



# **Winning by being close to the customer**

**2016**



<b>CAPITAL</b> ISLAMABAD	<b>AREA (Km2)</b> 796 100	<b>CURRENCY</b> PAKISTANI RUPEE
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<b>POPULATION</b>	183 million
<b>LANGUAGE</b>	Urdu, English
<b>GDP PER CAPITA</b>	1 308 USD
<b>GDP 2013</b>	239 billion USD
<b>Δ GDP 2013</b>	+ 3.6%
<b>Δ GDP Last 5 Years</b>	+ 15.4%



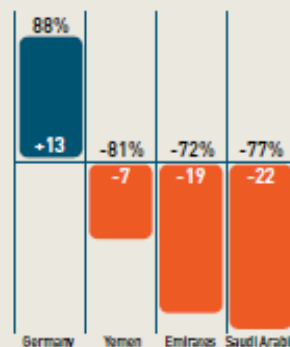
## FOOTWEAR INDUSTRY 2013

	VALUE		QUANTITY		PRICE
	Million USD	World Rank	Million Pairs	World Rank	USD
EXPORTS	108	50	14	34	\$7.84
IMPORTS	65	97	15	83	\$4.25
PRODUCTION			370	7	
CONSUMPTION			371	11	

## MAIN TRADING PARTNERS 2013

EXPORT MARKETS	Million USD	Value Share	Million Pairs	Quantity Share
Germany	27	25%	1.7	12%
Italy	14	13%	1.0	8%
United Kingdom	9	8%	1.0	7%
France	7	7%	0.6	5%
U. Arab Emirates	7	7%	1.9	14%

Last 5 Years Variation  
USD Million | %





# Pakistan's Footwear Market

- Rs 120 b (\$1.2b) in 2015, growing at 7% per year
- 35% market share with organized sector, 65% controlled by imports and cottage industry
- Only handful of tax paying companies - 98% of sales tax paid by four companies
- Flooded with Chinese products, low quality and under-invoiced



## REVENUE TOP 7 COMPANIES

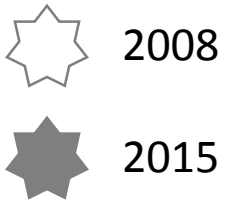
Company	Number of Shops	Total Revenue (Billion Rs.)
SERVIS	500	15 B
BATA	460	15 B
STYLO	90	5 B
BORJAN	90	3 B
EBH	10	1.5 B
HUSH PUPPIES	50	1.5 B
METRO	30	1.5 B
<b>TOTAL</b>	1,230	42 B
<b>SERVIS Share</b>	<b>40%</b>	<b>36%</b>



