Chapter-IV
Food Retailing

4.1 Food Retail Scenario in India

Food retailing has come of age – from a period when food items were sold in small road side grocer shops and mandis, haats and bazzars by vendors to a stage when food products (processed and groceries) are retailed through modern retail stores where consumers can inspect, select and pick up the products they like in a comfortable ambience and still pay a fair price for the merchandise and sometimes even pay less than the price they would have paid at the nearest grocery stores. Shopping for groceries is no longer a strenuous and uncomfortable affair for the Indian consumer.

The food retail market includes the retail sales of all food products, both packaged and unpackaged, as well as beverages. The Indian food retail industry had total revenue of US$ 306.1 billion in 2009, representing a compound annual growth rate (CAGR) of 11.7 percent for the period spanning 2005-2009. By 2014, the Indian food retail industry is forecasted to have a value of US$ 443.7 billion, an increase of 45 percent since 2009. (Datamonitor, 2010). It presently accounts for around 14 percent of overall organized retailing (KPMG, 2010).

However, this level of growth is not without problems. Indian Food and Grocery retailers already endure razor-thin margins, at about one-third than that of their European counterparts. Organized retailers are facing stiff competition from traditional-style grocers, who are clearly still the preferred source for the Indian masses, especially in smaller cities and towns. Traditional stores are mostly owner-operated and have low property and labour costs.

Retailers in Indian food retail industry range widely in size yet unlike in many other nations large chain Supermarkets and Hypermarkets in India have a somewhat moderate force than smaller independent retailers. Speciality or luxury food outlets’ grip on the industry is relatively limited. The Supermarket and Hypermarket retailer are still developing and are set
to expand rapidly as the US Giant – Wal-Mart set up a joint venture with Bharti retail and opened Cash and Carry stores.

**Figure 4.1: Indian food retail industry value forecast in $ billion (2009-14)**

![Graph showing the forecast of the Indian food retail industry value from 2009 to 2014.](http://360.datamonitor.com/Product?pid=4099A0C2-8856-4A6F-A5D4-16059C4345DB)


Major retail players in the market are Pantaloon Retail Ltd. and Aditya Birla Retail Limited (ABRL). Another retail giant Subshiksha which had 1600 outlets across the country collapsed in 2009.

The Indian food retail sector is growing swiftly. Many small food stores are independently run, often by families without technical or accounting standardization. The ratio of such retailers to consumers is high, allowing the latter to switch, thus strengthening buyer power. The sheer volume of potential customers in key areas of food retail industry diminishes the standing of any individual customer. The revenue generated through any particular consumer is minimal, but collectively they represent wider consumer interests and retailers cannot afford to disregard the sensitivities of buyers. Price and convenience are central concerns for Indian consumers however these are not necessarily the principal factors. A rise in health
consciousness among consumers has driven a growing demand for nutritional quality in food products. The response of food retailers must accommodate such diverse interests. A number of retailers are operating incentive schemes for frequent shoppers and this can help secure customer retention. By discouraging movement across retail outlets, consumer mobility is reduced and, in the longer run, buyer power can be weakened. Speciality or Organic food retailers can, due to high level of product differentiation, justify price levels that would otherwise be unsustainable. In general, the buyer power in Indian food retail industry is moderate.

Suppliers to the food retail industry include food manufacturers, farmers and agricultural cooperatives. In order to ensure stability and offset the dangers of local sourcing problems or price fluctuations, large retail companies often maintain relationship with a wide range of suppliers. Long term contractual obligations are avoided wherever possible, and switching costs kept to a minimum. With a firm hold on key distribution channels, the leading retailers can dominate negotiations with certain suppliers. However, this is often difficult for Speciality or Organic food retailers. By and large, the supplier power in food retail is also moderate.

Large-scale, established retailers hold a natural advantage of operating businesses that benefit significantly from economies of scale, employing aggressive pricing schemes that cannot be matched by small retailers. However, the Indian food retail industry is fairly fragmented with Convenience stores acting as a key channel to the end-consumer. Exit and entry costs within the industry are relatively low, thus encouraging potential entrants. Largely, the threat from new entrants is strong in the retail sector.

A significant element to food retail is food service. Supported by strong marketing campaigns in case of fast food companies, and cultural tradition with respect to sit-down restaurants, both types represent a relative alternative for many consumers. It is unlikely to threaten food retailers in the foreseeable future majorly because they are labour intensive and often involving considerable start-up capital. So, threats from substitutes can be considered to be weak to moderate in the Indian retail industry.

Competition is fierce within the Indian food retail industry. The lack of substantial switching costs for consumers places pressure on retailers to secure their custom and loyalty. The
limited level of differentiation across the basic product range pushes larger retailers into competitive pricing policies. The close similarity of retail players increases rivalry as they attempt to differentiate themselves through product and price to attract consumers. This, however, is not easy where some companies operate in other industries and can absorb the temporary impact of declining food sales or high supply prices for others. This basic dependency gives rise to aggressive competition. By and large, the rivalry in Indian food retail sector is strong.

Figure 4.2 Five-Force Model – Indian Food Retail Industry


4.2 Food Retail Formats in India

With the changing food consumption patterns and changing consumer need for convenience, choice and value for money, the set-up of retail formats in the country are also changing. The
Indian consumers do visit about eight to ten outlets to purchase various food products, which make up their daily consumption basket. This includes visiting neighbourhood kirana stores, bakeries, fruit and vegetable outlets, dairy booths and chakkies (small flour mills), which is very time-consuming and unproductive way of shopping for food. With changing lifestyle there is growing scarcity of time, and convenience in food shopping is emerging as an important driver of growth of one-stop retail formats that can offer consumer 'value for time' in addition to 'value for money'. These are giving an opportunity to various other retail formats like:

**Neighbourhood or Convenience stores**

In India, about 90 percent of food purchases are made within a distance of 1.5 km from the customer's home. This means that organized retailers should have a format based on the customer’s basic need of locational convenience in order to capture the share of wallet that the customer spent on food. These stores cater to the consumer's daily and weekly needs. The outlets closest to a Convenience store in India are ‘Safal’ outlets operated by Mother Dairy in Delhi, ‘Margin Free’ in Kerala and ‘6-Ten’ operated by REI Agrovet in Punjab and Haryana (Chillibreeze Business Review, 2009).

