CHAPTER 8

CONCLUSIONS AND FINDINGS

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Chapter 8

CONCLUSIONS AND FINDINGS

8.1 Introduction:

The present research work is the study of emerging organized retail sector in India and its impact on small retailers with respect to three specific product categories, namely Readymade Garments, Furniture Goods and Electronic Goods in Eastern suburbs of Mumbai. A systematic and comprehensive overview of Indian retail sector is undertaken by the researcher for the purpose of understanding emerging trends in this sector. A sincere attempt is made to obtain first hand information about the emerging retail scenario of the area under study through a separate questionnaire designed for mall developers as well as various formats of retail outlets such as departmental stores, mall developers, shops in malls, franchisee shops and specialty retail chains that exist both inside and outside the malls on sample basis. Since customer forms the cause of existence of this trading community directly, present study also probed into the changing psyche of Indian consumers through the analyses of primary data collected on representative basis. Since the core of the research was to study and analyze the impact of organized retail on small retailers with respect to three defined product categories in Eastern suburbs of Mumbai, a comprehensive questionnaire containing thirty five questions was used to obtain relevant information from the respondents and the same was analyzed with the help of appropriate statistical tools.

The conclusions and findings obtained from the present study are divided into three categories as follows:
1. **Objective wise conclusions and findings**

An endeavor is made to fulfill the objectives set by the researcher for the present study and a brief summary of the same is presented in tabular form. However, detailed summary of the same areas is presented in general findings and conclusions as well as in specific findings and conclusions.

2. **General conclusions and findings**

This part of the findings and conclusions offer results obtained by the researcher at macro level. It represents the findings derived about emerging economic scenario of India, changing nature of Indian consumer, evolving Indian retail industry and its likely impact on diverse sections of the society based on complete range of the primary and secondary data.

3. **Specific conclusions and findings**

Specific findings and conclusions are drawn on the basis of analyses and interpretation of the surveys conducted of consumers, organized retailers as well as small retailers in the catchments area of the study in three product categories.

8.2 **Objective wise conclusions and findings** :

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<td><strong>Objective wise conclusions and findings</strong></td>
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| 1 | To take overview of Indian retail sector. | • Retail is second largest sector of Indian economy, next to agriculture offering incredible growth opportunities in 21st century.  
   • Retail industry is expected to cross $600 Billion in 2010 with 10 percent |
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<th>2</th>
<th>To study the status of organized retail industry (malls, specialty chains, hypermarkets etc) in Eastern suburbs of Mumbai.</th>
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- The topography of retail in Eastern suburbs of Mumbai is changing with the aggressive entry of Organized Retail since 2003.
- Four functional malls and more than seven coming up in next two years along with the existence of all other formats of O.R found in the area.
- Presence of real estate developers both in mall construction as well as ownership and management.
- Malls attracting footfalls not only from local suburbs but also from distant places due to their successful “Shoppertainment” image.

- Constitutional changes taking place in India’s retail structure with the entry of O.R.
- Retailing becoming more visual and glitzy form of trade, with its spread across the length and breadth of the country.
- Share of Organized Retail bound to increase by 2015 significantly, however, small retailers will certainly coexist as they “CHANGE and INNOVATE” themselves.
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<th>To study the factors contributing to the popularity of various formats of O.R such as malls and hypermarkets in Indian consumer market.</th>
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<td>3</td>
<td>• Favorite hangout of youngsters as well as families due to availability of wide assortment and recreation basket under one roof.</td>
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<td>• Shoppertainment appeal with great ambience, hypermarkets and discounters more popular formats than high end retailers in urban markets.</td>
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<td>• One stop destination for family outings, suitable especially for kids and working women in urban cities.</td>
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<td>• Competitive pricing, assurance of quality, wider choice to the customers.</td>
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<td>• Visit of the malls seen as style statement by urban customers.</td>
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<td>• Perceived attraction of value for money.</td>
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<td>To obtain consumers’ views on retail industry and to study the impact of mall culture on consumer behavior with respect to select product categories.</td>
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<td>• Changing demographic profile is causing paradigm shift towards the creation of young Indian consumer market steadily.</td>
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<td>• This structural shift is causing fundamental changes in the behavioral patterns of Indian consumers.</td>
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|   | • Indian consumer is slowly but
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| **To study and analyze the impact of organized retailers on local retailers dealing with Readymade Garments, Furniture Goods and Electronic items in Eastern suburbs of Mumbai.** | **steadily asserting his position as a “King” in competitive retail market.**  
- Consumers in the age group of 15-25 are mall loyalists and it will bring decisive tilt in favor of O.R in next ten years.  
- Consumers view organized retail as shoppertainment destinations and do not mind in indulging into sensual gratification by spending excessively on comforts.  
- All three categories of small retailers are affected adversely due to the presence of O.R in Eastern Mumbai in terms of sales, profit and customer inflow though impact on cost of operations remains modest till present period.  
- Readymade Garments Goods category is worse hit followed by Electronics Goods and then Furniture Goods.  
- Shops in the vicinity of malls more affected than the shops at distant places.  
- Mulund suburb is majorly hit in all three product categories as it is a hub of all O.R formats.  
- Small retailers keeping branded |

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<th>goods are more affected than unbranded.</th>
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<td>6</td>
<td>To study and evolve strategies employed by the local retailers dealing with products under study to offset the impact of organized retailers.</td>
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<td>- Local retailers are fully aware of the structural changes taking place in their neighborhood and are optimistic about their survival though malls are spreading in Eastern Mumbai.</td>
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<td>- Majority of the retailers are poised for changing themselves as a response to the threat of O.R.</td>
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<td>- Steps such as store renovation, credit card facility, customized services, price reduction, wide variety etc already initiated as value additions by small retailers.</td>
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<td>- Need to introduce computation, more advertising and publicity, merchant's co-operatives felt by small retailers as a response to the changing retail market scenario of East Mumbai.</td>
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<td>- Exercise into the critical study of areas of competency and weaknesses of both small as well as big retailers continuously would help in strategic planning both for short and long term.</td>
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8.3 General conclusions:

General conclusions drawn from the research work are divided into following three categories-

A) General conclusions related to Indian economy
B) General conclusions relating to changing face of Indian consumer
C) General conclusions about Indian retail scenario

A) General conclusions related to Indian economy

1. The present study concludes that LPG process initiated in 1991-1992 acted as catalytic agent in the turnaround of Indian economy in 21st century. Economic liberalization initiated in the last decade of 20th century brought fresh winds of changes in Indian economy in general and Indian business sector in particular. The facilitating role assumed by the government created an environment of optimism in the industry.

2. It is seen that LPG process, coincided with IT and communication revolution gave further momentum to India’s economy and has accelerated the pace of the growth.

3. It is seen that Indian service sector which contributes more than fifty four percent of GDP and growing at nine percent per annum is bringing structural changes in the Indian market and is conclusively seen to have firmly taken the driver’s seat in this growth march. Service oriented industries such as IT, tourism, entertainment, banking, insurance, finance, aviation and retail are major participants in this robust service growth and contributing to the employment sector.

4. The present study makes it clear that even though Indian economy registered impressive annual average growth of around eight percent,
concerns such as infrastructural bottlenecks, congested ports and airports, low labor productivity, increasing divide between haves and have-nots and many more still exist and are jeopardizing bullish forecast. Deep divide separating agriculture and industry, uneven spread of fruits of growth, malaise of employment are major obstacles which need to be addressed urgently for the sustenance of the growth momentum.

5. Though total share of agriculture in GDP has fallen, still agriculture is a main source of livelihood for millions in India. Share of manufacturing industry sector is increasing, but not at desired pace both in terms of GDP contributor and employer.

6. On the other hand, though the contribution of service sector has risen sharply, it has yet to generate large scale employment opportunities for the masses. Thus, it is generally inferred from the present study that proportionate increase in employment is not seen despite the growth. Unless large scale employment opportunities are created in manufacturing and service sector to absorb surplus and displaced labor from agriculture, fruits of globalization will be disproportionately tasted by the Indians.

7. The present study concludes that globalization has finally come to stay in India, as an irreversible process and has given a new face to India. India is ranked as second fastest growing economy and fourth largest economy in terms of purchase power parity in the world. Powerful pillars of global economy such as U.S, EU group are stagnating in terms of GDP growth, where as GDP growth in India is consistently high and projected to reach double digit by the end of 2010. Thus it can be concluded from the data that Indian economy is indeed sounding optimistic note despite many potholes.
B) General conclusions relating to changing face of Indian consumer

1. The present study concludes that Indian consumer market is undergoing decisive structural changes since the beginning of 21st century and the changes shall continue up to 2025. Study of demographic profile of Indian market hint at the most fundamental changes likely to occur in the behavioral and consumption pattern of Indian consumers in next few years.

2. It is concluded from the analyses of data that age dependency ratio of non working to working age group population is expected to fall in the coming ten years. Declining fertility rates and rise in adult population in the productive age group of 15-64 years is expected to rise up to 68 percent of the total population. This period is all set to open new windows of opportunities to raise labor productivity in India along with the creation of new consumer market.

3. On the basis of analyses of the reports of research agencies, both Indian and global, it can be concluded that India is one of the countries with world’s youngest population. More than half of the population has grown in post liberalized India and is exposed to western lifestyles from an early age through television, internet, mobile and other media of communication. This feature is bound to accelerate the growth of Indian market decisively in 21st century and main driver of the growth would be Indian middle class.

