CHAPTER III
CORPORATE RETAILING: AN OVERVIEW

3.1. Introduction

Retail industry, being the fifth largest in the world, is one of the sunrise sectors with huge growth potential and accounts for 14-15% of the India’s GDP. Comprising organized and unorganized sectors, Indian retail industry is one of the fastest growing industries, especially over the last few years. According to the Global Retail Development Index 2012, India ranks fifth among the top 30 emerging markets for retail. The recent announcement by the Indian government with foreign direct investment in retail, especially allowing 100% FDI in single brands and multi-brand, FDI has created positive sentiments in the retail sector. The retail sector has been at the helm of India’s growth story. This sector has evolved dramatically from traditional village fairs, street hawkers to resplendent malls and plush outlets, growing from strength to strength. The retail industry has emerged as one of the most dynamic and fast paced industries in India with several players entering the market. The retail industry in India was mostly unorganized; however, with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organized as well. Organized retailing has finally emerged from the shadows of unorganized retailing and is contributing significantly
to the growth of the Indian retail sector. Buying behaviour and lifestyles in India too are changing and the concept of value for money is fast catching on in Indian retailing. However, the boom in retailing has been confined primarily to the urban markets in the country.

3.2. Retail Industry in India

Traditionally Indian retail can be traced back from weekly markets, melas, and village fairs in small towns and villages to kirana stores, PDS outlets, Khadi Bhandaar, and co-operative stores in urban cities. The wave of retail began with various textile manufactures like Bombay Dyeing, Raymond, S.Kumar’s, and Grasim foraying into selling the product through their outlets. The evolution of retailing leads to an emergence of various modern formats like shopping malls, supermarkets, hypermarkets, departmental stores, apparel stores, etc. catering to all sectors of society. The retail industry’s size is presently Rs.144253 crore out of which the organized sector contributes a mere 4 per cent of the market size, fairly dominated by scattered, unregulated, and unorganized players. This sector is slated to be the biggest contributor to GDP and has promisingly generated employment in India that is moving towards a larger generation of employment opportunities in the times ahead. Organized retail is at its nascent phase wherein the large organized retail groups have aggressive expansion plans to penetrate the metros and Tier I cities and establish
themselves amongst rural masses of Tier I and Tier II cities. Due to the urban-rural divide, organized retail will grow in the metros and large cities, followed by semi-urban and rural areas.

### 3.3. Growth Drivers for Organized Retailing in India

In today’s dynamic and shaky business world, the retail industry is constantly upgrading itself. With an endless array of customer choices, fierce competitors, pervasive use of the internet, and a complex global economy, retailers need to focus on finding ways to sustain and grow their businesses. PricewaterhouseCoopers in its retail and consumer study, “From Beijing to Budapest: New Retail and Consumer Growth Patterns in Transitional Economies,” assessed the growth opportunities in fourteen countries in Asia, Central and Eastern Europe and Russia. It has determined six countries with "go" recommendations in terms of investment: China, India, Turkey, Thailand, Malaysia and Hungary. The biggest positive point as far as the sector is concerned is that Indian population is witnessing a significant demographic transition. The most important factors responsible for retail sector development in India are liberalization of the economy, upward mobility of middle class, shifting consumer demands and so on.

Liberalization of the economy since 1990s has been definitely the single most important factor leading to a shift towards organized form of retailing. Since the liberalization of the economy, there has been a visible
impact on the income level of the middle class, which as a whole is upwardly mobile, with a huge disposable income in hand. Along with this there has been a change in the spending habits with more focus on improving the quality of life through increasing consumption of high end products, which previously the middle class refrained from using. There has been a remarkable change in consumer taste and preferences over a last few years since the opening up of the market, entry of foreign brands and their products. Urbanization brings deep socio-economic and cultural changes. Urban population today increasingly becomes fashion conscious and hence brand names are more important to them more than the utility aspect of the products. The urban population is expected to increase to 38 per cent by 2026. Urbanization creates time pressures and need for paid-for conveniences. Organized retail outlets provide a one-stop shopping experience and are therefore better equipped to meet the needs of urban consumers than traditional retail outlets, as they are able to provide under one roof, a broad variety as well as other merchandise and services.¹

As income rises, absolute spending may increase, but its share of total ‘private consumption expenditure’ decreases. The disposable income has been showing a rapid increase from the last few years and is expected to grow steadily because of the proportion of the major consuming class.