**Supermarkets**

Though there is little brand awareness amongst Indian Food and Grocery consumers yet, a number of Supermarket chains have emerged in the past few years. This retail format caters to the consumer’s need for choice and variety. These needs translate into ‘more width’ and ‘more depth’ in each category. Most Indian Supermarkets (which are basically large grocery stores) are located in and around major cities with 1000-10,000 sq. ft. of floor space. A Supermarket can cater to the consumers' weekly, monthly, and occasional needs. Examples of Supermarkets operating in India are Reliance fresh, Food World, More Supermarket, and Easy Day Stores (Chillibreeze Business Review, 2009).

**Hypermarkets**

Hypermarket is another popular format in food retail. Hypermarkets are essentially destination stores catering to the consumers' bulk shopping needs in both food and non-food
categories. Hypermarkets (above 10,000 sq. ft.) have come up across major metropolitan cities, offering a range of value-added products and services to price-conscious middle income consumers. Spencer’s (RPG), Big Bazaar (Pantaloons), Star India Bazaar are some examples of Hypermarkets in India (Chillibreeze Business Review, 2009).

**Cash and Carry (C and C) stores**

Cash and Carry (C and C) stores sell their products to their members only. The typical area of a C and C store is 70,000 to 100,000 sq. ft. and both food and non-food products are stocked. The members are typically retailers and institutions. The key added value is a wide range of products under one roof, available at wholesale prices. So far, only four (three foreign and one domestic) companies operate in this space: Metro (German), Shoprite (South African), and SPAR (Dutch) are the foreign players while Wal-Mart has recently set up a joint venture with Bharti retail with Cash and Carry stores in Amritsar, Jalandhar and Zirakpur under the brand name of ‘Best Price’ (Chillibreeze Business Review, 2009).

However, there is a large variance in the categorization of these stores by area as retailers have different definitions for various patterns of stores. However, there are significant opportunities in fragmented market of Food and Grocery for domestic and international operators to establish brands with national and regional presence.

### 4.3 India’s Top Food Retail Brands

A brief profile of some of the leading food retail chains operating in the country is:

**Food World**

Food World has become India’s largest and fastest growing Supermarket chain. Today, over 89 stores offer customers a variety of brands at a very reasonable price. Food World in India is an alliance between the RPG Group in India with Dairy Farm International of the Jardine Matheson Group. Food World aims at establishing 200 stores all over Tamil Nadu, Andhra Pradesh, Karnataka and Maharashtra by 2012 (Food World, 2011).
Apna Bazaar

Apna Bazaar is the Rs 140-crore consumer cooperative society with a customer base of over 12 lakh. It caters to an upwardly mobile urban population. It is a 55-year-old chain that has mostly been identified with the “middle class”. Now, the cooperative has 400 outlets in all the 10 districts of Telangana, Secunderabad, Hyderabad, Kurnool, Krishna, Guntur and Prakasam districts (Apna Bazaar, 2011).

Reliance Fresh

Reliance Fresh was the first foray into retailing by the US$25 billion behemoth known as Reliance Industries Limited. There were three basic reasons for Reliance Industries Limited (RIL) choosing foods and vegetables for entering into retailing. First, it wanted to go after the very core of the great Indian retail opportunity. Food accounted for over two-thirds of the US$200 billion Indian retail market and yet, it had hardly seen any penetration by modern retail so far. Second, its aim was to build a high-profitability business and food was, perhaps, the best place to start. Third, the grossly inefficient food supply chain provided a well resourced and well managed organization like RIL with an opportunity to think of amending the flaws which also made business sense. In the traditional supply chain in India, there were several intermediaries, who added their respective profit margin to the cost. Besides, there was huge wastage in transit. This offered potential for savings and profits and Reliance Fresh was a step in that direction.

Reliance Fresh was launched by the opening of new retail stores in Hyderabad on November 3, 2006. Stores remained open from 9am to 9pm. On 24th January 2007, twelve Reliance Fresh outlets were opened in Chennai increasing the total store count to 40. Reliance tested its retail concepts by controlled entry, beginning in the southern states. The stores stocked their own private label in staples and food under the ‘Reliance Select’ label. Eventually the label included other food categories such as dairy products, jams and colas. The Fresh model was engineered to clock a faster turnover of inventory. Reliance expected consumers to visit the store at least twice a week for their top-up groceries. Each store had an investment of approx US$127,000 (Rs. 5 million) to US$153,000 (Rs. 6 million).
Reliance Fresh had consciously adopted a business model of operating through small and medium size stores. These stores were of 2,000-5,000 sq. ft. in comparison to a Supermarket which needed 8,000-10,000 sq. ft. It aimed to be a channel for not only consumer sales but also positioned itself as a distribution channel for other small outlets in various parts of the city by building an integrated supply chain to deliver and operate its “Farm to Fork model”. The company had been racing to set up deals with state governments to establish rural hubs to buy fruit, vegetables, pulses and dairy goods from farmers as it moved to build a 'state-of-the-art supply chain spanning the entire country'.

Reliance Fresh intended to bring high quality fresh food to the customers at an affordable price. Reliance Fresh also wanted to establish a benchmark of hygiene and quality in their sales. It thus sought to provide the consumer with affordable and quality produce in a congenial and pleasing environment and enforced stringent quality and hygiene guidelines which helped it bring high value to the consumer.

The company has 700 stores across the country. These stores sell fresh fruits and vegetables, staples, groceries, fresh juice, bars, and dairy products (Reliance Retail, 2011).