4. Present study observes that modern India is beaming with confidence. Global Consumer confidence survey by A.C. Neilson puts India at the top of consumer confidence index in the world. The young westernized productive population of India, which is projected to reach more than
sixty percent in next ten years shall come to the centre stage of consumption and shall rewrite the story of great Indian retail market.

5. Changes observed in Indian customer are diverse and obvious. 21st century customer looks at his individual self image as the aggregate of his individual knowledge and individual assets plus the brand image of acquired brands. Neo consumerism has, thus increased consumer’s tendency towards disposability. Penetration of mall culture further strengthens this culture. He/she is more receptive to new ideas, willing to experiment with the new concepts, products and services without inhibitions. This changing face of Indian consumer is obvious in urban markets today.

6. The era of consumerism is ushering in urban India, where customer is truly pampered as a King. The notable change is marked in philosophy of life of urban Indians which prioritizes indulgence in comfort today rather than savings for comfortable tomorrow. The theory of affordable indulgence in comfort today has taken firm roots in urban India and shall prove to be a turning point for Indian consumer market.

7. It is observed that rural India too is following the footsteps of urban brethren. Increasing number of households in rural area is climbing the ladder of prosperity from the level of subsistence to the level of higher spending. With steady rise in rural middle class, the class of aspirants too is rising steadily with higher discretionary spending power.

C) General conclusions about Indian retail scenario

1. The present study observes that Retail is an age old vocation in India which is still very much fragmented in nature with high retail density in the world. It is labor intensive occupation and its contribution to GDP is
around ten percent which is only next to agriculture, thus forms very important segment of Indian economy.

2. Indian retail industry is divided into unorganized and organized sector, with unorganized sector still contributing more than ninety five percent of the total retail pie and shall continue to dominate Indian market for another few years.

3. It is seen that traditional retailing in India is still undertaken in the forms of haats, mandis in rural markets along with mom and pop stores, where as in urban markets, it is in the form of neighborhood stores as well as small retail shops.

4. It is concluded that though a few changes witnessed in 1980’s with the emergence of specialty retail chains such as Bata, Akbarallys, KVIC etc, unorganized sector completely monopolized the retail scenario of India till 1990 and still accounts for major share today.

5. Critical observation of Indian retail scenario shows that traditional retail enjoys benefits such as locational convenience, low cost structure, minimum real estate and labor cost, little taxes to pay, customer loyalty and many more. Similarly, space constraints, limited assortment, poor supply and logistic management, limited financial resources, lack of cold storage facilities, poor hygiene and ambience, ignorance of statutory regulations are some of the major constraints of unorganized retail sector of India.

6. It is concluded from the analyses that Indian retail sector is undergoing metamorphosis. The change is deep penetrating and is bound to hit the grass root levels of Indian markets in the next ten years. Indian retail
industry is shedding its old avatar slowly but distinctly, thus paving the way towards an era of organized retailing.

7. The monopolistic role of unorganized retail sector started changing after the advent of LPG. Economic liberalization in India in 1990s reduced the role of the government as a regulator and led to more aspirations for the country. LPG process initiated changes in several sectors including the retail sector and fruits of the same started to get visible in 21st century.

8. The fundamental changes that are happening in Indian retail sector in 21st century are defined and long lasting, touching myriad sections of Indian society. The change is not cosmetic but deep penetrating and is bound to hit the grassroots levels of India in next ten years.

9. The research study concludes that economic promise of emerging economies in Asia in general and India in particular is great, which is prompting large number of international retailers to enter Indian retail market.

10. Global retailers are making spirited efforts to launch themselves in India particularly though the political situation is not much favorable; for two reasons: vast untapped potential of prospering Indian retail market and saturation in their home market. Indian retail sector is still not completely opened for foreign direct investment.

11. The role of the Indian government though appears to be cautious in the present situation with respect to the entry of FDI in retail, is bound to change after general parliamentary elections scheduled to be held in 2009. FDI norms in retail shall be relaxed in a phased manner and the retail sector shall be made completely open to global retailers by 2015.
12. It is inferred that the immediate focus of global retailers in India shall be to create a niche by entering into an alliance with suitable Indian partner who knows the market pulse, has entrepreneurial resources and sufficient political clout.

13. Systematic study and analyses of growth trajectory of organized retail sector has unfolded the conclusion that O.R culture is here to stay in India and poised for an impressive growth in future. It is influencing diverse sections of Indian economy such as manufacturing industry, exports, imports, ancillary service sector, education, real estate as well as agriculture.

14. It is seen that organized retail sector is growing at the rate of twenty five percent per annum and from present three-four percent and its contribution to total retail shall be around ten percent by the end of this decade. Organized retail sector has already crossed infancy stage in India and has entered the growth phase with steady entry of corporate houses in the field and spread in tier I and tier II cities.

15. Present study infers that factors that are fuelling the growth of organized retail are demographic dividend, shoppertainment mania, flourishing entrepreneurial spirit, acceptance of plastic money as a mode of payment, philosophy of affordable indulgence, corporate entry into retail, keen interest evinced by global retailers, favorable reports of research agencies all over the world, partial relaxation of FDI in retail, increase in rural prosperity among others. It thus can be inferred that globalization has impacted the Indian retail sector very effectively.

16. The mall culture specifically is all set for impressive growth in future in India. Entertainment appeal of the malls is more powerful in urban markets which observe the proliferation of nuclear family system.
Increasing percentage of career minded women, lack of time, transportation hazards in commuting, DINK family culture, fat salaries and perks, easy availability of credit facilities, greater awareness due to media, effective role played by children in decision making process, absence of social support system, increasing influence of western lifestyle, knowledge explosion through internet and many more factors are bound to fuel this growth further.

17. Those sectors of business where the penetration of organized retail is found include food, grocery and general provisions, readymade garments, footwear, electronic items, furniture goods, eatables, entertainment, books and music, leather goods, fashion jewelry among others. Departmental stores, hypermarkets in malls cover more than 80 percent consumer basket. While supermarkets basically deal with food, grocery and general provisionary items, the product basket offered by departmental stores and hypermarkets is much wider and include non grocery items too such as consumer durables, readymade garments, furniture and furnishing items and many more.

18. Along with steady growth, organized retail sector shall enter the phase of consolidation soon with increased entry of big corporate houses in the field and spread in tier I and tier II cities. Organized retail shall enter into multiple formats and in multiple cities as per the need of the environment. Organized retail market in metropolitan cities is saturating with high rentals and it is forcing modern retailers in penetrate into deeper pockets of India as a part of growth strategy. Franchising is fast emerging as the popular business model in O.R expansion across length and breadth of India.
19. As malls are very expensive proposition, reaching a threshold limit or critical mass may require another four to five years for organized retailers in India. Though efforts are on for expansion of retail network by big retailers before the complete opening of retail to FDI, only those formats that add unique value to the customer delight shall survive and prosper.

20. Technology application is one of the biggest contributors in the success of organized retail. High end technological applications such as ERP, CRM, bar coding and scanners, automated security system prevalent in malls increase the productivity to a great extent. Age of technology has spread in retail sector as well and shall further escalate in coming years with the entry of global retailers. Latest tools such as RFID (Radio Frequency Identification Technology), Electronic Product Coding (EPC), SAP solutions will be increasingly used by modern retailers as a part of innovations.

21. The present study concludes that along with consolidations, modern retailers shall increasingly go for innovative steps such as tie-ups with credit card companies, pharmaceutical companies, medical fraternity, banking services, educational and counseling services, tourism service offers etc to absorb wider sections of the community under its umbrella and expand their reach. Different permutations and combinations of strategies for successful management of the business shall be experimented by the modern retailers in 21st century.

22. It appears that growth path of modern retailers is plagued with many stumbling blocks. It includes lack of industry status, fierce competition, high rentals, high operative cost, poor infrastructure, unfriendly
government policies, hostile approach of small retailers, erratic power supply and shoddy marketing practices among others.

23. Skilled manpower is likely to be the single biggest challenge of modern retailers. Growth of organized retail shall be affected seriously unless this bottleneck is addressed properly.

24. Since retailing is predominantly a service sector, the services of social scientists, professionals in human resource management, supply chain management, relationship management, knowledge management, visual merchandising, customer relationship management are very much essential and will be in great demand. Time has come for the educational institutions all over the country to reformulate their curricula in order to meet increasing skilled manpower needs of the retail sector.

25. Era of private label in modern Indian retail sector has come finally. Since private label formats are very much cost effective, its increasing use shall be seen in coming years. Changes in FMCG’s product profile with introduction of ready to eat foods, packaged juices, hair creams and other beauty products, fabric bleaches, depilatory products, organic health foods also perpetuate this growth further due to their wide availability on the shelves of organized retail.

26. Some of the important critical success factors of modern retailers include cost of investments and operations, competitive pricing, technology applications, customer relationship management, creation of efficient and cost effective supply chain management and logistical services, strategic location and effective positioning of a retail format, human resource management and reduction in shrinkage and pilferage which needs urgent and in depth attention in the backdrop of promising future retail scenario of the country.
27. It is concluded from the present study that rural India is changing, becoming more receptive to modern retail formats. The change is visible in the sustained demands for different sectors such as automobiles, consumer goods, packaged food and many more. Rural India is embracing the modern formats of retail with palpable curiosity.

28. Organized retailing is seen to be affecting agricultural sector as well and practices such as contract farming, direct sourcing from farmers are on rise. Services such as assistance in the use of technology, resource availability, competitive pricing, soil testing, IT services and many more can be availed through such hand shake which will be mutually beneficiary. At some places, the concept of cooperative farming too is mooted and farmers are joining hands to form cooperatives in order to get optimum benefits from organized retail. However, the issue of exploitation of farmers in the long run by the big corporate retailers is expressed in some quarters which need to be addressed honestly to alleviate the fear of farmers.