# Urban Population - Brands

No. of Families

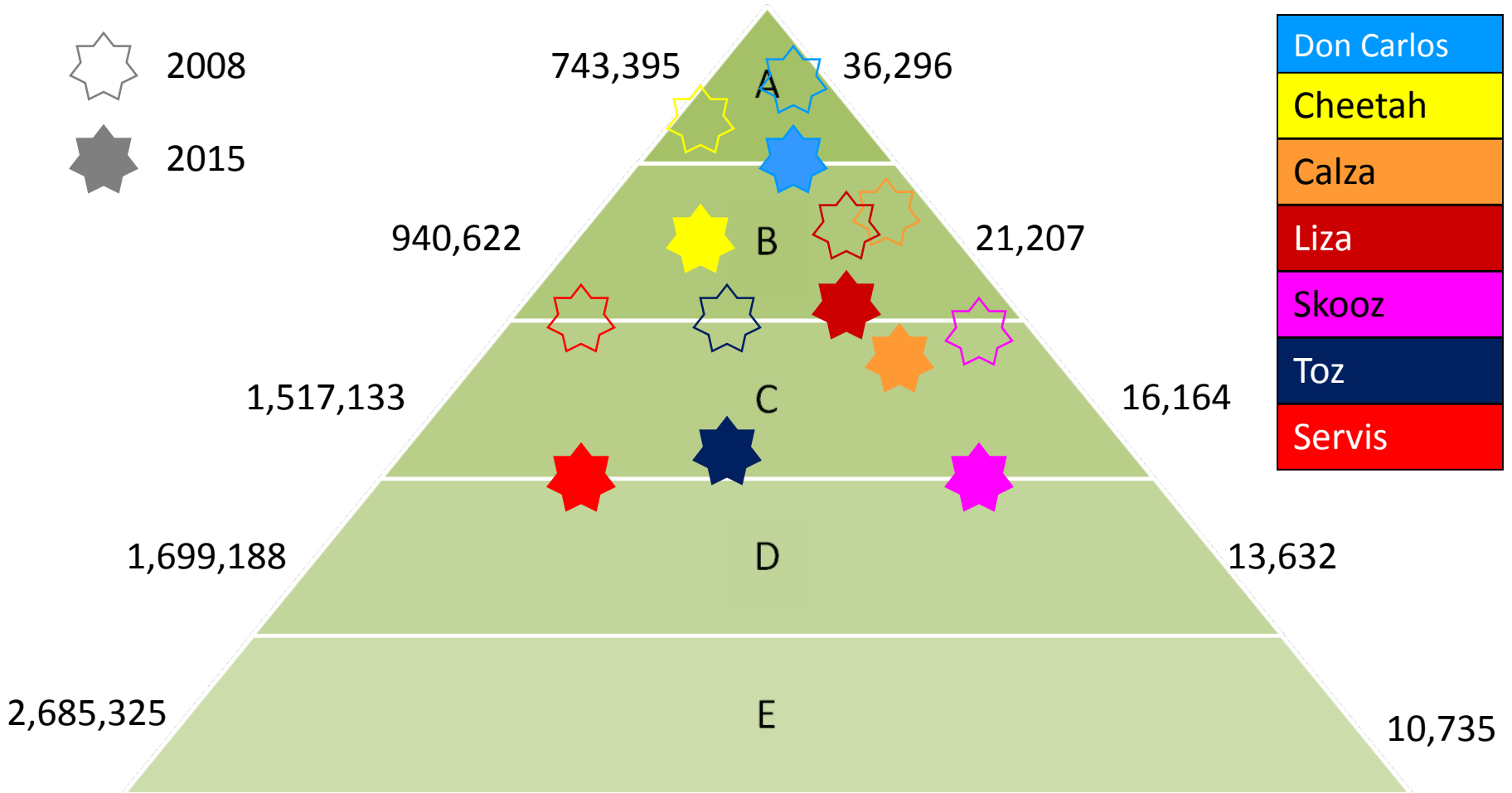
Av. Household Income (PKR)