**Easy Day**

Bharti Retail is a wholly owned subsidiary of Bharti Enterprises Limited. The parent company has businesses including telecommunications, training and education services, fruit and vegetables (through a joint venture with Del Monte), financial services (through joint ventures with AXA), and retail.

The two main formats operated by Bharti Retail are Easy Day Supermarket Stores, and Easy Day Hypermarkets. The first store opened for business in 2008. By 2010, Bharti operated around 59 Supermarket stores and 3 Hypermarket stores (Bharti Retail, 2011).

**Best Price Modern Wholesale**

Bharti Wal-Mart Private Limited, a Joint Venture between Bharti Enterprises and Wal-Mart Stores Incorporation for wholesale, business-to-business, cash-and-carry, and back-end
supply chain management operations in India rolled-out “Best Price Modern Wholesale” cash-and-carry store at the cities of Amritsar, Jalandhar and Zirakpur in Punjab. Spread over an area of 50,000 sq. ft., the Best Price Modern Wholesale store offers best fixed and fair prices with unmatched convenience, choice, quality, and hygiene. It is a one-stop business-to-business store that meets the day-to-day needs of restaurant owners, hoteliers, caterers, fruit and vegetable resellers, kiranas, retail store owners, offices, and institutions. The assortment, service, and layout of the store are customised to specific needs of members who can walk in store and source high quality products in the quantities they need (Bharti Retail, 2011).

More

ABRL’s (Aditya Birla Retail Limited) foray into the retail sector began in December 2006 when it acquired Trinethra, the chain of stores based in South India. In May 2007, ABRL launched its own brand of stores called ‘More’. Till the end of 2010, company had set up 730 Supermarkets and 9 Hypermarkets. All the Supermarkets are branded ‘More’ and the Hypermarkets are branded ‘More Megastore’. Supermarkets branded as “More” are stores averaging 2,500 sq. ft. area with the core proposition of offering value, convenience and trust to the customers. ‘More Megastore’ Hypermarkets are self-service superstores offering value and range in food and non-food products and services at a single location. Hypermarkets are located in large catchment areas and encourage bulk purchase with discount prices and substantial depth of assortment with an average store size of 55,000 sq. ft. (ABRL, 2011).

Spencer's

Spencer's Retail Limited is one of India's largest and fastest growing multi-format retailers with 220 stores, including 30 large format stores across 35 cities in India. Spencer's focuses on verticals like fresh fruits and vegetables, Food and Grocery, personal care, garments and fashion accessories, home and office essentials, and electrical and electronics items. Established in 1996, Spencer's has become a popular destination for shoppers in India with Hypermarkets and Convenient stores catering to various shopping needs of its large consumer base (Spencer's Retail Limited, 2011).
Big Bazaar

Big Bazaar was launched in September, 2001 with the opening of its first four stores in Calcutta, Indore, Bangalore and Hyderabad. Within a span of ten years, there are now 148 Big Bazaar stores in 80 cities and towns across India. Big Bazaar is designed as an agglomeration of bazaars or Indian markets with clusters offering a wide range of merchandise including fashion and apparels, food products, general merchandise, furniture, electronics, books, fast food, leisure and entertainment sections.

Food Bazaar was incorporated within Big Bazaar in 2002 and is now present within every Big Bazaar as well as in independent locations. A typical Big Bazaar is spread across around 50,000 square feet of retail space. While the larger metropolises have Big Bazaar Family centres measuring between 75,000 square feet and 1,60,000 square feet, Big Bazaar Express stores in smaller towns measure around 30,000 square feet.

Most of the Big Bazaar stores are multi-level and are located in stand-alone buildings in city centers as well as within shopping malls. These stores offer over 200,000 SKUs in a wide range of categories led primarily by fashion and food products.

Big Bazaar is part of Future Group and is owned through a wholly owned subsidiary of Pantaloon Retail India Limited, which is listed on Indian stock exchanges (Big Bazaar, 2011).

6-TEN

The 6-Ten neighbourhood Convenience store chain is a division of REI Agro Ltd, India’s leading producer and exporter of basmati rice. It offers products such as grocery items, FMCG, and fruit and vegetables. Targeting middle class consumers, the Convenience stores are typically located close to consumers. The format does not require the store to be located in main markets or on main roads. The company has stores across states such as Punjab and Haryana to deliver household staples and shopping convenience to even Tier II consumers (REI Agro, 2011).
Nilgiri’s

Nilgiri’s is South India’s leading chain of retail stores providing consumers a shopping experience that hinges around freshness of produce, superior quality and better value. From humble beginnings in the hills around Ooty and Coonoor at the turn of the twentieth century, Nilgiris has grown from being a Dairy Farm specializing in butter to a Supermarket chain of over 90 stores spread across India’s southern states (Nilgiri’s, 2011).

Nature’s Basket

It is a venture of Godrej Agrovet. The company started its fruits, vegetables, dairy and poultry retail business through its Nature’s Basket stores in the urban areas. While seven Nature’s Basket stores were already functioning in Mumbai, the group planned to add another eight in Mumbai itself, before it set base in Delhi, Gurgaon, Hyderabad, Chennai, Chandigarh, Amritsar and Ludhiana. It had adopted a ‘Hub and Spokes Model’ for its distribution network (Godrej Agrovet, 2011).

ITC Choupal Fresh

These stores were started in the cities of Chandigarh, Hyderabad, and Pune, with their own cold chain supply to wholesale and retail clients. ITC had designed the supply chain in collaboration with Ingersoll Rand and Mitsubishi’s Snowman. Ingersoll Rand had designed the climate-control shelves, the freezer trucks in which farmers send produce, the pre-coolers, and Snowman managed the logistics of the produce. The store stocked only fresh fruit and vegetables, sourced directly from farmers from all over the country. And it expected that the organised retail market for fresh produce would touch US$12.4 billion (Rs. 500 billion) in the three years.