29. Organized retail sector has certainly affected the traditional retail base and the sections which are hit include food, grocery and general provision shops, readymade garments, electronic items, books and music shops, chemists, restaurants etc though the impact is modest as yet. Traditional retailers are anxious about these changes and are putting up brave fight at several places in India to arrest corporatization of Indian retail.

30. Traditional retailers are still dependent upon conventional methods of conducting the business. Though limited product basket reduces the risk factor, it also poses constraints on market expansion.
31. Traditional retailers still do enjoy certain competencies which are unique and makes them stand different from modern retailers. Personalized services, detailed knowledge of the clientele earn them a fair amount of customer loyalty even in the changing retail scenario.

32. The expected entry of multinationals in retail would bring wider choice to the Indian customers and improved technology along with best global practices in retailing which could be further helpful in improving productivity.

8.4 General findings:

General findings are divided into following categories:

A) General findings related to Indian economy
B) General findings relating to changing face of Indian consumer
C) General findings about Indian retail scenario

A) General findings related to Indian economy

1. LPG process initiated in India in 1991-92 has created structural shift in GDP. Changing profile of GDP in India shows that percentage of share of primary industries which was 59.2 percent in 1950-51, reduced to 24 percent in 2002, a decline of almost 25 percent. Secondary sector which mainly involves manufacturing activities rose from 13.3 percent in 1950-51 to 26.7 percent in 2001-02 and expected to stabilize in the coming decade. The tertiary or service sector’s contribution to GDP rose sharply from 27.5 percent in 1950-51 to 49.3 percent in 2001-02. This structural shift in GDP has also affected employment sector of India.

2. Employment sector of India too has undergone major changes as a result of LPG in the last few years. The data published by National Sample
Survey 2004 reveals that the share of workforce deployed in agriculture reduced from 74 percent in 1972-73 to 61 percent in 2001-02. Along with this, the share of secondary sector increased from 11.2 percent in 1972-73 to 17.1 percent in 2001-02. On the other hand, the share of service sector to total employment rose from 14.6 percent to 22.1 percent during the same period. LPG has resulted into creation of new job opportunities in service sector.

3. The projections for 1st decade of 21st century indicate that Indian service sector is laying down strong foundation for the growth of Indian economy in the new millennium. The share of primary sector is further expected to come down to 15 percent by 2010, manufacturing sector is expected to increase marginally from present 26 percent to 28 percent by 2010 where as the share of service sector would rise up to 58 percent in 2010, thus a rise of almost 10 percent in the decade.

4. The growth story of Indian economy is seriously hampered due to abysmal performance on the front of infrastructure. Infrastructural facilities refer to irrigation, energy, rail and road, ports, banking, finance network, technology etc. Growth in infrastructure is considered as an essential prerequisite for stepping up GDP growth. Though gross capital formation in infrastructure has increased in last fifty years, total investment in infrastructure as a percentage of GDP has come down from 5.88 percent in 1994 to 4.03 percent in 2002-03. Infrastructure investment is very important area which needs urgent attention for sustained economic growth.

5. Spread across 6, 50, 000 villages, improving lifestyle patterns are visible in rural India. Rural India is witnessing a significant increase in the expenditure across categories ranging from T.V, telephone, petrol,
automobiles and many more. Changes in consumption, perception and attitude among the rural masses in on the cards with rising disposable incomes. Around 5000 annual rural fairs are held in different parts of India and are estimated to attract a combined audience of 100 millions middle class rural Indians. Indian companies are realizing the vast untapped potential of rural India for ensuring sustained growth.

B) General findings relating to changing face of Indian consumer

1. India’s population stood at about 350 millions at the time of country’s independence in 1947. It grew at 1027 million in 2001 and is expected to be around 1.4 billion in 2025.

2. India is one of the countries with the world’s youngest population with median age of 24 years as against 35 years in U.S, 41 years in Japan and 30 years in China. More than half of the population has grown in the era of globalization and is exposed to western lifestyle, thus demanding the very same experience on the home turf.

3. India is passing through demographic bonus phase between 2000--2025. There are likely to be major changes in the age structure of population as the percentage of population under 15 years is expected to fall from 36 percent to 27 percent between 2000 and 2025. On the other hand, adult population in the age group of 15-64 is expected to rise from 60 percent to 68 percent of total population. The elderly population too is expected to rise from 4.5 percent to 7.2 percent during the same period. As a consequence of these structural changes, the age dependency ratio that is the ratio of non working age group population to working age group population is expected to fall from 67 percent in 2000 to 46 percent in 2025.
4. There is sharp increase in the consuming class by 147.3 percent between 1995-96 and 2006-07 in urban markets whereas in rural markets too, the increase is 119.6 percent. The percentage of rich class for the same period too has gone up significantly both in urban as well as in rural markets by 360 and 250 percent respectively. If we look at the destitutes, both in urban and in rural markets, the share of destitutes in the total population has fallen sharply by eighty three percent in urban and by 44 percent in rural markets during the same period which prove that the changes occurring in the income structure of Indian economy are deeper.

5. The current consumption pattern dominated by basic categories, that is food and general provisions, which constitute 63 percent of consumer basket is projected to fall to 50 percent by 2015 as people are likely to shift from basic to lifestyle category due to increase in disposable incomes.

6. The total base of credit cards in India is approximately 5 millions and growing at CAGR of 30 percent every year according to the reports published by ICICI. Easy availability of credit has further contributed to the changing psyche of Indian consumers. Deep penetration of plastic money in interior parts of the country with a growth rate of more than 70 percent since 2003-04 shows that rural consumers too are embracing the changing lifestyles with the same zest as that of urban counterparts.

7. Though there are ups and downs observed in the Indian economy, more than 77 percent of Indians are optimistic about further economic improvement in India. Factors such as bulge in the working age group population, less number of children in the family, careerist womenfolk, less dependency of aged population are contributing to this collective change in the mindsets of average Indians.
C) General findings about Indian retail scenario

1. The contribution of retail to GDP is almost 10 percent and it is only next to agriculture, thus retail forms an important segment of the Indian economy.

2. Indian retail sector offers total 8 percent of employment in the country, thus offering solid base to the employment of India. Our total workforce is 422 millions, large and organized sector offers only 27 million employments. Therefore, retail sector acts as a safety valve that allows people an opportunity to fend themselves through smaller businesses.

3. Retail density of India is highest in the world with more than 12 million retail outlets existing in India. Since agricultural sector is overcrowded with more than 60 percent population depending upon the same and slow moving manufacturing sector, retail is still a major vocation in India.

4. Unorganized retail sector contributes more than 95 percent of the total retail pie and shall continue to dominate for another few years. The presence of more than one retailer for every 1000 people is indicative of the same.

5. Global retail industry has traveled a long way from a small beginning to an industry where top 200 retailers in the world account for 30 percent of worldwide demand. Share of retailing in total employment in U.S is 16 percent, Brazil 15 percent, China 7 percent where as in India, it is 8 percent.

6. In western countries including U.S, EU group, Australia, the share of organized retail is dominant and exceeds more than 70 percent. On the other hand, in India, it is merely 3-4 percent at present.
7. India is attracting the attention of world retailers due to its vast untapped market potential. It is expected that in next five years, U.S $ 35 billion will be invested in retail sector by the global retailers which will change the face of Indian retail.

8. Demographic profile of India is changing decisively. The young, westernized population of India which is projected to reach more than 60 percent in next ten years shall come to the centre stage of consumption and shall rewrite the story of Indian retail. Share of organized retail in India is expected to increase from present 4 percent in 2007 to 15 percent by 2015.

9. Organized retailing has covered nearly 80 percent of consumer basket through its product reach. Those sectors of businesses where penetration of organized retailing is found more include food, grocery and general provisions (77 percent), readymade garments (7 percent), electronic items (4 percent) among others.

10. As per India retail report, 300 malls, 35 hypermarkets, 325 departmental stores and over 1000 new modern retail outlets are coming up by 2008, which project speedy growth of the sector in coming days.

11. With partial 51 percent opening up of FDI in retail sector in single brand retail, government of India has sent cautious feelers to global retailers who are more than keen to enter Indian market. Wait and watch policy of Indian government with respect to opening up of retail to FDI may arrest the pace of growth for want of resources.

12. Major bottleneck in organized retailing is retail space. With the expected growth of organized retailing, 500 million sq. ft. retail space will be required in next five years across all retail formats and 50 percent of this
space is the requirement of malls. Present retail space is around 140 million sq. ft, thus leaving a huge shortage of almost 40 percent to meet the demand in next five years. This is one of the reasons why organized retailing is penetrating in tier I and tier II cities in India.

13. There is bound to be great demand for retail professionals in coming years. More than one million people are required in next five years for front end operations alone in modern retail. Additional estimate is of 30 millions at the back end operations. Thus, looking at the employment creation potential, manpower gap is a serious concern.

14. KSA Technopak study reveals that with Indian retail market growing from U.S $ 336 billion in 2006 to U.S $ 600 billion in 2011, even if the share of modern retail grows from present 4 percent to 10 percent in next five years, the absolute size of the market too will grow, thus providing enough space for co-existence of both, organized as well as unorganized sector.