2008

2015

Don Carlos
Cheetah
Calza
Liza
Skooz
Toz
Servis



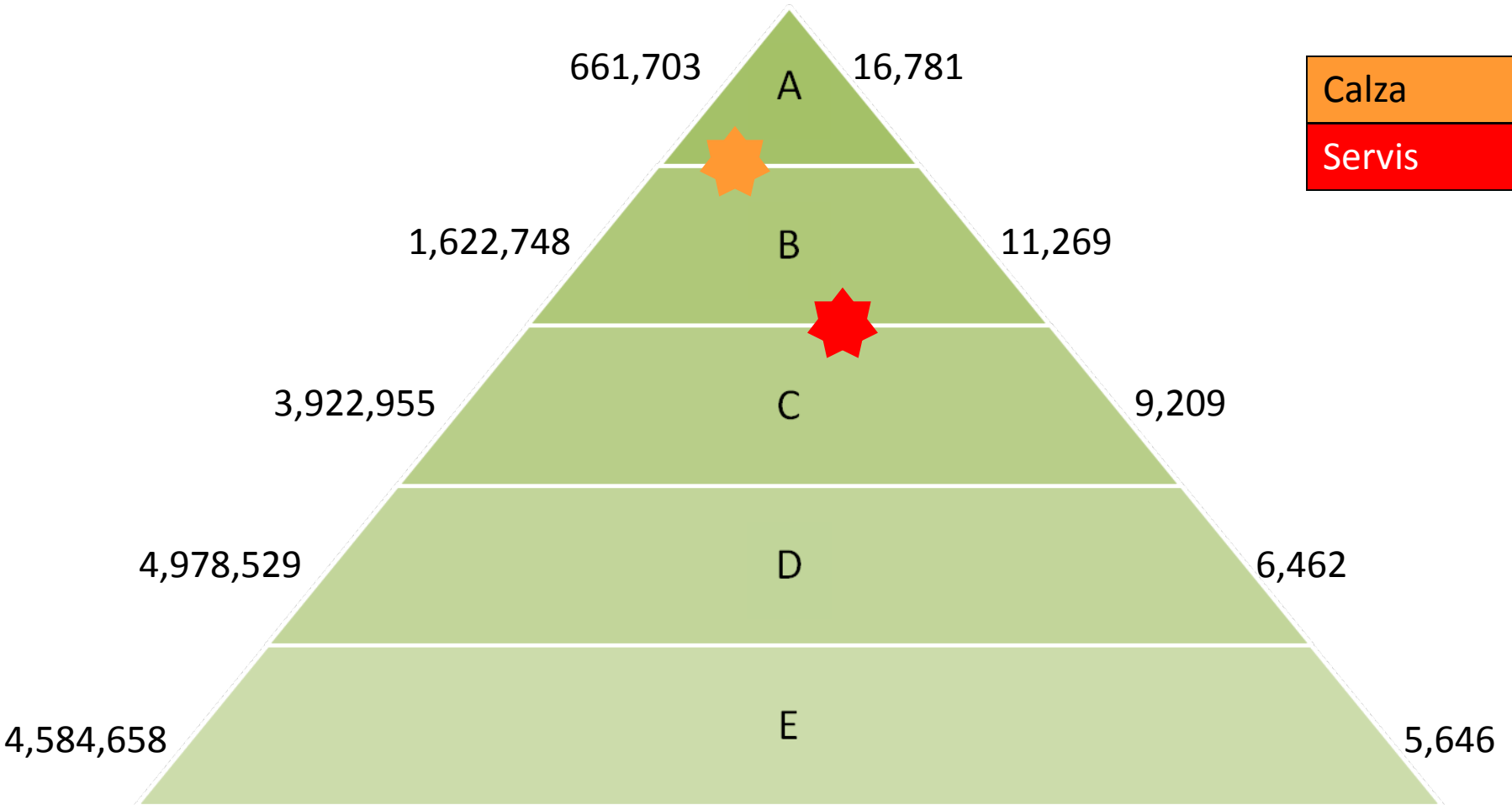


# Rural Population - Brands

No. of Families

Av. Household Income (PKR)