The e-choupal project was empowering farmers and in turn, helping create new businesses for the company. It essentially worked on digital infrastructure (IT, Internet access), physical infrastructure (rural Internet enabled offices), human infrastructure (managers and IT professionals) and network orchestration by ITC. As an intermediary, ITC had brought a network of insurance companies, banks, micro-finance entities, seed and fertiliser companies, FMCG, e-learning and training organisations to rural India. Launched in June 2000, in 10
years the 6,500 strong e-choupal kiosk's services reached millions of farmers growing a wide range of crops and seafood, soyabean, coffee, wheat, rice, pulses, shrimp, in over 38,000 villages across nine states of the country (ITC, 2011).

**Vishal Mega Mart**

Vishal Retail Ltd. is the flagship company of Vishal Group Ltd. It is engaged in Hypermarket stores with an average area of 25,000 to 30,000 sq. ft. through an impressive chain of 172 fully integrated stores spread over the area of more than 2,400,000 sq. ft. in around 110 cities across India in 24 states. The turnover of the company for 2009-2010 was 1,105 crores (almost US$ 250 million). Maintaining the highest standards in quality and design, these stores have come to offer the finest fashion garments at down-to-earth price structure. A fact that is better visible in the constant flow of shoppers all through the year. Under the title of Vishal Mega Mart, these stores have emerged as the destination for the bargain-hunters and fashion enthusiasts alike (Vishal Retail, 2011).

**Heritage Fresh**

The Heritage Group, founded in 1992 by Nara Chandrababu Naidu, with three-business divisions viz. Dairy, Retail and Agri under its flagship companies – Heritage Foods (India) Limited (HFIL), one infrastructure subsidiary – Heritage Infra Developers Limited and other associate Companies viz. Heritage Finlease Limited, Heritage International Limited and Heritage Agro Merine Private Limited. Presently Heritage’s milk products have market presence in Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Maharastra and in its retail stores across Bangalore, Chennai and Hyderabad. Integrated agri-operations are in Chittoor and Medak Districts and they constitute the backbone of retail operations. Recently the retail stores were rebranded as 'Heritage Fresh'. Heritage Fresh today has a total of 100 plus stores across the cities of Hyderabad, Bangalore, and Chennai. The company has pan-India expansion plans (Heritage Foods, 2011).

**Metro Cash and Carry India**

Metro Cash and Carry started operations in India in 2003 with two Distribution Centres in Bangalore. With this, Metro introduced the concept of Cash and Carry to India. These centres
offer the benefit of quality products at the best wholesale price to over 150,000 businesses in Bangalore. Metro offers assortment of over 18,000 articles across food and non-food at the best wholesale prices to business customers such as Hotels, Restaurants, Caterers, Food and Non-food Traders, Institutional buyers and professionals. Metro today is poised to extend its concept of Business to Business (B2B) wholesale to other cities in the country (Metro, 2011).

**Hypercity Retail**

HyperCITY Retail (India) Ltd. is part of the K. Raheja Corp. Group – a leader in the Indian retail sector. K Raheja Corp helped create retail boom in India with Shoppers Stop, InOrbit Mall and Crossword apart from their successes in realty and hospitality. HyperCITY offers its customers a dominating assortment of quality products at great value in a large, modern and exciting format. It also offers other value added services like consumer finance, ATM facility, telecom services, pharmacy, bakery and restaurants etc under one roof. HyperCITY launched its first store in Malad, Mumbai, which is spread over 1,20,000 sq ft. Today, HyperCITY has accomplished a total of 10 stores since its inception and have marked its presence in cities like Mumbai, Hyderabad, Bengaluru, Bhopal, Ludhiana, Amritsar and Jaipur. It offers over 44,000 products sourced from both local and global markets to choose from and boasts of quality, distinctive, dominant assortment at great value. HyperCITY promises convenience of everything under one roof and international shopping ambience that rivals the best in the world (HyperCity India, 2011).

**Spinach**

Spinach, a neighborhood community store for daily home needs is a part of the Wadhawan Retail (P) Ltd. (WRL), the food and grocery retail business promoted by the Wadhawan family. The first store was launched at the Bandra – Kurla Complex (Mumbai) in 2006. Today, there are 38 stores in Mumbai and in the adjoining Thane district, 5 in Pune and 5 in Kolhapur/Sangli region and 2 in Nashik. They are also present in the East with 8 stores in Kolkata.

The store has groceries, home and personal care, bakery products, fruit or vegetables. For the non vegetarians, in select locations, the stores have exclusive range of meat, poultry, fish and seafood, fresh and frozen, in a separate section.
At Spinach, the stores have three distinct formats. The large format stores (5000 - 7000 sq ft) are called 'Spinach Super', the medium sized stores (2500 - 3500 sq. ft.) are called 'Spinach Local' and smaller sized stores (1000-1200 sq ft) are called 'Spinach Express'.

**Big Apple Fresh**

Big Apple – A unit of Express Retail Services Pvt. Ltd is Delhi’s first ever company owned Fruit, Vegetable and Grocery retail chain which has opened there 65th store in Delhi.

Being well received by its consumers, Big Apple has ensured exponential growth from each store. The 125-crore company’s direct tie-up with farmers in Haryana, Rajasthan, Himachal Pradesh and Uttar Pradesh, provides consumers with uninterrupted and qualitative product supply every single time.

Big Apple in a matter of one year has spread all over Delhi, having 65 stores, placing itself in the prime locations of the city like East of Kailash, Hauz Khas, Lajpat Nagar, East Patel Nagar, Naraina Vihar, New Rajender Nagar, Model Town-1, Janak Puri, Vikas Puri, Rajouri Garden, Shyam Nagar, Mansarovar Garden, Bali Nagar, Shakti Nagar, Hudson Lane, Vishwas Nagar, Jhilmil, Krishna Nagar, Rani Bagh, Gandhi Nagar, Rohini, Main Vikas Marg, Pitampura, Sunder Vihar, Model Town-III, Narela, Darya Ganj and many other locations.