15. E-Commerce was estimated at over Rs.7 million in 2006 in India. According to IAMAI, the number of cyber cafes has increased to 1,05,350 in 2005 as against just 18,000 in 2001, which have evolved into popular access points for e-commerce. The survey of cyber café visitors conducted by IAMAI in 2006 revealed that over 47 percent has shopped online more than once during the last six months, 36 percent had shopped more than four times and 23 percent made purchases more than 10 times. Among these internet shoppers, 84 percent are in the 18-35 age groups with high disposable income.
8.5 Specific conclusions:

For drawing specific conclusions, researcher has taken the organized retail scenario of Eastern suburbs of Mumbai as the base. Specific conclusions drawn from the research work are divided into following two categories-

A) Specific conclusions about the growth of organized retail sector in Eastern suburbs of Mumbai.

B) Specific conclusions relating to Readymade Garments, Electronic Goods and Furniture Goods in Eastern Mumbai and impact of organized retail on the traders dealing with the products under study along with counterstrategies adopted by small retailers to offset the magnitude of impact

A) Specific conclusions about the growth of organized retail sector in Eastern suburbs of Mumbai

1. Suburbs of Eastern Mumbai are witnessing a buzz of activities on the retail landscape since the beginning of 21st century. Mumbai, being the financial capital of the country has witnessed huge rise in malls and hypermarkets as well as supermarkets in the last decade. Retailing in Mumbai in general and in Eastern suburbs of Mumbai in particular has changed dramatically. More than four malls are already functional and seven more are coming in the next two years in this region.

2. The present study observes that due to shift of factories out of Eastern Mumbai; large acres of land were made available for the construction of malls as well as residential complexes of bigger size. Despite not being so affluent region, the mall culture has thrived in Eastern region and has been attracting sizable chunk of population.
3. Systematic study of all suburbs of Eastern Mumbai reveal that out of five suburbs, Mulund suburb has taken a lead in embracing all formats of O.R. Prominent manufacturing establishments in Mulund such as Hoechst, Glaxo, and Wellcome have closed their factories and made way to sprawling shopping complexes and luxurious apartments which has altered the landscape of Mulund completely in 21st century.

4. The study further reveals that other two suburbs, namely, Bhandup and Ghatkopar are competing with Mulund in terms of organized retail spread. Asia's biggest mall, "The Dreams" is coming in Bhandup in 2008-09. Many other formats such as supermarkets, cash and carry, specialty retail chains, hypermarkets etc in Bhandup and Ghatkopar are offering unending assortment of goods to the customers.

5. It is further concluded that two more suburbs of Eastern Mumbai, Vikhroli and Kanjurmarg though are lagging behind presently in terms of organized retail presence, too are catching up slowly. Powai, which is high profile pocket of Kanjurmarg, has witnessed flurry of activities on this front and shall be the centre of gravity very soon. Though there is no big mall as yet, quite a few leading national chains in Electronics have come up in Vikhroli.

6. Malls in Eastern suburbs of Mumbai are big in size and offer wide assortment of merchandise under one roof to the customers who are young generation customers of 21st century. With four functional malls, two hypermarkets, five departmental stores and large number of supermarkets and specialty chains around, Eastern Mumbai has really got a facelift. And seven more malls coming up in near future, the scenario is bound to alter to a great extent. The growing popularity of malls is reflected in increasing number of footfalls during the weekends.
and its rate of conversion into sales. Leading anchor tenants in the malls, occupying huge space and offering wide assortment of products to the customers under one roof are the major crowd pullers.

7. The study concludes that mall is a place of attraction mainly for those age groups which are in their prime productive stage and are brand conscious. It appears that finally the era of private labels and branded goods has ushered in metropolitan cities of India. Brands seem to be poised to ride on the popular wave of shoppertainment mania gripping Indian customers.

8. Mall visits are seen as great shoppertainment experience by the Indian consumers. “Shoppertainment” is the biggest glue that binds customers with the malls in the era of globalized India. An all encompassing basket of services offered by modern retailers act as a magnet in pulling the crowd.

9. Though malls deal with wide assortment, the presence of Readymade Garments shops, either in the form of company outlets or franchisee shops is found to be large in number. Thus, it can be inferred that Readymade Garments appear to be the most attractive product category in malls which is the most appealing model of modern retail. Customer preferences to buy Readymade Garments in the malls are obvious due to brand positioning and the availability of wide choice under one roof.

10. Other areas such as health and beauty sector, footwear, furniture, luggage are still modestly visited areas as far as malls are concerned. Furniture Goods and Electronic Goods shops are negligible in the malls compared to Readymade Garments and Restaurants. They are mostly found outside the malls in the form of specialty chain and stand alone specialty shop formats of organized retail. Since Furniture Goods and
Electronics Goods formats require large space, their presence is more found outside the malls in the format of retail chains. Though in Electronic goods category, the prospects seem to be bright and customer’s preferences are clear; heavy brand positioning is required by organized retailers to create a viable place in the market. In case of Furniture Goods category, local retailers still seem to be comfortable especially with unbranded product category where as for branded Furniture Goods, customers have moved on to the modern formats.

11. Shops in malls do have their share of advantages as well as troubles to handle. The benefits as well as challenges faced by the shops in malls and specialty retail chains are unique. Shoppertainment image of the malls offer the advantages such as greater footfalls at a given time, ambience, younger crowd, locational advantage, competitive branding, benefit of anchor stores and many more. On the other hand, the intensity of competition is more, more professionalism is demanded due to competitive environment, aggressive promotion required to establish their image, more cost as well as investment compared to high street shops and less number of footfalls during weekdays, to name a few which demand professionalism in functioning.

12. The emergence of organized retail industry has had significant impact on customers, as a result of which their buying habits have changed to a considerable extent. The era of consumerism is ushering in urban India slowly and steadily where consumer is truly pampered as a "KING."
B) Specific conclusions relating to small retailers and impact of organized retail on the small traders dealing with the products under study in Eastern suburbs of Mumbai.

1. Small retailers in general are still fragmented, non-cohesive community, which is not very keen on making active efforts for unity. There is no formal trade organization covering these three categories either together or separately. Though there is honest desire for the creation of united front by forming “Merchants Co-operatives”, what appear to be missing are the spirited efforts by one and all.

2. Majority of the sole traders have individual ownership of the shop, which is managed with the help of limited manpower. Space is a major deterrent for business expansion though many wish to expand their business operations as a response to the challenge posed by organized retailers in the area. More than eighty percent of the clientele belong to neighborhood only which helps in better connectivity and creation of a loyal customer bank.

3. Though the anxiety of small retailers is visible, unorganized retail sector is reconciling to the changes happening around and at individual level retailers are reinventing and reformulating their business practices to keep up with the changing times and environment.

4. Small traders in all categories under the study still manage their marketing operations conventionally, follow very limited advertising and publicity programme which basically include mouth to mouth campaign at most of the places.

5. Merchandise management and inventory management is another area where small traders do not get the benefit of scale of operations such as
credit facilities, direct procurement from the manufacturing companies, benefit of promotional schemes which affects their cost of operations adversely.

6. Human productivity of unorganized retail sector is minimal. Majority of the retailers employ their staff either in relation or through local contacts and offer on the job trainings with meager HR facilities, thus affecting human productivity.

7. Technology applications are pathetic in unorganized retail sector. Most of the retailers are computer illiterates and use of technology in the business is very poor. However, many of them are willing to go for computerization as a strategy to counteract the impact of organized retailers.

8. FDI is looked at as impending threat by traditional retail sector. Entry of FDI is fiercely opposed by small retailers for the fear of predatory pricing practices by global retailers and creation of uneven level playing field.

9. Though large number of the small retailers is opposed to the idea of banning the entry of corporate houses in retail, the proposal for imposition of regulatory framework by the government was supported by the retailers. Suggestions such as demarcation of zones for big retailers, levy of extra surcharges, restricted entry in food, grocery and general provisionary items etc were given by small retailers.

10. As regards the impact of organized retailers on the businesses of small retailers, it can be concluded that in all three categories of the products under study, small retailers are affected adversely in terms of impact on
average annual profit, average annual sales, average annual inflow of customers though the degree of impact varies from suburb to suburb.

11. As regards cost of operations, it still remains “no major concern area”. Since the cost of investment and cost of functioning is limited due to limited scale of operations, there is no visible effect on the cost still.

12. Efforts are already initiated by small retailers to counteract the impact of O.R though on small scale. Store renovations, price reduction, more variety of goods are some of the strategies already initiated by the small retailers for facing the impact of organized retail at individual levels.

13. The areas such as business expansion, more aggressive advertisement and publicity campaign, credit card facilities, computerization are looked into positively for implementation in near future. Since majority of the small retailers enjoy local clientele, the need for intense marketing research is still nascent field.

14. Though the fear of unsettlement looms large, the idea of business diversification is not a favored option which again proves that the small retailers are quite determined and are not ready to give up their hopes.

15. Though unorganized sector is well aware of their strengths, spirited efforts to encash the same are lacking. Areas of competency of small retailers such as price competitiveness, customer relationship management, value based personalized services need to be harnessed to the maximum extent.

16. Simultaneously, honest desire is needed to have a fresh and unprejudiced look into the present way of conducting the business, areas of weaknesses so that new opportunities can be identified which may
help the small retailer to insulate his business from the threats of modern retail sector.

17. Strategic marketing is the need of the hour. Market updating on regular basis need to be undertaken by small retailers either professionally or otherwise. It is not found at present on a sufficient scale but must be formed as a part of marketing strategy by the local retailers. The data bank of competitive strategies employed by fellow retailers as well as organized retailers would certainly help the local retailer to ride over the tide.