Calza
Servis

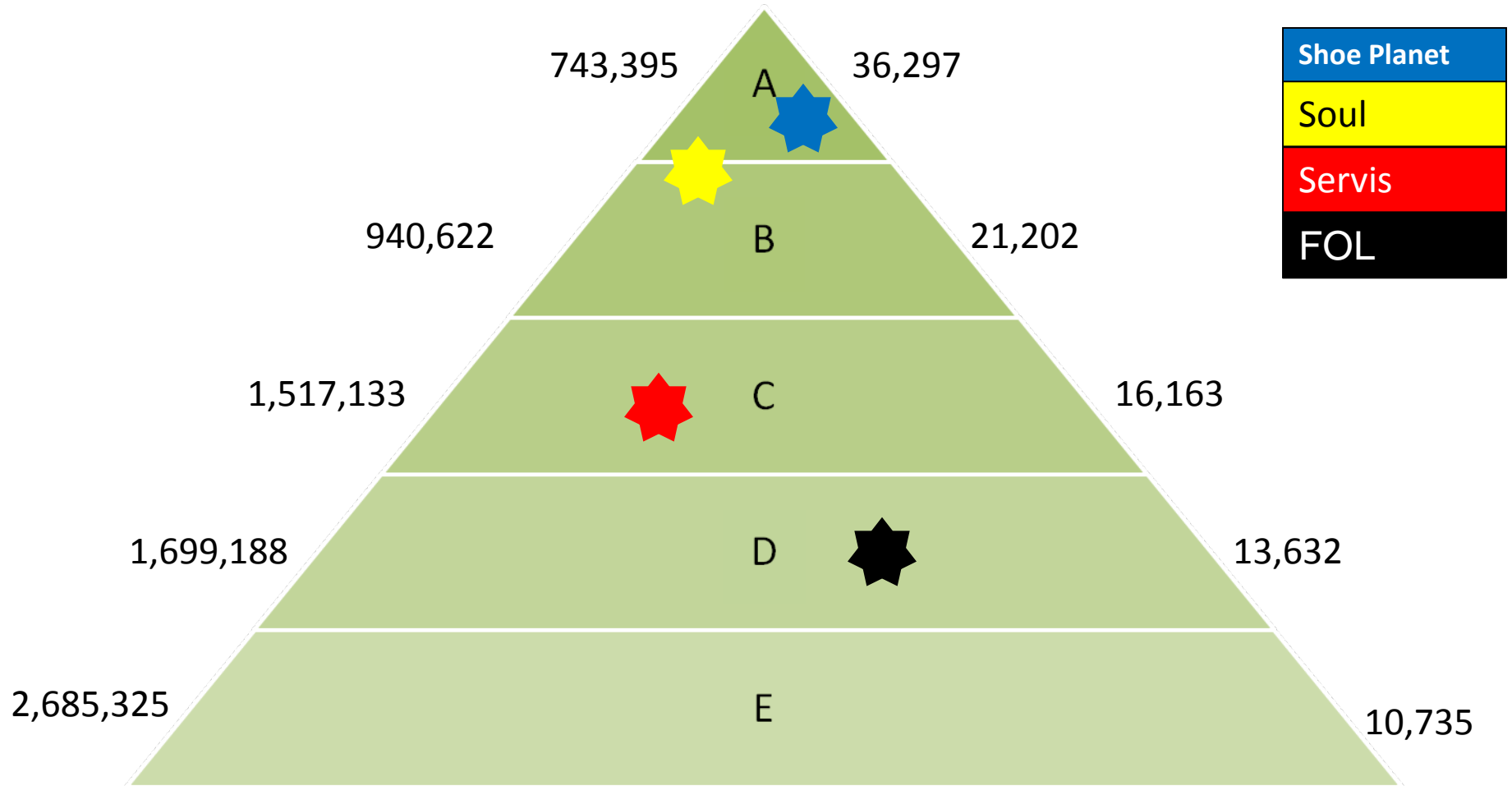




# Branded Store Formats

No. of Families

Av. Household Income (PKR)





## Customer centric changes

- Moved from 2 seasons per year to 4 seasons per year in 2012
- Reduced lead times with strategic suppliers – order to delivery time shrunk to 45 days on fashion products
- Joint leader of market with Bata - strong understanding of the Pakistani customers
- Brand managers leading product development rather than factory product development teams





## Servis in 2015

- Most recognized shoe brand in Pakistan
- Ambitious, energetic senior management
- Ready to build a sustainable competitive advantage
- More than 100 franchised stores
- Branding and customer segmentation at the heart of the business
- Largest ad spend in the industry