The best part of these stores is their timing i.e. 7 am to 11pm., which is quite beneficial for working couples who can plan out their daily shopping as per their own convenience. The growing number of stores is sign of growing retailer-customer relationship (Big Apple, 2011)

**Table 4.2: Major food retailers in India in 2010-2011**

<table>
<thead>
<tr>
<th>Retailer Name/Outlet type</th>
<th>Name of stores</th>
<th>Ownership</th>
<th>No. of outlets</th>
<th>Locations</th>
<th>Purchasing agents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pantaloons Retail(India) Ltd/Hypermarkets and Supermarkets</td>
<td>Food Bazaar</td>
<td>Future Group</td>
<td>133</td>
<td>Bangaluru, Pune, New Delhi, Ahmedabad, Hyderabad, Kolkata, Mohali, Jalandhar and other larger cities</td>
<td>Mainly distributors; directly from local manufacturers, and a few importers</td>
</tr>
</tbody>
</table>

Continued...
<table>
<thead>
<tr>
<th>Retailer Name/Outlet type</th>
<th>Name of stores</th>
<th>Ownership</th>
<th>No. of outlets</th>
<th>Locations</th>
<th>Purchasing agents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spencer’s Retail Limited/ Hypermarkets, Supermarkets and Convenience stores</td>
<td>Spencer’s Neighborhood store and Spencer’s Hyper</td>
<td>RPG group</td>
<td>220</td>
<td>Various cities in West Bengal, Punjab, Uttar Pradesh, New Delhi, West Bengal, Maharashtra, Gujarat, Tamil Nadu, Karnataka,</td>
<td>Mainly distributors; directly from local manufacturers and a few importers</td>
</tr>
<tr>
<td>Reliance Retail(Hypermarkets, Supermarkets and Convenience stores)</td>
<td>Reliance Fresh stores</td>
<td>Reliance Industries Limited</td>
<td>700+</td>
<td>71 cities and towns across India</td>
<td>Directly from local manufacturers, farmers, agents and importers, along with direct imports</td>
</tr>
<tr>
<td>Aditya Birla Retail Private Limited/ Supermarkets and Hypermarkets</td>
<td>More Supermarket and More Hypermarket</td>
<td>Aditya Birla Group</td>
<td>730 Supermarket stores and 9 Hypermarket stores</td>
<td>Punjab, Mumbai, Delhi, Gurgaon, Noida, Rajasthan, Kolkata, Ahmedabad, Baroda, and Surat</td>
<td>Directly from farmers, local manufacturers, agents and mandies(agricultural markets)</td>
</tr>
<tr>
<td>Bharti Retail Private Limited/ Supermarkets and Convenience stores</td>
<td>Easy Day Supermarket and Easy Day Market</td>
<td>Bharti Group</td>
<td>59 Supermarket stores and 3 Hypermarket stores</td>
<td>Haryana (Kurukshetra, Jagadhari, Faridabad), Punjab (Ludhiana, Amritsar, Hoshiarpur, Patiala, Jalandhar), Delhi, and Ghaziabad</td>
<td>Directly from farmers, consolidators and agents/distributors</td>
</tr>
<tr>
<td>Bharti Walmart(L) Private Limited / Cash and Carry</td>
<td>Best Price Modern Wholesale</td>
<td>JV between Bharti Enterprises and Walmart</td>
<td>3 Cash and Carry stores</td>
<td>Punjab (Amritsar, Jalandhar, Zarikpur)</td>
<td>Local suppliers and growers</td>
</tr>
</tbody>
</table>

Continued...
<table>
<thead>
<tr>
<th><strong>Retailer Name/Outlet type</strong></th>
<th><strong>Name of stores</strong></th>
<th><strong>Ownership</strong></th>
<th><strong>No. of outlets</strong></th>
<th><strong>Locations</strong></th>
<th><strong>Purchasing agents</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Heritage Food India Limited / Dairy format stores and rural retail stores</td>
<td>Fresh@ stores</td>
<td>Heritage Group</td>
<td>100+ stores</td>
<td>Hyderabad, Chennai and Bangalore</td>
<td>Directly from farmers, consolidators, and agents/ distributors</td>
</tr>
<tr>
<td>Metro Cash and Carry India / Hypermarket</td>
<td>Metro Cash and carry</td>
<td>Metro AG, Germany</td>
<td>6</td>
<td>Bangaluru, Hyderabad, Mumbai, Kolkata etc.</td>
<td>Mostly local manufacturers and importers</td>
</tr>
<tr>
<td>My dollar store(Convenience stores)</td>
<td>My dollar store</td>
<td>Franchisee of My Dollar Store in US in collaboration with Future Group</td>
<td>40</td>
<td>Mumbai, Noida, New Delhi, Chandigarh etc</td>
<td>Mostly direct imports</td>
</tr>
<tr>
<td>Hypercity Retail India Limited / Hypermarkets</td>
<td>Hyper city</td>
<td>K. Raheja Group</td>
<td>10</td>
<td>Mumbai, Jaipur</td>
<td>Distributors; directly from local manufacturers and importers</td>
</tr>
<tr>
<td>Wadhawan Food Retail Pvt. Ltd. / Mainly Convenience Stores</td>
<td>Spinach Smart and Sabka Bazaar</td>
<td>Wadhawan Group</td>
<td>139</td>
<td>Delhi, Mumbai, Bangaluru and other major cities</td>
<td>Distributors, directly from local manufacturers and agents</td>
</tr>
<tr>
<td>Nilgiri’s /Supermarkets and Convenience stores</td>
<td>Nilgiri’s Supermarket</td>
<td>Nilgiri’s Group</td>
<td>90</td>
<td>Major cities in the Southern states (Karnataka, Tamil Nadu, Kerala and Andhra Pradesh)</td>
<td>Mainly distributors; directly from few local manufacturers and agents</td>
</tr>
<tr>
<td>Namdhari Agro Fresh Pvt. Ltd/ Convenience stores</td>
<td>Namdhari’s Fresh</td>
<td>Namdhari Group</td>
<td>21</td>
<td>Bangaluru,</td>
<td>Directly from local manufacturers, and importers</td>
</tr>
<tr>
<td>Godrej Agrovet Limited/Convenience stores, Specialty Stores</td>
<td>Nature’s Basket</td>
<td>Godrej Agrovet Group</td>
<td>7</td>
<td>Delhi, Mumbai etc.</td>
<td>Directly from farmers, local manufacturers, and distributors</td>
</tr>
</tbody>
</table>

