

The Global Reach of Indian Startups

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- Parimal Shah -

India has a robust and vibrant startup base of over 40,000 companies that is growing at a steady pace. A digital revolution powered by smartphones, a sizable middle class with growing disposable incomes and a consequent rise in consumerism are some factors that have propelled this growth. This is not exactly a recent occurrence, but rather the latest development in an evolutionary curve that can be traced back four decades. The late eighties saw the birth of IT companies, some of whom became giants on the global economic map after the IT revolution. It laid down the success road for dot-com startups like the ticketing website BookMyShow as well as a number of industry portals. India is home to 26 unicorns, and a rise in their number helps bring in more investment.

Now, the bad news! Despite the developments and influx of investment, close to 90 percent of startups fail within the first year, and one of the primary reasons behind that is their insistence on catering to a local audience. An innovative ecosystem that enables startups think beyond local shores and devise strategies that can cater to wider markets is the need of the hour.

Why startups need to scout for new markets

Finding customers is an expensive process for startups if they do not have brand recognition. It is important that they develop business strategies with an eye on the future instead of focusing solely on short-term results. If you want to stay relevant in the global markets cape, then you need to develop your business plan with an eye for other global markets, targeting countries with high mobile and broadband penetration, stable political climate, favorable socioeconomics, easy tax and regulatory requirements

Startups that have successfully expanded internationally

Some startups with a firm foothold in India have started expanding their international footprint successfully. Oyo hotels and homes, one of the most famous homegrown hospitality chains, started its global expansion by foraying into Nepal and Malaysia. It then spread to China, which has a booming tourism industry with a strong influx of international tourists, and has successfully established thousands of hotels spread across 28 provinces. It is now eyeing Indonesia, Europe and UK. Zomato is another desi startup that initiated its presence in the international market starting with Dubai in 2012. It now has operations in 10000 cities across 24 countries. The cab aggregator Ola, the ticketing platform Cleartrip, and the craft beer brand Bira 91 are a few other companies that have successfully expanded their operational base.

The Right Packaging

If you are a company that offers a specialized product, then you need to think about how to sell your product across markets. Products have a standard lifecycle - they start slow, accelerate, reach a peak, slow back down, and diminish/disappear. Unless you come up with a retargeted and refurbished second gen product, and start exploring secondary markets, you will lose out on the edge. Finding a secondary market is not as difficult as you think. For instance, Kellogg's has perfected the art of catering identical products to noticeably different markets. Although a lot of their cereal products taste similar, the packaging is smart enough to set them apart.

Opportunities for Indian Players in the Global Market

Travel Providers - Travel providers need to focus on key emerging markets with a high volume of first time travelers. Airline companies should use their own channels to attract customers, and build a brand image. Big data can be mined to create detailed purchase records of travelers. This will help companies design targeted product offerings and marketing campaigns. Technology should be leveraged to provide in-flight amenities like WiFi, movies et al. Finally, travel agents should be incentivized to drive international sales.

Consumer brands – Asia-Pacific is one of the fastest growing markets for apparels and retail sales divisions should focus on this region. As for established markets, online channels play a key role in boosting sales figures. Maintaining a strong online brand image is key to driving positive recommendations. Increase the focus on top-traded textile and apparel product categories, as well as niche categories like ethnic wear and designer wear.

Real estate developers – The players from this sector should focus on providing end-to-end solutions and increase the wallet share from expats. They can offer value-added services like furniture, interior design and relocation assistance. Organize and advertise property launch events in regions with a high volume of NRI diaspora. Tie up with foreign marketing agencies to reach out to potential international customers. Build an online brand image that projects you as a trustworthy source of information.

SaaS – According to a KPMG survey, over 43 percent of small business owners use mobile devices as their primary platform. SaaS players should focus on delivering customized products for small business owners. The product should have the ability to function both online and offline if you want to target emerging markets, as data is still expensive in those areas. A strong online marketing strategy coupled with direct client contact via an in-house sales team is more effective than field sales.

What does the startup ecosystem need?

India needs to invest more in R and D, and establish a working collaboration with different countries. This will help solidify the links between multinationals, local companies, and academic institutions. Innovations need to focus on societal problems such as healthcare, education, transportation, sanitation, clean energy and other such pressing issues that most of the countries across the world face.

Mindset change

We need to create an environment where entrepreneurship is supported by the entire policy eco system. Often, due to paucity of adequate funding and mature mentorship, startups struggle to expand or even break even. They survive by adopting short-cut techniques, colloquially referred to as the 'desi jugaad'. However, if Indian start-ups are to really compete with their counterparts in developed economies they need more seamless access to markets abroad, easier access to customer base and easier access to capital and mentorship.

Startup Cells in Embassies

The government can help boost startups' capacities to expand by establishing dedicated start-up cells within embassies of different countries, or in collaboration with the embassies of different countries in India. This could be a designated Trade Cell which is funded by the Government and has the sole mandate of helping start-ups and SME's to gain a foothold in markets abroad. Via such a channel, several goals such as availability of a ready client base in different countries, easier understanding of the consumer mindset of that country and other forms of market related data can be shared with startups.

About the Author



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Author & Entrepreneur

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Parimal Shah is the President of M.K. Jokai Agri plantations Pvt Ltd. MK Jokai Agri Plantations Pvt. Ltd, is an Orthodox tea manufacturing and distributing company head quartered in India. MK Jokai is India's single largest Assam Orthodox Tea manufacturer, producing 6.5 million Kgs of Assam Orthodox teas per annum and exporting its produce to several countries across the world including Japan, the US, UK, UAE, Germany and Russia.

The MK Group was founded in the year 1957 by Mr. Mukandray K Shah, the grandfather of Mr. Parimal Shah. Having completed his education from multiple cities such as Kolkata, Moscow and Mumbai, he was exposed to diverse methodologies of education since a very young age. He has also completed a business course on family business & startups from IIMA and an executive education course from Harvard Business School, Harvard University.

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Mr. Parimal joined the family business at the age of 19, and he interned at MK for 2 years, after which he joined the world's largest Tea Broking company - Jthomas as a taster, where he trained as a Tea specialist for a year before re-joining his family business

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