18. The study concludes that serious attempt need be made by small retailers to add constant value to the customer by adopting modern and novel business practices.

19. The customer should be the focus of the service and not of profit generation alone. Emphasis on quality and availability of latest and variety of goods along with branded stuff so that the customer gets wide assortment. Accountability and transparency in operations would help in building the retailer as a “Brand”. Store ambience, hygiene at the workplace, attractive visual display in the shop, prompt and professional services from the sales staff, computerized billing and other operations are some of the other recommendations offered to counteract the impact of organized retailers on small retailers.

20. “CHANGE” is, thus must for small local retailers. Retailers need to constantly feel the pulse of the changing market and should be passionate towards excellence. A continuous and passionate effort towards excellence is acute need of the hour and alone can bring paradigm shift in the approach of local retailers towards their customers
and help them to face rapid changes occurring on the Indian retail horizon.

- **About Readymade Garments Category**

1. Deep penetration of organized retail is found in Readymade Garments sector in Eastern suburbs of Mumbai. All formats of O.R trade, namely malls, hypermarkets, supermarkets as well as specialty retail chains deal with Readymade Garments. Competition in Readymade Garments sector has become intense due to the presence of specialty retail chains. All leading national chains have opened a network of shops in the Eastern Mumbai region, both inside as well as outside the malls. They exist either in the form of company outlets or franchisee outlets, thus making it tougher for traditional retailers.

2. Malls are dominated by Readymade Garment shops. Though malls deal with wide assortment, the presence of Readymade Garments shops, either in the form of company outlets or franchisee shops is large in number. Readymade Garments account for more than 40 percent of the total shops in malls. Thus, it can be inferred that Readymade Garments is the most attractive product category in malls and is the most appealing model of big retail.

3. The departmental stores and hypermarkets are the part of malls and deal with multi product categories in branded as well as unbranded in Readymade Garments goods.

4. Readymade Garment shops, which form major chunk of the mall space, is the biggest crowd pulling product segment along with Food and Grocery and Fine and Dine restaurants and also is the most attractive section. Visit to Readymade Garment section in malls is on the top of the
agenda of all age groups but the proportion is very high among the young age group of 15-35 and their preferences to buy Readymade Garments in the malls are obvious.

5. It is concluded from the analyses of data that the customers are increasingly getting attracted towards organized retailers for the purchase of apparels. Readymade Garment is termed as impulse purchase and many have reported about higher spending in this product category due to malls. As wide choice of brands is available with modern retailers, the appeal is obvious.

6. The study observes that small retailers dealing with Readymade Garments Goods in East Mumbai are fragmented, run their shops in small area and do not enjoy any kind of patronage which is naturally available to big modern retailers. They are self made and their major area of strength is proximity with the local customers and flexible price structure with personalized service as majority of the clientele belong to local area only.

7. It is seen that majority of the traders keep unbranded stuff which is procured either from the original source or from local dealers. The credit period enjoyed varies between ten and thirty days. Most rely on mouth to mouth publicity only. Apart from banners, the use of other techniques of advertising and publicity is very modest. Festival offer, discount offer are more prominent and seasonal offer is specific.

8. Inference is drawn from the study that local retailers do hire the employees from either family sources or from acquaintances only. Apart from casual leave and annual bonus, other facilities are very modest. The employees do not have any job security, post retirement facilities and are trained through trial method only. The percentage of benefits such as
medical facilities, annual salary increments, personal loans etc is very less. Apart from the use of credit cards, other technology application is very poor.

9. Local retailers dealing with Readymade Garments Goods category in all suburbs of Eastern Mumbai is most affected due to organized retailers in terms of sales, customers, costs and profits though the degree varies from suburb to suburb. These retailers need to be highly alert as customers in all age groups seem to be getting attracted towards malls and other organized retail formats due to their irresistible appeal.

10. It is observed that more than fifty percent of the small retailers in this product category are protected from hike in cost of business operations despite the entry of organized retailers in this sector. As their scale of business is modest and majority of them deal with unbranded categories, the cost of operation seem to be not greatly affected for many of them.

11. Local retailers dealing with Readymade Garments product category need to be highly alert as customers in all age groups seem to be getting attracted towards malls and other formats due to their irresistible appeal.

- **About Furniture Goods Category**

1. It is concluded from the present study that mall culture may not have much impact on the small retailers dealing with Furniture Goods in near future.

2. The presence of Furniture Goods shops is very less in the mall which is the most popular format of organized retail. Since these shops mainly deal with either private labels or branded items, the visit of people to these shops is restricted to particular class only.
3. The Presence of Furniture Goods shops in organized retail are mainly found in Mulund, in the form of specialty retail chains outside the malls. These retail chain shops cover huge area, between 10,000 and 20,000 sq. ft. The presence of leading national chains such as Godrej Interio, Durian, At Home, Furniture Bazaar, The Living Room, Style Spa in Mulund and Bhandup suburbs in Eastern Mumbai have created a niche market for brands in this category.

4. The specialty retail chains are either direct company outlets or in the form of franchise outlets in Furniture Goods segment.

5. It is seen in that all organized retailers in this product category too keep either private labels or/and branded stuff only, procure the merchandise directly from the company and are natural beneficiaries of image of the parent company. Manpower is professional and is trained at the central place by the parent company.

6. Marketing strategy of organized retailers in this product segment is not found to be as aggressive as that of Readymade Garment sector. Festival offer is more common. Discount offer is sparingly used. Exchange offer is uncommon. All specialty chain shops follow print media for advertising and publicity and it is the most popular tool among all. Use of electronic media is common with national chains such as Godrej due to its national coverage. Stand alone specialty shops go for conventional modes of publicity only such as banners, hoardings and mouth to mouth publicity.

7. Technological applications in this product segment are modest as organized retailers do not follow bar coding as yet. Computerization of business operations exists and all retail chains have their independent website too.
8. It is observed that the customers still prefer to buy Furniture Goods from local retailers only. Since the market for both the sectors, organized as well as unorganized sector differs, organized retail may not have significant impact on local Furniture Goods retailers.

9. Local retailers dealing with this product segment in Eastern Mumbai operate in the average area ranging from 300 to 1000 square feet. All of them mainly deal with unbranded stuff procured from diverse sources such as company and local dealers. In addition, a few of them also stock brands of companies such as Godrej, Neelkamal etc. The practice of private label exists in this segment as few retailers run their own workshop and offer customized products to their clients. Stock rotation period ranges between three and six months for most of them.

10. Very modest techniques of advertising and publicity are followed by local retailers in Furniture Goods sector. All rely on mouth to mouth publicity. Apart from pamphlets distribution and occasional banners and hoardings, no other form is applied. Discount offer is more popular, followed by exchange offer. Special festival offers too are announced by many retailers to woo the customers. Free delivery, minimum warranty period are common facilities. Credit facility to the customers is followed mainly for loyal customers, albeit rarely. Use of credit cards is modest and not much popular in this segment.

11. It is observed in the study that a few Furniture Goods retailers manage their businesses without any manpower as their scale of operations are modest and customer turnover is not as frequent as that of Readymade Garments shops. The practice of adhoc hiring of people on daily wages is common in this sector. HRM policies are informal and unprofessional and are found similar in all three product categories under the study.
12. The impact of organized retail on local retailers is modest. Furniture Goods retailers in those suburbs where organized retailers exist are comparatively more affected, especially in Mulund and Bhandup. Sales, profit and customer turnover has been reduced in Mulund and Bhandup. Most of the specialty retail chains are found in these two suburbs where as other suburbs, Kanjurmarg, Vikhroli and Ghatkopar are comparatively safer. In terms of cost of operations, more than sixty percent of local retailers are unaffected.

13. It is thus, concluded from the present study that organized retail culture may not have immediate impact on the small retailers dealing with Furniture Goods in near future.

- **About Electronic Goods Category**

1. Present study infers that the presence of shops dealing with Electronic Goods in modern retail is mainly found outside the malls, in the form of specialty retail chains.

2. It is observed that the specialty chains are either direct company outlets or in the form of franchisee. The share of company outlets is bigger in this product segment.

3. It is seen that due to negligible presence of Electronic Goods shops in malls, it is not a very attractive section of visit due to lack of wide choice. The age group that visits these shops indicates that only serious shoppers visit Electronic Goods section in malls. Majority people prefer to buy these goods from modern retailers which again indicate the shift in the preferences of the people. It thus can be inferred that prospects are bright for modern retailers in this field.
4. It is concluded that Electronic Goods market is expanding in India, especially in branded category. With the presence of leading national chains, namely Croma, Next, Samsung, Vijay Sales, Plug In, Sumaria, Samsung in Eastern region, local retailers are facing stiff competition.

5. The study concludes that in this product segment, organized retailers stock multiple brands along with their own brands in the shops. Those retail chains which are exclusively in the field of marketing are MBO. Thus, it can be inferred that majority of the specialty retail chain shops in this product segment act as Multi Brand Outlets.

6. Aggressive advertising and publicity campaigns of the parent companies on multiple television channels, radio as well as in print media help the retail chains in brand positioning automatically. Festival offer is more common. Financing schemes offered by the parent companies is the main source of attraction for the customers. Credit facility, installment facilities too are offered on a big scale by these chains. Availability of wide variety offer better choice. Standalone specialty shops depend on conventional tools of advertising such as banners and hoardings.