Rising incomes and improvements in infrastructure are enlarging the organized retailing and accelerating the convergence of consumer tastes. Countries like India where population is relatively young imply growing buying power as well as increasing profits for companies. Indicus Analytics, an Indian research agency, in its study of consumption spending in 100 cities found that metros constitute about 30% of the total consumption market. This implies that the non-metros contribute as much as 70%.

The Indian middle class accounts for 22% of the total population. Disposable incomes and aspirations of the middle class have shown considerable increase and fuelled consumption. The increased spending power and aspirations of the middle class have made in a lucrative segment for organized retailers, distributors and consumer goods manufacturers. Retail expansion in the Tier II and III cities also makes a lot of sense due to the abundant availability of skilled labour. Moreover, these cities are characterized by low employee costs as well as lower attrition rates. Faced with increased requirements of skilled professionals, retail majors like Bharti and Future Group have entered into technical collaborations with selected business schools become content and curriculum patterns, while reserving their first right recruitment. Following the initiatives taken by the central and state governments to improve roads, availability of power, development of SEZs, etc. these cities have attracted considerable amount of investment by retail majors. Availability and cost of retail space is
another major consideration in the development of organized retailing. Prime locations in tire II and III cities are 30% cheaper than their counterparts in the metros. Average rental value for ground floor space can be as low as Rs.50-60 per sq.ft., a month, against Rs.100-120 per sq.ft in the biggest cities. Hence, the advantages of the low rentals, lower operational cost with air cooled small size stores and also the advantage of being closer to the source of agriculture and food products, allow retailers in these cities to break even in four-five months of being set-up.

The internet revolution is making the Indian consumers more accessible to the growing influences of domestic and foreign retail chains. About 47% of India’s population is under the age of 20 years; and this will increase to 55% by 2015. This young population, which is technology-savvy, watch more than 50 TV satellite channels, and display the highest propensity to spend, will immensely contribute to the growth of the retail sector in the country. Exposure to the internet and privatization of the television channels contributed immensely to shifts in consumer demands leading to the need for more sophisticated retail chains to cater to their varied and specialized demands. Since 1985 successive governments have supported the modern retail sector, but mainly those with a certain format and size. The government’s aim was to increase tax revenues. In the mid-1980s government support was granted to business centers, entertainment centers that host social events, and to the construction of shopping centers
through investment subsidies, credits, and tax reductions. In addition, less complicated licensing regulations by the state and local authorities have played an important role in the spatial penetration along the regions.

3.4. Major Types of Retail Operations

Traditionally, there have been several distinct types of retail stores, with each offering a different product assortment, type of service and price level, according to its customers’ shopping preferences. However, retailers are experimenting with alternative formats that market it harder to classify them. For instance, supermarkets are expanding their non-food items and services, discount stores are adding groceries, drugstores are becoming more like convenience stores, and department stores are experimenting with smaller stores. This can be contemplated as a result of the changing attitude of Indian consumers and their overwhelming acceptance of modern retail formats. The following are the major types of retail operations.

Ownership Retailers: Retailers can broadly be classified by form of ownership; independent, part of a chain, or franchise outlet. Retailers owned by a single person or partnership and not operated as a part of larger retail institution are independent retailers. Around the world, most of the retailers are independent. Local florists, shoe stores and ethnic food markets typically fit this classification. Chain stores are owned and operated as a group by a single organization. Under this form of ownership, the home
office for the entire chain handles many administrative tasks. The home office also buys most of the merchandise sold in the stores. Franchises are owned and operated by individuals, but are licensed by a larger supporting organization. The franchisee has access to the franchisor’s business methods and other important business aspects, such as the franchise name. In return the franchisee shares a part of the revenue with the franchisor. The common examples are McDonalds and Pizza Hut.