Continued...
### Key Drivers of Growth of Organised Food Retail in India

Some of the key drivers of growth of organised food retail in the country are:

**Integration of food industry**

India is world’s second largest grower of fruits and vegetables after Brazil and China. While the agriculture sector has witnessed several leaps of innovation and technological advancements, the processing sector is still in its infancy. Even with less than 4 percent processing of fruits and vegetables, the Food Processing Industry sector in India is one of the largest in terms of production, consumption within India, export and growth prospects. The government has accorded it a high priority status, with a number of fiscal reliefs and incentives, for encouraging commercialisation and value addition to agricultural produce, for minimising pre/post harvest wastage, for generating employment and for export growth. As a
result of several policy initiatives undertaken since liberalisation in early 90’s, the industry has witnessed fast growth in most of the segments.

The processed food market for India is vast and the amount of scope that retail chains would be exposed to is phenomenal, taking into consideration the demographics and raise in standards of living. Retailers could throng the market with all these processed and packaged foods with their private labels.

With the emergence of the big corporates, NGOs (Non-Government Organisations) and Government organizations into the food processing scene, India is making big in-roads to the food processing industry. These corporates and NGOs have reached out to the farmers and provided them with timely advice and help in the upgradation of farm practices with valuable inputs on various areas of farming from sowing to harvesting. These inputs include quality seed procurement, manures, fertilizers and pesticides among others. Some of the successful models are that of ITC’s e-choupal, a model that helps the soyabean farmers produce for its commodity trading business. The PEPSI experimenting with Punjab farmers in growing the right quality tomato for its tomato purees and pastes. Some of the leading food retail chains working with farmers for contract growing greens for supply to their retail outlets etc. These successful models are being replicated with required changes all over the country and the food industry is getting integrated more strongly.

These advancements have revolutionised the integration of the Indian Food Industry and has played a vital role in solving, to a large extent, major supply chain issues that prevailed. The trend is that these successful institutional intervention models be replicated and spread in all segments of the food industry far and wide through the country that benefit all the incumbents of the value chain. This finally helps the retailer as his supply chain becomes much leaner and vertically integrated. Thus, the retailers are in a position to offer a wide variety and highest degree of convenience to their customer.

**Growing economic status of women**

The rise in Indian women's literacy and their increased representation in the labour force have led to their growing economic independence. This has resulted in an increase in double-
income families who have higher disposable income. In the case of double-income families with no kids, a greater proportion of disposable income is spent on leisure and recreation, eating out and health and fitness. In case of double income families with kids, a greater proportion of disposable income is spent on children's education, educational toys, nutrition, and books (Euromonitor International, 2010).

Likely Transformation of the Supply Chain

To counter the unbeatable advantages of convenience and home delivery, organized retailers seem to have just one option, which is to offer attractive prices to the consumer. A successful retailer's winning edge will therefore come from sourcing i.e. how best it can leverage its scale to drive merchandise costs down, increase stock turns and get better credit terms from its vendors. There are obvious and hidden areas where costs can be pruned and the benefits of this lower cost of retailing can be passed on to customers as lower prices, which in turn should fuel demand. The food supply chain in India is full of inefficiencies which are results of inadequate infrastructure, too many middlemen, complicated laws, and an indifferent attitude.

Corporate and NGO interventions at the farm end in the form of Farm Management Services are emerging to ensure quality and timely supply of produce for the operations. The Farmer-Corporate relationship has helped both the farmers and the corporates in bringing the high quality low cost product to the retail shelf. To ease the burden of the corporate in setting up farm management services, several leading NGO bodies have taken up this activity essentially due to the fact that their operations are mostly at the farm end. These farmer-corporate models would be replicated and extended to all the farm end products. With the emergence of private labels, retail chains are working with the farm community in developing an efficient supply chain and to leverage on the cost advantage at both ends.

Supplier Retailer Relationships

Traditionally the supplier-retailer relation in India comprised several layers such as the national distributor, the regional wholesaler and the end retailer. However this scenario is fast changing with the organized retail increasing its presence in the country where the
relationship is direct with the manufacturer. However this new model has been affecting the relationships that the manufacturer enjoys with the traditional system which is still the most dominant in the entire retail sector. The issue of differential pricing is being taken up at several forums and the growing dissatisfaction among the traditional retailers is being addressed by the manufacturers. The supplier-retailer relationship would come under severe pressure as each party would try to squeeze maximum margins out of the other.

**Innovations in Transportation Logistics**

The logistics service providers have been innovating several interesting formats and models for the retail sector. As of now, organized retail chains in India do not, by far, outsource logistical requirements, they develop their own network. This was basically due to the fact that the supply-chain was still in its infancy stage, which has begun to mature and the systems are being well defined. As retail chains begin to focus more and more on the retail end, the logistics support would begin to get outsourced. The logistics service providers have begun to come out with innovative customized solutions for the retail chains such as GATI’s model for distribution of ‘Alphonso’ mangoes throughout the country with the Information Technology support.