7. All chains shops do get automatic benefit of centralized sourcing. Stock of inventory varies between fifty and eighty lakhs at a time. Computerized records are maintained at all outlets and human resource management is professional.

8. Local retailers dealing with Electronic Goods category are situated in average area of 300-800 sq. ft.

9. The study concludes that all local retailers dealing with the aforesaid product stock branded goods only. Though marginal share of unbranded
stuff is found, majority of the merchandise is branded. Stock turnover period for small retailers is less than six months.

10. Small retailers do not get the benefit of large discount from the company as they procure their goods mainly from the area dealer only. Due to their limited requirements, they lose out to big retailers in terms of discounts.

11. Modest advertising and publicity techniques are followed by small retailers which include mouth to mouth publicity, pamphlets etc. Discount scheme is more popular in this category. Small shopkeepers do not usually offer any independent scheme apart from discount offers as other offers are announced by the parent companies from time to time and are followed for the customers by local retailers. Warranty period, installment payment are more common and popular schemes in this segment.

12. In unorganized retail sector in general including that of Electronic Goods segment, human resource management is very poor.

13. Impact of organized retail is strongly and evenly felt in all suburbs of Eastern Mumbai. Local retailers across all suburbs of Eastern Mumbai are affected in terms of sales, profit, customers due to the spread of specialty retail chains. With the aggressive entry of organized retail in this sector, the competition has become tougher. Local retailers need to revamp their marketing strategies in order to face the challenges.

14. It is thus, concluded from the present study that organized retail spread in Eastern Mumbai has directly impacted small retailers dealing with Electronics Goods. If Indian government goes ahead with its plan of
opening up of consumer durable sector for FDI, small retailers will have tough times ahead.

8.6 Specific findings:

Specific findings drawn from the research work are divided into following two categories-

A) Specific findings about the growth of organized retail sector in Eastern Mumbai.

B) Specific findings relating to select products categories in Eastern Mumbai and impact of organized retail on the traders dealing with the products under study.

A) Specific findings about the growth of organized retail sector in Eastern Mumbai

1. Retail mania is spreading in Mumbai rapidly. In 2007, the retail space occupied by organized retail was 65 lakh sq.ft. and other 70 lakh sq. ft is likely to be added in next two years.

2. Eastern suburbs of Mumbai form 1/6th of the population of entire Mumbai region. This region has witnessed hectic activities on the organized retail front in last five years. With four functional malls and seven malls coming up in the next two years, shopping pattern of Eastern Mumbai is expected to change considerably.

3. Organized retail culture actually began in Eastern Mumbai with R mall, Asia’s one of the largest shopping malls which was built in Mulund in 2003, built up area is more than five lakh sq. ft. and houses 80 shops. Another marvel of architecture, dome structured Nirmal Lifestyles mall came in 2004 as a competitor with 79 shops and a huge open area
offering a real taste of shoppertainment to customers. Other two malls in
Eastern Mumbai are Huma mall and Platinum mall. Among upcoming
malls, Dreams mall which is built on 1.1 million sq.ft area is great
attraction. Six more malls with sq.ft. area between five and twelve lakhs
are coming in next two years. Besides malls, all other forms of organized
retail, hypermarkets, supermarkets, specialty chains, departmental stores
exist in Eastern Mumbai, thus offering wide choice of splurging to the
customers.

4. Specialty chains are large network of shops and such chains are found
both inside and outside the malls. Built up area ranging between 3000
and 5000 sq. ft, these chains offer a large variety of merchandise to the
customers. The presence of these chains is mainly found in Readymade
Garments, Furniture as well as Electronic Goods category either as direct
company outlet or franchise outlets.

5. Average area occupied by malls is more than 5 lakh sq.ft and more than
45 percent of the area is occupied by Readymade Garments goods,
followed by fine and dine restaurants. Other categories include footwear,
luggage jewelry etc and has limited presence.

6. Anchor tenants are the main attractions of malls. They are prime
occupants, set up on the area anywhere between 10,000 and 50,000 sq.ft.
These tenants are in the form of hypermarkets and departmental stores
dealing with wider assortment and have independent professional
mechanism for functioning.

7. Average footfall of customers during week days is 15,000- 20,000 and
increase by 100-150 percent on weekends. The average rate of
conversion of footfalls into sales is 60 - 65 percent.
8. More than 40 percent of the customers patronizing organized retail are in the young age group, between 25-35. Children constitute 20 percent and families between the age group 35-55 are 20 percent. The percentage of old people beyond 55 years is less.

9. More than 78 percent of the shops in malls deal with private label only, thus the era of private label has come in India as well.

10. More than 50 percent of the shops in malls are in franchise mode of business, thus it is fast emerging as popular format of organized retail.

11. The wide perception of the society that malls will have negative impact on small retailers is endorsed by more than 75 percent of the respondents.

12. Organized retail culture has changed the consumption pattern in urban India. Philosophy of affordable indulgence in comfort today is fast catching up in urban India with more and younger population, which is projected to reach more than 60 percent in the next 10 years.

13. For more than 80 percent of the crowd, shoppertainment is the biggest glue that attracts them to the malls along with host of other factors.

14. Visit to food and grocery section is highest on the agenda (80 percent) of the people with families in particular, thus appear to be the most favorite section among all. Other sections which are particularly dominated by young generation are readymade garments (80 percent), entertainment (94 percent), books and music (90 percent).

15. Readymade Garment is another section most frequently visited by all but the proportion is very high among age group of 15-35. (More than 80 percent). Their preference to buy Readymade Garments, in malls is
obvious due to their brand loyalty as wide assortment of brands is available in malls.

16. More than 95 percent of the respondents have expressed concern about the prospects of small retailers in Readymade Garments category, thus endorsing widely expressed fear about the likely impact of mall culture on small retailers.

17. More than 75 percent of the respondents have stated that malls have resulted into higher budgetary spending. 63 percent respondents stated that their purchases from local retailers have reduced as an impact of malls.

18. More than 82 percent people felt that products in malls are cheap and qualitative and prefer to buy products such as food, electronics goods, books and music in malls. This admittance indicates that the malls have indeed hit the pockets of consumers as well as local traders.

19. Though mall developers follow novel and aggressive promotional strategies, individual shops in malls depend upon tools such as print and electronic media along with posters and hoardings. (More than 30 percent). The shops in malls enjoy direct benefits of the promotional campaign launched by mall developers as well as anchor stores.

20. There is clear cut distinction as to the use of technology in malls. All anchor tenants follow (100 percent) advanced technology for management of their operations. But individual shops in malls do follow it on small basis and main deterrent may be the size of the shop.

21. Mall visit is looked at by more than 80 percent respondents as “Shoppertainment” a great shopping experience. Sophisticated
environment, the ambience, interiors, visual merchandising do create a positive impact on the visit. Mall visit is also looked at as an opportunity for family outing by 73.8 percent people interviewed. Festival offers too lure the people (71.2 percent) into visiting malls as temptations for acquiring quality products at cheaper prices cannot be resisted. Belief of the people that malls do offer the products at competitive prices is another reason for mall popularity (70 percent). The factors such as recreation, quality of customer service, time-saving do attract more than 60 percent people towards malls. Mall visits offer locational convenience, parking and seating facilities, facility of payment through credit cards and act as status symbols that influence customers' minds. From the analyses of the responses, it is amply clear that malls have succeeded in creating their image as a destination for "Complete Shoppertainment" experience.

B) Specific findings relating to Readymade Garments, Electronic Goods and Furniture Goods categories in Eastern Mumbai and impact of organized retail on the traders dealing with the products under study

1. Unorganized retail sector has a classic characteristic with regard to location. A cluster of shops dealing with any particular product category is found within a radius of one to two kilometers. Thus, the shops dealing with similar group of products are found to be closely situated in Eastern Mumbai. Though unorganized retail is highly fragmented and is in scattered form, there is a system within that chaos too.

2. Due to high density of organized retail formats in Mulund and Bhandup area, all small shops were found to be maximum within the distance between two and three kilometers from the malls. The shops in these two suburbs thus are in high impact zones.
3. Majority of the shops, 45.9 percent operate in small area of less than 500 sq.ft, another 43.5 percent between 500-1000 sq.ft. Very few shops have privilege of operating in big space.

4. More than 45 percent of the shops have been established in post LPG era. Though unorganized sector is perceived to be family oriented, whopping percentage of shops, 92.9 enjoy single ownership only. Only 2.4 are in partnership and 4.7 percent are in family ownership mode.

5. All Readymade Garments shops, 100 percent keep unbranded items, 100 percent in Electronics category keep branded items, where as the percentage is less than 50 in Furniture Goods category. All three sources of supply, dealers, local distributors as well as company are tapped for merchandise procurement. In case of unbranded category, direct sourcing from the company is made by more than 65 percent of the shopkeepers, where as for branded goods, more retailers are dependent on dealers as well as local distributors (60 percent). Stock turnover is average 1-3 months for 67.5 percent traders, 3-6 months for 30 percent and only 2.5 percent rotate it for the period beyond six months.

6. The age group of 25-55 is influencing the retail market presently as they seem to be the major chunk of productive customers. This age group has certain buying habits which were formed before the advent of organized retail era. More than 80 percent of the clientele of the small retailers is local.

7. To woo the customers, conventional strategies such as mouth to mouth publicity (100 percent), pamphlets distribution (40 percent) are regularly followed. Banners and hoardings are other conventional tools followed moderately. Miniscule (7 percent) have presence on local cable network,
whereas radio, T.V, internet are not touched generally for advertising and publicity by small retailers due to high cost.