**Department Stores:** Department stores generally have a large layout with a wide range of merchandise mix, usually in cohesive categories, such as fashion accessories, gifts and home furnishings, but skewed towards garments. These stores are focused on wider consumer audience catchments, with in-store services as a primary differentiator. The department stores usually have 10000-60000 sq. ft. of retail space. Various examples include Shoppers Stop, controlled by the Raheja Group, a pioneering chain in the country's organized retail; Pantaloons, a family chain store, which is another major player in the segment; and Westside, the department store chain from Tata Group's Trent Limited. Housing several departments under one roof, a department store carries a wide variety of shopping and specialty goods, including apparel, cosmetic, house wares, electronics, and sometimes furniture. Even though the department stores are classified as general merchandisers, some retailers may opt to carry a more selective product line. For instance, while Big Bazaar carries a wide range
of products from grocery to electronics, Shoppers Stop focuses primarily their products on apparel and lifestyle products.

**Specialty Stores:** Specialty stores are single-category, focusing on individuals and group clusters of the same class, with high product loyalty. Typical examples of such retail format are footwear stores, music stores, electronic and household stores, gift stores, food and beverages retailers, and even focused apparel chain or brand stores. A typical specialty store carries a deeper but narrower assortment of specialty merchandise than does a department store. These stores focus on specific market segments, specializing on particular products such as entertainment and recreation products, gift items and so on. The most notable among these include chains such as the Bangalore based Kids Kemp, the Mumbai books retailer Crossword; Times Group's music chain Planet M.

**Supermarkets:** Supermarkets, generally large in size and typical in layouts, offer not only household products but also food as an integral part of their services. Family is their target customer and typical examples of this retailing format in India are Apna Bazaar, Sabka Bazaar, Haiko, Nilgiris, Spencer’s from the RPG Group, Food Bazaar from Pantaloon Retail, etc. Supermarket chains are tailoring marketing strategies to appeal to specific consumer segments to help them stand out in increasingly competitive market place. Supermarkets can further be classified into mini
supermarkets typically 1000 sq. ft. to 2000 sq. ft. and large supermarkets ranging from 3500 sq. ft. to 5000 sq. ft. These stores today contribute to 30 per cent of all food and grocery organized retail sales.

**Drugstores:** Consumers are most often attracted to a drugstore by its pharmacy or pharmacists, its convenience, because it honors their third party prescription drug plan. Drugstores also carry an extensive selection of over the counter medications, cosmetics, health and beauty aids, seasonal merchandise, specialty items such as greeting cards, and a limited selection of toys and some non-refrigerated convenience foods. As competition has increased from mass merchandisers and supermarkets with their own pharmacies, as well as from direct mail prescription services, drugstores have been adding value added services such as twenty-four hour operations and drive through pharmacies.

**Convenience Stores:** A convenience store can be defined as a miniature supermarket, carrying only a limited life of high-turnover convenience goods. A convenience store is a relatively small retail store located near a residential area, open long hours, seven days a week, and carrying a limited range of staples and groceries. Some Indian examples of convenience stores include In & Out, Safal, amongst others. The average size of a convenience store is around 800 sq.ft.
Discount Stores: A discount store is a retail store offering a wide range of products, mostly branded, at discounted prices. The average size of such stores is 1000 sq.ft. Typical examples of such stores in India are food and grocery stores offering discounts, like Subhiksha, Margin Free, etc. and the factory outlets of apparel and footwear brands, namely, Levi’s factory outlet, Nike’s factory outlet, Koutons, etc. Discount stores can be classified into four major categories namely full line discount stores; discount specialty stores, warehouse clubs and off price discount retailers. The full line discount stores offer consumers very limited service and carry a much broader assortment of well-known nationally branded hard goods including house wares, toys, automotive parts, hardware, sporting goods and garden items, as well as clothing, bedding and linens. Specialty discount stores are often terms category killers, because they heavily dominate their narrow merchandise segment. Warehouse membership clubs sell a limited selection of brand name appliances, household items, and groceries. These are usually sold in bulk from warehouse outlets on a cash and carry basis to members only. Individual members of warehouse clubs are charged low or no membership fees. Common practices include price slashing, selling below cost, locating outlets to compete directly with each other and sometimes hiring away rival’s employees to get an edge in local markets. An off price retailer sells at 25 per cent more or below traditional department store prices because it pays cash for its stock and usually
doesn’t ask for return privileges. Off price retailers buy manufacturer’s overruns at cost or even less. They also absorb goods from bankrupt store, irregular merchandise, and unsold end of season output.