**Social Trends**

Social trends of a country have impact on the scheme of growth of food retailing in a country. India is the country that is geographically vast and culturally diverse. This has taken its toll on food retailing with retailers having to adapt to the local cultures of the area in which they have established or plan to establish. This is a major reason for most retailing chains restricting their operations to a certain part of the country. But current trends show that they are now slowly moving towards cultural integration where people of all states and diametrically opposite cultures tend to try out foods and materials of other states and communities. This movement towards social integration would make it very feasible in the near future for retailing chains and erstwhile local chains to spread across the country.

Increased income levels and more women willing to make use of their education by joining work has increasingly affected the shopping patterns that are moving towards fulfilling the
need of convenience shopping through modern retail formats. Indian consumer is quality and price conscious and this awareness would drive the retailers to rework their supply chain relationships.

A recent analysis shows that countries go through a distinct and evolutionary pattern of food consumption. In the first stage the focus is on obtaining basic dietary inputs. The second stage focuses on improving and building basic foods before moving to the third stage of adding premium food to the diet. Most of urban India has already moved to the third stage and it is proving to be a great focus area for food retailers. The future would witness creation of specific models or formats – one for the upwardly mobile urbanite and the other for the rural markets.

**Impact of Technology**

The other important aspect of retailing relates to technology. It is widely felt that the key differentiator between the successful and not so successful retailers is primarily in the area of technology. Simultaneously, it will be technology that will help the organized retailer score over the unorganized players, giving both cost and service advantages.

Retailing is a ‘technology-intensive’ industry. It is quoted that everyday at least 500 gigabytes of data are transmitted via satellite from the 1200 point-of-sales counters of J.C. Penney to its corporate headquarters. Successful retailers today work closely with their vendors to predict consumer demand, shorten lead times, reduce inventory holding and thereby, save cost. Wal-Mart pioneered the concept of building a competitive advantage through distribution and information systems in the retailing industry. They introduced two innovative logistics techniques – cross-docking and electronic data interchange. Today, online systems link point-of-sales terminals to the main office where detailed analyses on sales by item, classification, stores or vendor are carried out online. Besides developing linkages with vendors, the focus of the retailing sector is to develop the link with the consumer. With the help of ‘Database Retailing’, information on existing and potential customers is tracked. Besides knowing what was purchased and by whom, information on other issues such as demographics and psychographics is also captured.
Retailing is at a nascent stage in India. Most organized players have managed to put the front ends in place, but these are relatively easy to copy. The relatively complicated information systems and underlying technologies are in the process of being established. Most grocery retailers such as Food World have started tracking consumer purchases through CRM. The lifestyle retailers through their ‘affinity clubs’ and ‘reward clubs’ are establishing their processes. The traditional retailers will always continue to exist but organized retailers are working towards revamping their business to obtain strategic advantages at various levels - market, cost, knowledge and customer. With differentiating strategies, value for money, shopping experience, variety, quality, discounts and advanced systems and technology in the back-end, change in the equilibrium with manufacturers and a thorough understanding of the consumer behaviour, the ground is all set for the organized retailers.

**Growing concern for food safety**

As awareness grows about food safety issues, the need for countries to provide greater assurance about the safety and quality of food also grows. The increase in world food trade and the advent of the Sanitary and Phytosanitary (SPS) Agreement under the World Trade Organization (WTO) have also raised interest in food safety requirements. To ensure a strong presence in global markets, India realizes the need to meet these challenges and keep pace with international developments.

In India, it has come to the notice of general public of late that very ‘popular’ food companies could also go errant as far as food-safety and public health is concerned. This has triggered a drive by the public and the Government to put more stringent food safety and public health measures in place while manufacturing, storing and packaging of foodstuffs takes place. Most foodstuffs pass through the organized retail channels on their way to the purchase baskets of consumers and therefore the retailers are beginning to realize the need for food safety and security. Grading and standardization measures are being taken at various stages of the manufacturing, processing, packaging and storing of all kinds of food materials.

To ensure food safety and maintain product integrity from the source to the customer (farm-to-plate) the food retailing companies would have to establish a totally integrated infrastructure and services package. This connects and maintains the flow of food from the...
source (farmers or food growers, farm service centers, market yards, processors, importers) to the customer (foodservice outlets, food processing units, food retailers and food exporters). This package will help eliminate or prevent identified hazards or reduces them to acceptable levels. This trend is slowly beginning to take shape with the efforts to integrate and consolidate the supply chain in Indian food retailing.

The Codex, HACCP (The Hazard Analysis Critical Control Point) and food-hygiene standards have been adopted by the Bureau of Indian Standards, the national standards body in India. Food processing units are being encouraged to adopt these systems on a voluntary basis.

Organizations like VOICE (Voluntary Organization in the Interest of Consumer Education) have undertaken the responsibility to document the existing level of implementation of National Laws concerning labelling and packaging of imported food products, to analyze and compare the Indian made food products with similar imported food products in terms of adherence of the National Laws, to prepare a well-documented campaign kit for the consumer groups in India on the study to build awareness among consumers and sensitize them on seeking and demanding mandatory information on all packaged food products.

4.5 Punjab: A Land of Opportunities

Punjab has the 8th highest per capita income amongst major states in the country with a per capita income of Rs.62153 in 2009-10 which is expected to increase to Rs.70072 in 2010-11, showing an increase of 12.74 percent (Punjab State Planning Board, 2010).

The Secondary and Tertiary sectors in the state had grown steadily with a growth rate of 8.01 percent and 7.56 percent in the Gross State Domestic product (GSDP) in 2008-09. The Tertiary (Services) sector grew at 7.63 percent in 2009-10 driven by growth in sub sectors like transport, storage, communication, and financial services. It is expected to grow at 9.41 percent in 2010-11 (Punjab State Planning Board, 2010).