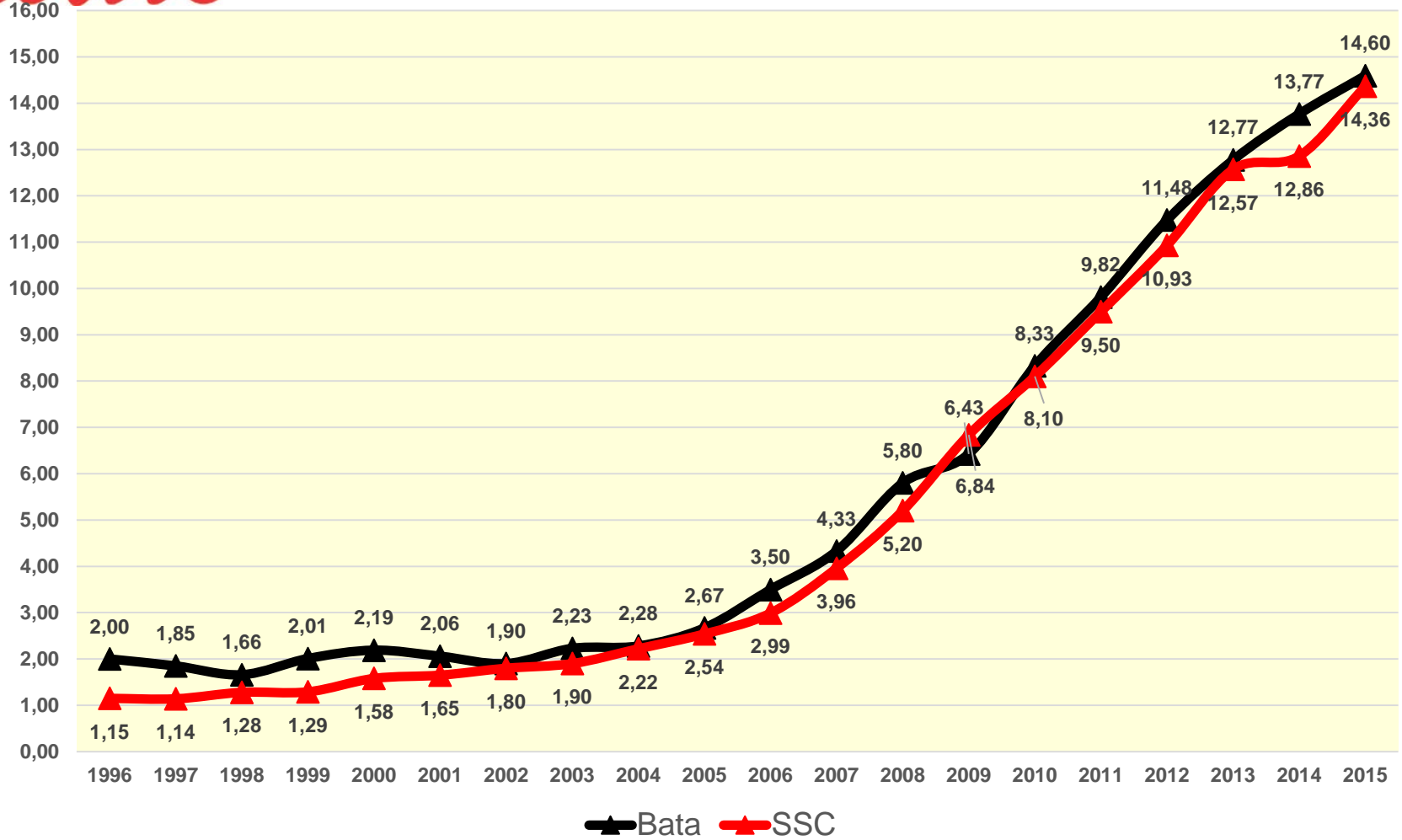


## The next 5 years

- Build a world class supply chain
- Build business through three channels – retail, wholesale and franchise
- Dominate in our ‘bread and butter’ category – footwear
- Bring new brands and store formats to cover all segments of the market - Shoe Planet, Ecco and Factory Outlet Stores



## Total Annual Sale



\* Value in Billion of Rs.



# Lessons - 1

- Creating a Strategy and aligning everyone to it is a tough task in large companies



## Lessons - 2

- A strategy without technology and innovation at its core will most likely fail



## Lessons - 3

### Watch out for:

- The consumer – behavioral patterns
- The Competition – Unpredictable and lethal
- The context – Govt. policies