**Malls:** Shopping malls are the largest form of organized retailing today. These are located mainly in metropolitan cities, in proximity to urban outskirts. The area of shopping malls ranges from 60000 sq. ft. to 700000 sq. ft. and above. The idea is to lend an ideal ‘shopping experience’ which includes an amalgamation of product, service and entertainment all under a common roof. Examples include Inorbit Mall in Mumbai, Ansal Plaza in Delhi, and South City Mall in Kolkata.

**Hypermarket:** Typically varying between 50000 sq. ft. and 100000 sq. ft., hypermarkets offer a large basket of products, ranging from grocery, fresh and processed food, beauty and household products, clothing appliances, etc. The key players in the segment are the RPG Group's Giant (Spencer’s) hypermarkets, and Pantaloon Retail's Big Bazaars.

**Cash-and-Carry:** These are large B2B focused retail formats, buying and selling in bulk for various commodities. At present, due to legal constraints, in most states they are not able to sell fresh produce or liquor. Cash-and-carry stores are large, carry several thousand stock-keeping units and generally have bulk buying requirements. In India an example of this is Metro, the Germany-based C&C, which has outlets in Bangalore and Hyderabad.
**Shop-in-Shop:** There is a proliferation of large shopping malls across major cities. Since they are becoming a major shopping destination for customers, more and more retail brands are devising strategies to scale their store size in order to gain presence within the large format, department or supermarket, within these malls. For example, Infinity, a retail brand selling international jewellery and crystal ware from Kolkata's Magma Group, has already established its presence in over 36 department chains and exclusive brand stores in less than five years.

**Category Killers:** A multi-brand outlet is also known as category killers. Category killers focus on a particular segment and are able to provide a wide range of choice to the consumers, usually at affordable prices due to the scale they achieve. Examples of category killers in the West include Office Mart in the US. In the Indian context, the experiment in the sector has been led by “The Loft”, a footwear store in Powai, Mumbai measuring 18000 sq. ft. In Indian parlance, the concept of “category killers” is often found in the product categories as electronics “The E-Zone” office supplies “Office Line” and books “Crosswords”.

**Catalogue Retailers:** The concept of this form of retailing is that the customers will place orders after seeing products from a published catalogue. Tata Sons retail venture Croma utilizes this business channel. Orders can either be delivered by in house logistics or a third-party shipper.
The format utilized by McDonalds and Pizza Hut outlets for their delivery model can be identified as this format.

**E-tailers:** In this format the retailer principally sells via the internet. There are thousands of online, only retail sellers of which Ebay is the most famous in India. The benefit of this format for customers is that it is open 24X7 and for the retailer is that it does not need to stock the merchandise.

**Vending:** This form of retailing involves utilizing automated methods for customers to quickly purchase the desired product. This can be interactive kiosks and vending machines. The presence of vending machines for purchase of smaller items is already common in case of products like beverages and magazines. However, newer devices are entering the market which will be able to vend more expensive and bulkier products. By access of internet or telecommunications link, these systems will enable customers to use credit cards.

### 3.5. Corporate Retailing

The emergence of corporate retailing has been due to the demographic and psychographic changes taking place in the life of urban consumers. Growing number of nuclear families, working women, greater work pressure, changing values and lifestyles, increased commuting time, influence of western way of life, etc. have meant that the needs and wants of consumers have shifted from just being cost and relationship driven to
brand and experience driven, while the value element still dominating the buying decisions. Also, with the liberalization of Indian economy in the early 1990’s, the employment and income from the service sector has led to the burgeoning of the so called 'middle class consumers'. The lifestyle and purchasing power of this segment have fueled the growth of corporate retailing. India is currently in the second phase of the retail evolution with domestic customers becoming more demanding with their rising standard of living and changing lifestyles. Change in customers’ focus from just buying to broad shopping has led to pick-up in momentum in organized format of retailing. Proactive steps taken by the government permitting use of land for commercial development in various cities, including Mumbai and Delhi, have also contributed to increased availability of retail space in the country.

