



A Lenovo-exclusive store in a street in Bangalore. HP's exclusive store is on the other side of the street. But after customers browsed both stores' products, the Lenovo exclusive-store owner S. Habeeb said he made more sales.

# Lenovo plans to build on India top spot

PC maker given a boost by sales at smaller stores that are exclusive

By TUO YANNAN in Bangalore, India

Lenovo Group Ltd, the world's second largest PC maker, will continue to expand in the Indian market by opening more than 300 new shops next year. It plans to maintain its leading market position in China's biggest neighboring country, which it earned in the first quarter of this year, one of Lenovo's executives told China Daily.

Amar Babu, managing director of Lenovo India, has been working in India's IT industry for more than 23 years.

As a veteran, he worked for many multinational companies before he was recruited by Lenovo.

When Babu first started his career with Lenovo three years ago, the Chinese company's market share was only about 4.8 percent in the world's second most populous country, behind other international brands such as Hewlett-Packard and Dell. Lenovo is now the largest PC player in India with an overall market share of 15.8 percent, according to the US-based IT research company IDC.

"The biggest difference in the sales channel between the Chinese PC market and the Indian PC market is retailers. Unlike the Chinese market, stores in India are multi-brand and quite small," he explained.

After much research of the market, Babu and his Chinese headquarters decided to adapt Lenovo's experience in the Chinese market to build a sales system in India.

"We made an unusual decision in the India market, which was to open exclusive stores instead of selling our products in multi-brand stores," Babu said.

He explained that because a while ago Lenovo's brand and name weren't familiar to India consumers, in order to boost sales, the company needed to build up its reputation first.

"We only had about 150 exclusive stores back in 2009 but now we have more than 1,000 stores in the market. All of them are exclusive stores," Babu said.

"We almost completely copied our Chinese business model in the Indian market, although the sales channels in lower-tier cities are not as strong as in China," said Yang Yuanqing, president and chief executive officer of Lenovo.

In addition to Lenovo exclusive stores, Babu and his team also invented a localized small format store called "LES Lite". Compared with big exclusive stores, an LES Lite store occupies 300 square feet (91 square meters).

Now the company has about 1,000 Lenovo exclusive stores in India, which were the main boost to its sales last year. The



Above: Lenovo-exclusive store owner S. Habeeb (center) showing his customers Lenovo laptop products in his Bangalore store. Two months ago, Lenovo introduced its tablet PC to the Indian market.



Left: People heading to New Delhi, the capital city of India. The city is about 1,700 kilometers away by airplane from the country's IT city Bangalore. The country's gross domestic product reached \$1,843.38 billion last year.

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AMAR BABU, MANAGING DIRECTOR, LENOVO INDIA

company's sales revenue grew sevenfold last year compared with 2010.

S. Habeeb used to have two multi-brand stores in India's technology city Bangalore but he converted one of them into a Lenovo-exclusive store last year.

"HP's exclusive store is on the other side of the street but after customers browsed both stores' products, I think I got more sales," said Habeeb, the shop owner.

Even though the company experienced significant growth during the last few years, it still can't rid itself of the image of

an industrial brand, which was inherited from IBM. Six years ago, the company took over IBM's personal computer business and also IBM's manufacturing in India.

The company's next target is to boost its consumer sector sales, said Babu. Yang said the company's industrial PCs are produced according to orders but the number of consumer devices is decided after research.

The PC market in India is huge, Babu said. The PC penetration rate in India is still less than 10 percent. It averages about 16 percent in emerging

countries and 87 percent in mature markets, according to Milko van Duijl, senior vice-president of Lenovo Group.

Two months ago, the company introduced its tablet PC into the Indian market. Tablet shipments in India are expected to grow sharply from 3 million in 2011 to 23.6 million in 2017.

However, Babu also mentioned that there are differences between the Chinese and Indian IT markets. According to the US-based IT research company IDC, China's IT spending was about four times more than India's in 2011. In the PC market, the gap was even wider, at 6.9 times in 2011.

Overall IT spending in India is roughly about \$30.2 billion and is expected to grow at 21.3 percent annually to reach \$65.3 billion by 2015, said the research company.

## INDIAN WORKFORCE

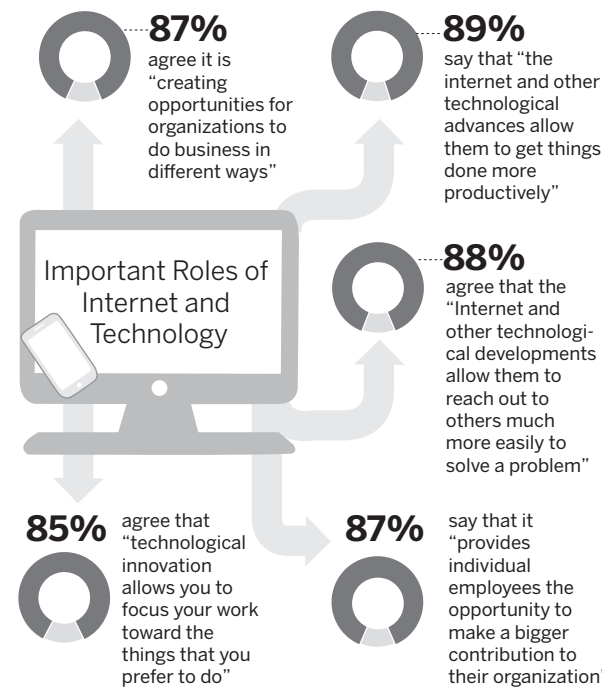
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**3 in 4** Indian workers

feel that our employer listens to our needs when making IT decisions



The Indian workforce is very clear about the important role that the Internet and technology plays in working life:



Sources: Dell and Intel's Evolving Workforce Research Program FENG XIUXIA / CHINA DAILY

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