8. Discount offer is favorite among 87.64 percent retailers, followed by festival offer which is given by 54.7 percent. Seasonal offers and festival offers are product specific. Product on product offer is specialty of malls and is absent with traditional retailers.

9. Free delivery is common with large percentage of retailers dealing with Electronics and Furniture goods category (93.82 percent), along with warranty (83.95 percent). Free repairs, exchange facility (89.41 percent) are others. Credit cards and credit financing is common with Electronics Goods category.

10. In more than 68 percent of the shops, less than five employees are recruited. Only 20 percent of the shops have more than five employees. A few shops also have a practice of part time employees. 17 percent of the shops have no official staff as they manage the affairs either alone or with the help of other members of the family.

11. More than 99 percent of the shops employ their staff through personal contacts only and are given training on the job only. Among the facilities, most common is casual leave (30 percent), followed by bonus (23.5 percent), and annual increase in salary (12.4 percent). Other fringe benefits include medical facilities, personal loans, annual leave etc followed by less than 15 percent of the traders. No pension or other employment security measures found with any of the shops.

12. Apart from credit card usage which was found with average 55 percent of the shopkeepers, other technology applications such as use of computers, internet etc is miserably poor in unorganized sector, though
great level of awareness and willingness to apply the same in future was observed.

13. More than 70 percent of the retailers are in favor of formation of trade association specifically for collective procurement of the merchandise as they feel that this measure would help them to combat with organized retailers effectively. However, active initiative was found to be lacking.

14. More than 60 percent of local retailers are opposed to the ban on modern retailers as they feel that it is an undemocratic measure. However, they expect Indian government to regulate the functioning of organized retail sector.

15. FDI in retail is another very sensitive area. More than 95 percent of the retailers expressed that they are opposed to the idea of opening up of retail for FDI. The fear of extinction is obvious in the responses.

• **About Readymade Garments Category**

1. Readymade Garment product market is changing due to the structural changes happening in Indian market. The growth of Readymade Garments products can be divided into four phases - Pre 1990 which marked era of tailor made clothes, 1990-95 witnessed the emergence of ready to wear market, though it was confined to limited up market segment. Globalization period witnessed flourishing brands like Arvind Mills, Pantaloons etc. which gradually settled in the new millennium. The new millennium phase is one where young and unworldly mobile customers are found to be brand conscious and have categorically switched over to branded apparel in urban markets.
2. Total market for apparel in the year 2004 was about Rs. 8,000 Crores and the share of organized retail was only 0.5 percent. The same increased to 3 percent in 2006. This shows 2.5 percent increase in just 2 years. Thus it appears that the share of organized retail in the Readymade Garments segment is rising.

3. The presence of Readymade Garments shops in malls is higher (40 percent) than other product categories. These shops are found operating mainly franchise and in co-owned outlet modes in malls.

4. Total 88.23 percent shops in malls dealing with Readymade Garments were found to be in franchise mode. More than 80 percent of these shops rely upon parent company for advertisement and publicity in addition to their independent publicity campaign. Twice in a year various mega offers are announced for the customers. Loyal customers are informed about new arrivals. 89.4 percent of the shops directly source their merchandise from manufacturing companies. Whereas 10.52 percent procure goods from distributors too. In case of Readymade Garments, stock turnover period is between 1 and 3 months.

5. The departmental stores dealing with Readymade Garments have their own merchandise procurement system. They follow advance technologies like ERP, CRM, electronic surveillance systems etc. Their stores also sublet the space for small operators within their stores. Independent advertisement and publicity campaign, professional HR are other additional features of these anchor stores in malls, since they add value to malls.

6. More than 90 percent of Readymade Garments shops in malls offer private labels only. Departmental stores are multi brand outlets and the brands of other companies along with their own labels are sold in the
departmental stores. Leading national brands such as Provogue, Raymonds, Hakoba, Peter England, Levi, Pepe Jeans, Ruff Kids and many more are present in malls in the form of private labels.

7. Among the visitors in malls, 77 percent visit Readymade Garments section regularly. It is on the top of the agenda of all age groups but the proportion is very high among the age group of 15-25. 75 percent prefer to buy Readymade Garments goods in malls. 71 percent reported increase in average spending of Readymade Garments goods due to malls. More than 95 percent felt that local retailers dealing with Readymade Garments goods will be affected either severely or moderately due to malls.

8. All, that is, 100 percent of the local Readymade Garments retailers stock unbranded goods whereas less the 50 percent deal with both branded and unbranded. Readymade Garments market is mainly concentrated around station road area where more density of crowd is found.

9. Local retailers rely mainly on the dealers only for merchandise as their requirements are limited. 49 percent buy the stock of branded goods from dealers and 3 percent buy from local distributors. No trader of Readymade Garments has direct sourcing of branded goods from the company, whereas for unbranded goods, 60 percent buy directly from the company, 3.6 percent from dealers and 2 percent from local distributors. Inventory and stock turnover period is from 1 to 3 months for 95 percent of Readymade Garments traders.

10. More than 80 percent of clientele belongs to neighborhood. Mouth to mouth publicity is the main technique of advertisement and publicity for 100 percent of the retailers, followed by distribution of pamphlets (33 percent). More than 10 percent regularly advertise on cable network. Use
of banners, hoardings is moderate. No use of advertising techniques such as internet or television or radio. Discount offer is hot favorite with 87.64 percent, followed by festival offer (50.56 percent). Seasonal offers too are offered by 28 percent of Readymade Garments traders. Among the facilities, exchange facility is common (90 percent). Credit card is used by 50 percent of Readymade Garments traders.

11. HR techniques are conventional. More than 95 percent of the staff is appointed through personal contacts and family sources and given moderate training on the job. Among the facilities, bonus and casual leave are common with 90 percent and other facilities such as medical, annual increments etc are shop specific.

12. More than 7.86 percent of the small Readymade Garments traders recorded increase in average annual sales after the advent of malls in Eastern region, 57 percent recorded decrease in sales where as 35 percent stated that there is no significant variation in sales despite the entry of malls. Among the sufferers, Mulund is worst hit with 80.48 percent traders witnessed decrease in sales between 10 and 40 percent, Bhandup 56 percent and Ghatkopar 60 percent. Traders from Vikhroli and Kanjurmarg are in safer position comparatively as more than 50 percent stated no change in their sales.

13. Out of total traders, 58 percent recorded a dip in profit, eight percent stated to have enjoyed a rise in profit where as 34 percent have more or less the same situation with regards to profit. Again in Mulund, the percentage of suffering is more (More than 80 percent), Bhandup 81 percent and 60 percent in Ghatkopar. The fall ranges between 10 and 40 percent. Less affected areas are again Vikhroli and Kanjurmarg.
14. As regards impact on the cost factor, 40 percent stated to have seen increase in cost of operations due to malls, 58 percent said no difference and nil percent of traders witnessed a decrease in cost. Again suburb wise, Mulund and Bhandup are leading from front where as Vikhroli, Ghatkopar and Kanjurmarg are less affected.

15. Total 57 percent of the shopkeepers stated to have witnessed decrease in customers due to organized retail, 8 percent stated about increase and 35 percent reported of no change. Total 75.8 percent of the shops have seen decrease in customers in Mulund, 67 percent in Bhandup, and more than 60 percent of the shops in Ghatkopar reported to have seen less customers due to malls. Vikhroli and Kanjurmarg are comparatively unaffected.

• About Furniture Goods Category

1. Post 1990, national players such as Durian, Gautier entered into Furniture Goods market with large furniture showrooms spanned across the city. Wide choice of selection, quick delivery, ambience, availability of global trendy designs has made organized retailers in this category a big success. Other big players Portico, Godrej Life spaces, Style Spa, Pergo too have made their presence felt in O.R sector. Total Indian furniture goods market in 2004 was more than Rs.35000 crores and the share of organized retail was less than 5 percent. The same has increased to more than 10 percent in 2006 and is growing further.

2. Presence of Furniture Goods shop is mainly found outside the malls in the form of specialty retail chains as only 2 percent of the shops in malls belong to this category.
3. Specialty retail chain shops such as Durian and others have set their business since 2003 – 04. Average area occupied is 7500 sq ft. These shops are either direct company outlets or franchisees. More than 95 percent of the shops offer festival discount to the customers. Along with print and electronic media, other conventional tools of advertising are followed by all of them. Since all of them procure merchandise from the company, all enjoy benefits of scale. Average value of inventory is around Rs.50 lakhs. Professional and skilled HR is the area of strength of specialty retail chains.

4. As only 2.5 percent shops in malls are Furniture Goods, this segment has very negligible presence in malls. 55 percent people said that they still prefer to buy Furniture Goods from local retailers. Only 29 percent stated that their spending in Furniture Goods have increased due to malls. More than 60 percent stated that organized retail culture will not have much impact on local retailers dealing with furniture as both markets are different.

5. Local retailers dealing with Furniture Goods are mainly found located in a busy residential locality (60 percent) in Eastern Mumbai, though in suburbs such as Vikhroli and Kanjurmarg their presence is also found near station (40 percent). All Furniture Goods retailers deal with unbranded category, 40 percent deal with both and only 5 percent have their own private brand which is sold along with other products.

6. Unbranded goods are sourced directly from the company by 67.5 percent Furniture Goods traders. Branded goods too are procured from the company by more than 90 percent of them. Since furniture goods are capital expenditure, turn over cycle is comparatively slow between 3 and 6 months.
7. More than 80 percent clientele of Furniture Goods traders is local. Mouth to mouth publicity is the most sought after technique followed by all. Use of pamphlets, banners and hoardings is very modest. Discount offer (92.5 percent), Exchange offer (65 percent), Festival offer (50 percent) are more common. Free delivery to customers (98 percent) is common facility. Warranty and credit facility followed on modest scale.