3.6. Major Corporate Retail Segments

The following are the major corporate retail segments in India.

Food and Grocery

The food and grocery segment is the second largest in the corporate retail and has an 11.50% share that is valued at Rs.90 billion. Initially this segment grew at a slow pace due to the presence of an established retailing system led by kirana stores, a highly-fragmented food supply chain, and the lack of a developed food processing industry. Nilgiris was one of the earliest retailers that started a chain of stores in different parts of the
country. In the post-liberalization, corporate retailers saw a renewed opportunity in the food and grocery segment.

**Fashion and Accessories**

Fashion and accessories is the largest category in corporate retail and have a 38.10% share. In terms of total retail, this category held the second position with a 9.50% share. The segment has driven the retail boom in India and has opened many opportunities for large as well as global retailers to enter the segment. Despite the high rental, many global retailers like Gas, Gucci, Levi’s, Benetton, Marks and Spencer have opened their stores in India. The apparel retailers are also pushing themselves to the accessories segment to attract more customers.

**Footwear**

The changes in consumer behaviour and attitudes are reflected in the increasing demand for newer styles and different types of footwear. The market currently offers many brands that cater to every target segment. The Indian footwear market is moving at a brisk pace presently to cater to the domestic demand. Moreover, the influx of international brands is inducing the otherwise price-conscious customers to shell out more bucks for their favourite brands. The footwear market is experiencing a changing consumer preference for casual and younger style due to media penetration and due to the increasing awareness about international trends and lifestyle. There
already are a large number of players, both domestic and international, in the semi-formal, formal and casual segment but the casual segment dominates the Indian footwear market with a 75% share. Branded sports wear is also growing at a faster rate than the other segments and the key players in this segment are Adidas, Reebok, Nike, Puma, etc.

**Home and Office Improvement**

Home and office improvement is another important segment of the corporate retail as people have started spending more on discretionary items. Presently the segment is growing at an impressive rate. Due to the salary hikes and rise in the double income households, the lifestyle needs of the young and flourishing India are surging and consequently, consumers are going for renovation of their homes. The concomitant rise in investments in furniture, home accessories and furnishings has added to the segment’s boom.

**Electronics**

The electronics market has seen a proliferation of brands and product categories in recent years. All international brands from Japan, Korea, the US, Europe and China have been launched in India and have been trying to build a pan-India dealer network. The lifestyle category has seen higher growth in India on the back of changing consumer preferences and a consumption boom.
Catering Services

The catering services market is divided into fast food, cafes and restaurants and others. India is a buoyant market for this segment with over a billion people with different food habits, religious festivals, and various regions. Each region has its own traditional food, dietary habits and its own food specialties. In recent times many international food chains have entered India, which has made this segment more dynamic and its growth, fast-paced. The key growth drivers of the segment in India are the changes in Indian demographics, working population, nuclear families, rise in double-income household, etc.

Telecom

The Indian telecom sector emerged as the second largest wireless network in the world after China with the recent spate in number of wireless subscribers.

Pharmaceuticals

The organized pharmaceutical retailer is known to implement innovative concepts and global standards to provide customers with an experience that is completely different from what an unorganized retailer offers.
Beauty and Wellness

In the organized market, the beauty and wellness segment showed tremendous growth due to the rise in service sector employment.

Jewellery

In the organized retail market, jewellery retail merely has a 2.90% share at Rs.23 billion.

Timewear

The market size of the watch market was valued at Rs.44 billion in 2007. The size of this market has expanded due to the changes in consumer preference and the growing market for international watches in India. International players like Tag Huer, Rado, Omega and Rolex have been signed up by Indian celebrities as brand ambassadors to tap the market.

Books, Music and Gifts

Books, music and gift retailing were the earliest segments that witnessed a consolidation of business into organized formats. Corporate retailers like Planet M, Music World, and Landmark dominated the music segment. Archies, a prominent gift retailer, has a presence on high streets as well as in malls. Moreover, new format chains like Crossword, Landmark, Oxford, and now, Odyssey, that fit into the leisure aspirations of people, are
located conveniently, and offer an ambience conducive to browsing and book buying.

