami@it.pwc.com

**Korea (South)**
Moon-Ki Chung + 82 2 709 04 06
moon-ki.chung@kr.pwc.com

**Lithuania**
Christopher C Butler + 370 5239 2303
chris.butler@lt.pwc.com

**Malaysia**
Phoon Soon Keong + 60 3 2382 0913
soon.keong.phoon@my.pwc.com

**Mexico**
Manuel García + 52 55 5263 6102
manuel.garcia@mx.pwc.com

**Netherlands**
André Tukker + 31 10 4076 688
andre.tukker@nl.pwc.com

**New Zealand**
Robert G Harris + 64 3 374 3139
robert.harris@nz.pwc.com

**Norway**
Leif Arne Jensen + 47 9526 0102
leif.a.jensen @no.pwc.com

**Philippines**
Che Javier + 63 2 459 3010
che.javier@ph.pwc.com

**Poland**
Katarzyna Witaszewska + 48 22 523 41 82
katarzyna.witaszewska@pl.pwc.com

**Portugal**
Jose Vitorino + 351 213599254
jose.vitorino@pt.pwc.com

**Romania**
David Fuller + 40 21 202 8805
david.fuller@ro.pwc.com

**Russia**
Chris Skirrow + 7 495 967 6390
chris.skirrow@ru.pwc.com

**Singapore**
Ooi Chee Kar + 65 236 3228
chee.kar.ooi@sg.pwc.com

**Slovak Republic**
Maria Frühwaldova + 421 259 350 111
maria.fruhwaldova@sk.pwc.com

**Slovenia**
Francois D Mattelaer + 386 1 4750 145
francois.d.mattelaer@si.pwc.com

**South Africa**
Diederik Fouche + 27 11 797 4291
diederik.fouche@za.pwc.com

**South America**
Henrique Luz + 55 11 3674 3601
henrique.luz@br.pwc.com

**Spain**
Máximo Ibáñez + 34 91 568 44 96
maximo.ibanez@es.pwc.com

**Sweden**
Anna-Carin Bjelkeby + 46 8 555 333 07
anna-carin.bjelkeby@se.pwc.com

**Switzerland**
William Wright + 41 58 792 8243
william.wright@ch.pwc.com

**Taiwan**
Eileen Liang + 886 227 296 668
eileen.liang@tw.pwc.com

**Thailand**
Paul Stitt + 66 2 344 1119
paul.stitt@th.pwc.com

**Turkey**
Adnan Akan + 90 212 326 6060
adnan.akan@tr.pwc.com

**United Kingdom**
Mark Hudson + 44  20 7804 5141
mark.hudson@uk.pwc.com

**United States and Americas**
John Maxwell + 1 973 236 4780
john.g.maxwell@us.pwc.com

**Uruguay**
Richard Moreira + 59 82 916 0820
richard.moreira@uy.pwc.com

**Venezuela**
José Enrique Sanchez + 58 212 700 6243
jose.e.sanchez@ve.pwc.com

**Vietnam**
David Fitzgerald + 84 8 8230 796
david.fitzgerald@vn.pwc.com

**Retail & Consumer Tax Services**
Clare Bolton + 44 161 247 4032
clare.bolton@uk.pwc.com

www.pwc.com/growth

PRICEWATERHOUSECOOPERS