8. HR practices of Furniture Goods traders are conventional. More than 95 percent of the staff is appointed through personal contacts and family sources and given moderate training on the job. Among the facilities, bonus and casual leave are common with 90 percent and other facilities such as medical, annual increments etc are shop specific. Furniture Goods traders also have a practice of hiring part time employees.

9. Use of technology is limited. Very few number of Furniture Goods traders have credit card system. Use of computer in terms of billing, record maintenance is miserably poor.

10. A total of 12 percent of the small Furniture Goods traders recorded increase in average annual sales after the entry of malls in the region, 42 percent recorded decrease in sales where as 46 percent stated that there is no significant variation in sales despite the entry of malls. 70 percent traders in Mulund witnessed decrease in sales between 10 and 40 percent, Bhandup 61 percent. Traders from Vikhroli and Ghatkopar are in safer position comparatively.

11. Out of total traders, 52.5 percent recorded a dip in profit, 5 percent stated to have enjoyed a rise in profit where as 42.5 percent have more or less the same situation with regards to profit. Again in Mulund, the percentage of suffering is to the extent of 70 percent, In Bhandup it is
84.6 percent. Ghatkopar, Vikhroli and Kanjurmarg are comparatively unaffected.

12. As regards impact on the cost factor, 42 percent stated to have seen increase in cost of operations due to malls, 58 percent said no difference and nil percent of traders witnessed decrease in cost. Again suburb wise, Mulund and Bhandup are leading where as Vikhroli and Ghatkopar are less affected.

13. Total 40 percent of the shopkeepers stated to have witnessed decrease in customers due to organized retail, 12 percent stated about increase and 48 percent reported of no change. Total 70 percent of the shops have seen decrease in customers in Mulund, 54 percent in Bhandup. Ghatkopar, Vikhroli and Kanjurmarg are comparatively unaffected.

• About Electronic Goods Category

1. Across the country, consumer electronic sector is the fastest growing sector. Factors such as rise in disposable income, awareness of better lifestyle, plastic card facilities have stimulated this growth. With the entry of global players such as Samsung, LG, Haier, Sony and others, competition has hottened up. Total Electronic Goods market was Rs.30,000 crores and the share of O.R was less than Rs. 2,000 crores. The same has increased to Rs. 5,000 crores in 2006 and is growing further.

2. The presence of organized retail in electronics category is found in the form of specialty retail chains, mainly outside the malls. Only 2 percent shops in malls are Electronic Goods category.

3. More than 90 percent of the specialty chain shops are operational since 2003. They occupy large space ranging from 3000 to 10000 sq. ft. and
offer their home brand only. Notable retail chains such as Samsung, Sumaria, Next, Vijay Sales, Croma operate in Eastern Mumbai. Since these chains are either franchisee or direct company outlets, all have centralized sourcing facility and also get the benefit of publicity campaigns of parent company.

4. More than 53 percent people interviewed stated that they visit Electronic Goods section in malls, 60 percent said that they prefer to buy Electronic Goods from organized retail. 55 percent stated that organized retail has resulted into an increase in their average spending in Electronic Goods category. 80 percent agreed that organized retail will have negative impact on Electronic Goods traders in local area. Electronic Goods segment, thus seem to be more prospective for modern retailers.

5. As far unorganized sector dealing with Electronic Goods category is concerned, small traders are mainly found concentrated both near the station as well as in busy locality. All of them were found to be dealing with branded categories and are MBO. Though small items such as iron, tape recorder etc are sourced locally or China made, major products housed are branded only.

6. All products are procured mainly either from dealers and area distributors by more than 90 percent of traders. Since their requirements are limited, they do not get the benefit of direct sourcing from the company and have to depend upon middlemen for merchandising. Stock turnover period for more than 90 percent of the traders is between one and three months.

7. In Electronic Goods category, more than 80 percent of the clientele of small traders belong to local area only. Mouth to mouth publicity, pamphlets, banners and hoardings are the conventional tools of publicity
followed by all traders. Only 5 percent go for cable network. More than 80 percent go for festival and discount offer. Exchange offer is less common (50 percent). Since parent company declares different promotional schemes in this product category such as installment schemes, financing schemes, warranty, annual maintenance contract scheme etc, small traders are natural beneficiaries. All Electronic Goods traders follow credit card facility.

8. HR practices of Electronic Goods traders are conventional. More than 95 percent of the staff is appointed through personal contacts and family sources and given moderate training on the job. Among the facilities, bonus and casual leave are common with 90 percent and other facilities such as medical, annual increments etc are shop specific. Electronic Goods traders also hire part time employees.

9. A total of 2.4 percent of the small Electronic Goods traders recorded increase in average annual sales after the entry of malls in Eastern region, 85 percent recorded decrease in sales where as 12 percent stated that there is no significant variation in sales despite the entry of malls. 85.7 percent traders in Mulund witnessed decrease in sales between 10 and 40 percent, Bhandup 80 percent, Vikhroli 80 percent and Ghatkopar is hit maximum as 100 percent of traders interviewed stated to have been affected adversely. Only Kanjurmarg suburb is in comparatively safer position.

10. Out of total traders, 88 percent recorded a dip in profit, 2 percent stated to have enjoyed rise in profit where as 10 percent are unaffected with regards to profit. Again in Mulund, the percentage of suffering is to the extent of 92.8 percent, in Bhandup it is 80 percent. Vikhroli 80 percent
and Ghatkopar is hit maximum to the extent of 100 percent. Only Kanjurmarg recorded no change in profit.

11. As regards impact on the cost factor, 48 percent stated to have seen increase in cost of operations due to malls, 52 percent said no difference. All suburbs except Kanjurmarg have recorded increase proportionately.

12. Total 88 percent of the shopkeepers stated to have witnessed decrease in customers due to organized retail, 5 percent stated about increase and 7 percent reported of no change. Total 92 percent of the shops have seen decrease in customers in Mulund, above 80 percent in Bhandup and Vikhroli, Kanjurmarg is comparatively insulated from the change.

8.7 Conclusion:

Indian retail market has already passed through the initial phase of start up and the benefits of entering the phase of growth and consolidation are reflecting in the value creation of big retailers. Big retailers have begun to exploit the synergies that exist through expansion and consolidation. Stress on internal strategic alignments, cost control, strategic penetration into deep pockets of urban as well as rural markets, mergers and acquisitions, niche marketing and many such strategies are aggressively followed by modern retailers to grab the market pie.

On the other hand, small retailers across the country are awakening to the threat posed by big retailers. No doubt, the shops in the close vicinity of malls are affected to a great extent; overall business of small retailers across all market segments too is affected adversely. However, it is heartening to see that small retailers have taken up this threat as a challenge and opportunity to reshape their businesses. At many places, efforts are on to renovate the shops,
improve the quality of services, expand product basket and personalized attention in order to keep loyal customer bank intact.

Out of three chosen product categories for survey, Readymade Garment segment is affected in varying degrees in terms of sales, profits, costs and customers in the defined catchments area. Especially those shops which are close to the malls and specialty retail chains, within the radius of one and three kilometers are more affected than the rest. On the other hand, in Electronic Goods category, the effect is even and widespread. The main reason could be strong establishment of brands in this segment. Of three product categories, Furniture Goods shopkeepers bear less brunt of negative effect. Though Furniture Goods shops in close proximity of specialty retail chains in Mulund and Bhandup are affected, at other places, the effect appears to be minimum. There appears to be vertical split in consumer segment with regards to Furniture Goods market. Upworldly mobile segment, youngsters have a clear preference for branded category where as cost is major decisive factor for the masses. Dense existence of modern retailers in Mulund signifies the same. Regions such as Vikhroli, Kanjurmarg which are considered to be middle and lower middle class habitats, impact of modern retailers in Furniture Goods category is least felt.

Among the suburbs of Eastern Mumbai, Mulund is most affected in all three product categories. Since two big malls of India exist in Mulund along with deep network of all existing formats of modern retail, the observation of the researcher has been validated through scientific enquiry. Bhandup suburb is typically divided into less developed east and densely populated west region. Due to close proximity to Nirmal Lifestyles mall, retailers in Bhandup too are affected next in order in the select product categories. They are more anxious due to the upcoming ‘Dreams mall’ which is projected as Asia’s wonder mall.
Among remaining three suburbs, Ghatkopar ranks third in terms of effect. Presence of Platinum mall, Shoppers’ Stop and national electronics chains are the contributors to the results. Ghatkopar also has more percent of upwardly mobile population similar to Mulund. Though Huma mall exist in Kanjurmarg and Powai area has glitz of shopping centers, it has not impacted small traders much yet. Vikhroli too remains less affected in Readymade Garments and Furniture Goods category, though Electronic Goods retailers are affected due to the presence of national retail chains.

With steady growth of modern retail in India, traditional retail sector is bound to be affected. Along with individual measures by small retailers, Indian Government too has to take its share of responsibility at macro level. Role of the Indian government is crucial at this juncture. Especially when India is undergoing demographic transition phase, dillydallying by the government in clear policy formulation may directly jeopardize quality growth of this sector. Comprehensive policy document covering all aspects of retail as well as interests of all stakeholders will go a long way in healthy establishment and coexistence of both arms of retail, organized and unorganized.

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