**Entertainment**

This segment has been driven by the increasing base of young population in India, whose entertainment needs have been surging with the influx of malls and multiplexes that provide leisure retail, gaming, and cinema. Players in the segment are likely to gain greater market share as the consumers’ expenditure on entertainment is increasing. PVR Cinemas, Fun Cinemas, and Inox are the major players in the entertainment retailing space.

**3.7. Challenges to Corporate Retailing in India**

Corporate retail in India is little over a decade old. It is largely an urban phenomenon and the pace of growth is still slow. Lack of recognition as an industry hampers the availability of finance to the existing and new players. This affects growth and expansion plans. Real estate prices in some cities in India are among the highest in the world. The rent of the property is one of the major areas of expenditure; high lease rentals eat into the profitability of a project. In addition, the sector also faces very high stamp duties on transfer of property, which varies from state to state. The presence of strong pro-tenancy laws makes it difficult to evict tenants. The problem is compounded by problems of clear titles to ownership, while at the same
time land use conversion is time consuming and complex as are the legal processes for settling of property disputes.

Poor roads and the lack of infrastructure hamper the development of corporate retail in India. The sales tax rates vary from state to state, and the corporate players have to face a multiple point control and tax system. In many locations, retailers have to face a multi point octroi. With the introduction of value added tax in 2005, certain anomalies in the existing sales tax system causing disruptions in the supply chain are likely to get corrected over a period of time. In the case of the Indian retail sector, there exists a high threat of new entrants as the sector itself is in a nascent stage and is growing. Government regulation on FDI in the country can be seen as a barrier to entry. Other barriers to entry may be the inability to build economies of scale, substantial capital requirements in terms of investment in store locations, limited access in terms of distribution and high costs in terms of supply chain efficiencies.

The presence of substitute products can lower the attractiveness and profitability, because they limit price levels. The threat of substitute products is a function of the buyer's willingness to buy a substitute product and is influenced by the relative price and performance of substitutes and the costs of switching to substitutes. The unorganized retailing in India is still the largest wherein cheaper versions of products are available. In the
Indian retail, the bargaining power of buyers is fast increasing and can be termed as moderate to high, depending on the product or service. The buyers are the most powerful in the retailing industry. In an age of the informed consumer, meeting the buyer's expectations in terms of product, price and service is increasingly becoming difficult. High product differentiation is a major factor that intensifies the competition.

3.8. Profile of the Select Corporate Retailers

A brief description of the select corporate retailers is given below.

3.8.1. Reliance Fresh

With a vision to generate inclusive growth and prosperity for farmers, vendor partners, small shopkeepers and consumers, Reliance Retail, the 100% subsidiary of Reliance Industries, entered the retail foray involving an investment of Rs.25000 crore. Since its inception in 2006, Reliance Retail Limited has grown into an organization that caters to millions of customers, thousands of farmers and vendors. Based on its core growth strategy of backward integration, Reliance Retail has made rapid progress towards building an entire value chain starting from the farmers to the end consumers. Through multiple formats and a wide range of categories, Reliance is aiming to touch almost every Indian customer and supplier. Reliance Retail has renamed “Ranger Farm” to Reliance Fresh Limited, having hived the name of their most popular format. The first of
their format is Reliance Fresh, a convenience store. These stores, ranging from 2000 to 5000 sq. ft., provide customers with a variety of fresh fruits, vegetables, staple foods and other products in a world class ambience. It also sells kitchen equipment and other edibles. At present there are 1691 Reliance Fresh outlets across the country. These stores sell fresh fruits and vegetables, staples, groceries, fresh juice, bars and dairy products.

The efficiency of Reliance's much talked about farm to folk supply chain is being put to test with this retail launch. This particular store is directly procuring from the farmers of Andhra Pradesh, Karnataka and Tamil Nadu giving it a quality and pricing advantage, something that Reliance hopes will fuel its success. The new formats launched by RRL are Reliance Trends, Reliance Footprint, Reliance Wellness, Reliance TimeOut, Reliance Jewels and Reliance Super. RRL also opened its chain of specialty wellness stores offering preemptive, curative and beauty solutions under the brand name of Reliance Wellness in the cities of Hyderabad and Bangalore.

3.8.2. Megamart

In 1930 the world suffered the great depression. Companies across the globe began closing down. In UK and in India, the textile industry in particular was in trouble. At this time, Mahatma Gandhi championed the Swadeshi Movement and at his call, people from all across India began boycotting fine and superfine fabrics, which had so far been imported from
England. In the midst of this depression one family saw opportunity. The Lalbhais reasoned that the demand for fine and superfine fabrics still existed. And any Indian company that met this demand would surely prosper. The three brothers, Kasturbhai, Narottambhai and Chimanbhai, decided to set up a mill to produce superfine fabric. They looked around for state-of-the-art machinery that could produce such high quality fabric. The best technology of that time was acquired at a most attractive price from England. And a company called Arvind Limited was born. Arvind Limited started with a share capital of Rs.2525000 in the year 1931 with the aim of manufacturing the high-end superfine fabrics. With 52560 ring spindles, 2552 doubling spindles and 1122 looms it was one of the few companies in those days to start along with spinning and weaving facilities in addition to full-fledged facilities for dyeing, bleaching, finishing and mercerizing. Steadily producing high quality fabrics, year after year, Arvind took its place amongst the foremost textile units in the country.

In the mid 1980’s the textile industry faced another major crisis. With the power loom churning out vast quantities of inexpensive fabric, many large composite mills lost their markets, and were on the verge of closure. Yet that period saw Arvind at its highest level of profitability. The Arvind management coined a new word for it new strategy called Reno vision. It means a new way of looking at issues, of seeing more than the obvious and that became the corporate philosophy. The national focus
paved way for international focus and Arvind’s markets shifted from domestic to global, a market that expected and accepted only quality goods. In 1987-88, Arvind entered the export market for two sections, Denim for leisure and fashion wear and high quality fabric for cotton shirting and trousers. By 1991 Arvind reached 1600 million meters of Denim per year and it was the third largest producer of Denim in the world.

In 1997, Arvind set up a state-of-the-art shirting, gabardine and knits facility, the largest of its kind in India, at Santej. With Arvind’s concern for environment a most modern effluent treatment facility with zero effluent discharge capability was also established. Year 2005 was a watershed year for textiles. With the multi-fiber agreement getting phased out and the disbanding of quotas, international textile trade was poised for a quantum leap. In the domestic market too, the rationalizing of the cenvat chain and the growth of the organized retail industry was likely to make textiles and apparel see an explosive growth. Arvind has carved out an aggressive strategy to verticalize its current operations by setting up world scale garmenting facilities and offering a one-stop shop service, by offering garment packages to its international and domestic customers. With Lee, Wrangler, Arrow and Tommy Hilfiger and its own domestic brands of Flying Machine, Newport, Excalibur and Ruf & Tuf, Arvind set its vision of becoming the largest apparel brands company in India. Arvind is amongst a few organizations worldwide with a portfolio of brands that are as
distinctive and relevant across diverse consumers. At Arvind, brands work across multiple channels, price points and consumer segments. The expanse of the Arvind brandscape is spread across the Indian market with around 273 standalone brand stores in addition to 975 counters selling through key accounts and multi-brand outlets across India.

Arvind runs India's largest value retail chain called Megamart. The Megamart format offers a unique and differentiated proposition to the consumers. It offers mega brands at amazingly low prices and provides a retail experience of a high-end department store. The Megamart stores range in size from 2000 sq ft to 65000 sq ft. The larger stores are called Big Megamart and there are 6 such stores across Bangalore, Chennai, Pune and Mumbai. The smaller formats that spread across the country are 205 in number. Megamart is expanding rapidly and is expected to be Rs.1000 crore chain within the next two years. The brands sold exclusively in Megamart include Ruggers, Skinn, Elitus, Donuts, Karigari, Mea Casa, Auburn Hill, Bay Island, Colt, Leisha and Edge.

3.8.3. Himalaya Drug

Himalaya's story began way back in 1930. A curious young man riding through the forests of Burma saw restless elephants being fed the root of a plant, Rauwolfia serpentina, which helped pacify them. Fascinated by the plant’s effect on elephants, this young man, Mr. M. Manal, the founder
of Himalaya, wanted to scientifically test the herb’s properties. With no money and only a pocketful of dreams, he pawned his mother’s jewels to buy a hand-operated tableting machine. The years that followed were a time of endurance and a test of the young man’s patience, strength and passion. He spent his days learning about herbs from neighborhood healers and his nights working on the machine to make a few hundred tablets. His vision was to ‘bring the traditional Indian science of Ayurveda to society in a contemporary form’. In a time when herbal products were regarded with scepticism, the founder’s belief in the healing power of herbs was unwavering. He felt that if people were offered safe and effective herbal medicines, they would come to accept them as part of their healthcare routine. He believed that herbal medicines could and should be evaluated on the same quality and efficacy parameters as conventional medicine. This was possible through empirical research. Once scientific research proved that herbal products worked, even doctors could be won over. This was a big dream with big challenges. But he persevered on despite the obstacles. After four years of researching the herb Rauwolfia serpentina, Serpina®, the world's first natural antihypertensive drug was launched in 1934. The discovery set the future course for Himalaya. With a history spanning eight decades in the area of herbal research, Himalaya shares a close relationship with nature. They are in the business of not only promoting good health but also safeguarding the health of the planet.
In 1955, Himalaya introduced Liv. 52, a liver formulation that ensures optimum liver function. The product soon became its flagship brand and a top selling herbal medicine. Other brands soon followed including Cystone, Bonnisan and Rumalaya forte, products that went on to become household names. In 1999, Himalaya entered the personal care segment under the brand name 'Ayurvedic Concepts'. This was unchartered territory which brought with it new challenges and new opportunities for learning. Himalaya had close to seven decades of research experience in herbal medicine and this legacy helped to understand the world of herbs. The prospect of entering the personal care space was therefore exciting. They wanted to give customers herbal personal care products that were mild, gentle, hard-working and steeped in science. Its guiding philosophy is to develop a range of personal care products rooted in Ayurveda and backed by research, a mainstay of the Himalaya brand. By remaining true to its research ethic, they built credibility for its range of herbal personal care products and gained the trust of its customers. A year later, they expanded their portfolio to include animal health products with the objective of caring for the health and well-being of animals. With the expanding range of products and growth in international markets, Himalaya underwent a rebranding where the entire range was brought under a single umbrella i.e. Himalaya Herbal Healthcare. With the present portfolio of pharmaceuticals, personal care, baby care, well-being and animal health products, Himalaya
has evolved into a 'head-to-heel' herbal wellness company. After close to 80 years, they remain committed to enriching the lives of people who use its products. Himalaya's therapeutic products have brought relief to people suffering from ailments like liver disorders, diabetes to kidney stones and joint disabilities. Its personal care range captures the best in nature and science, giving the customers products that are gentle, effective and safe for long-term use. Today, the Himalaya brand is synonymous with safe and efficacious herbal products. Starting off operations in Dehradun way back in the 1930s, the company later spread its wings to Mumbai and across the country. In 1975, the company set up an advanced manufacturing facility in Makali, Bangalore, India. In 1991, the company relocated its research and development facility to Bangalore. It operates in over 90 countries, its products are prescribed by 400,000 doctors worldwide, and millions of customers trust it for their health and personal care needs.

3.9. Summary

In this chapter an attempt has been made to give a conceptual framework of corporate retailing in India. The Indian retail market is primarily unorganized and the penetration of modern retail is very minimal. The entire sector is dominated by small retailers consisting of local kirana shops, general stores, footwear and apparel shops, hand-cart hawkers and pavement vendors. This is in contrast to the trend in developed economies
of USA, UK, France and Germany, where organized retail is in the range of 75-80 per cent. The corporate retail formats generally consist of supermarkets/convenience stores, hypermarkets, discount stores, specialty stores and departmental stores. The existence of these corporate retail outlets is generally found in malls and prominent high streets across various cities. With partial relaxation of FDI norms pertaining to retail, the corporate retail market is expected to grow at a healthy rate. There has been a creeping internationalization of retailing in the recent past. The profiles of the select corporate retailers are reviewed in this chapter.