The main sub-sectors of service in the state are ‘Trade, Hotels and Restaurants’, ‘Transport, Storage and Communication’, ‘Banking and Insurance’, ‘Real Estate, Ownership of
Dwellings and Business Services’, ‘Public Administration’ and ‘Other Services and Sanitary Services’.

**Figure 4.3: Percentage distribution of Gross State Domestic Product (GSDP) in 2009-2010**

Source: Punjab State Planning Board


Past few years have witnessed growth in the organized retail sector in Punjab as leading corporate houses like Reliance, Spencer, Birla, Wal-Mart, Piramals, Tatas, Rahejas, ITC, Godrej, S. Kumar, RPG Enterprises, The Future Group (formerly PRIL), and fast-food retailer McDonald have set up their retail stores in different cities of Punjab.

### 4.5.1 Punjab as Retail Destination

The people of Punjab have an eye for style, be it stylish clothes or accessories. The people are aware of brands that they have seen in malls while visiting metros and foreign countries. Basic expectations of consumers in the state while shopping are accessibility and hygiene. Desirable expectations while shopping are diverse range of products, quality, reasonable price, comfortable place, entertainment, security etc.
A number of changes have taken place on the Punjab’s retail front in recent years such as exponentially increased availability of international brands, increased number of Malls and Hypermarkets, and increased availability of retail space. Food and Grocery is the segment of organized retail which offers the most promising opportunities in the state.

4.5.1.1 Drivers of Growth of Retail in Punjab

The major factors fuelling the growth in retail in the state are increased disposable income of people, improving lifestyles, increasing international exposure, growing aspirations among customers, and large middle class that is considered to be major potential customer group. Punjab’s youth is perceived as trendsetters and decision makers, and also large contributors to the retail phenomenon. Tourist spending in Punjab is increasing, which is also contributing to the retail boom (Retail Magazine, July 2010).

Some of the drivers of growth of retail in Punjab are:

**Improved quality of life**

Punjab has a high per capita income and having one of the highest purchasing power in the nation. For the overall development of the state, the Government has ensured the development of social infrastructure of Punjab in terms of tourism and hospitality, township development under urban infrastructure, provision of modern healthcare facilities and the foremost, implementation of e-governance to enhance the efficiency of the Government machinery.

**A leading investment destination**

Ludhiana, one of most industrialized city of Punjab has been adjudged the best place for doing business in India as per a World Bank Study (2009). Punjab was ranked fourth in PPP model investments among nine major states (Assocham, 2009).

**Robust infrastructure**

The state was ranked at the top on the ‘Infrastructure Development Index’ in Centre for Monitoring Indian Economy (CMIE, 2001). Punjab is one of the best states in India in terms
of rail, road, and transport network for consumers with high purchasing power (National Council of Applied Economic Research, 2007). It is the first state in the country with 100 percent connectivity to rural areas with metalled roads. The 3,700 km National and State Highways provide ease of access to all parts of the State with the road density of 121 km per 100 sq km higher than the national average of 76.8 km per 100 sq km. Punjab has the highest rail density among all states and union territories in India with railway line length of 2,134 km. The state is geared to one of the most assessable tourist and business destination with an international airport at Amritsar and domestic airports at Chandigarh, Mohali, Ludhiana, and Pathankot which provide strong air linkages with all the major cities, both in India as well as abroad (Punjab Infotech, 2010).

**Power**

Punjab has a per capita power consumption of 940 KWh which is 2.5 times that of India's average. Punjab is projected to become a power surplus state by 2013. The state Industrial tariff of Rs 4.53 per unit in 2010-11 is one of the lowest in India (Punjab State Electricity Board, 2010). Many power projects are under implementation in Punjab.

**Table 4.3: Proposed power projects in Punjab**

<table>
<thead>
<tr>
<th>Project</th>
<th>Production capacity(MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talwandi Sabo</td>
<td>1,980 MW</td>
</tr>
<tr>
<td>Rajpura</td>
<td>1,400 MW</td>
</tr>
<tr>
<td>Goindwal Sahib</td>
<td>540 MW</td>
</tr>
<tr>
<td>Gidderbaha</td>
<td>2,640 MW</td>
</tr>
<tr>
<td>Ultra Mega Power Project</td>
<td>2,300 MW</td>
</tr>
<tr>
<td>Central Sector Project</td>
<td>2,200 MW</td>
</tr>
</tbody>
</table>


**Agro and Agro Processing Industry**

Agriculture contributes 19.5 percent to the State’s Gross Domestic Product (GSDP) at constant prices (1999-2000) in the year 2008-09 employing nearly 40 percent of the State’s
working population. Also, the cropping intensity of the state is highest in the country. Almost 98 percent of the gross cropped area in Punjab is irrigated, as compared to only 41.2 percent for all-India. The promotion of contract farming scheme by the State Government, with notable contract farming agreements such as those with the Tata Group for basmati rice, the UB group for malting barley and Advanta India for Hyola (hybrid rapeseed). Livestock is also one of the major industries in Punjab, contributing 9.85 percent to the GSDP in 2008-09 at constant prices (1999-2000). Punjab is also one of the leading milk producers in India. Milkfed and Markfed are two large production and marketing cooperatives in the State, which help in the production of quality milk products at competitive prices (Punjab Agro based industry, 2010)

**Textile Industry**

Punjab is the second largest producer of cotton and blended yarn and the third largest producer of mill made fabrics in India. Ludhiana is often dubbed as the ‘Manchester of India’. The industrial output from the sector is more than Rs 25,000 crore having a contribution of 22 percent to the manufacturing output and 24 percent contribution to industrial employment in the State (Punjab Infotech, 2010).

**Pharmaceutical and Biotechnology**

Punjab’s turnover for pharma products is more than Rs 2,000 crore annually. There are several initiatives being taken by the State Government to foster the growth of the biotechnology and the pharmaceutical industry in Punjab. India’s first Agri-Food biotechnology cluster is being set up at Mohali at a cost of Rs 380 crore, comprising of NABI, a bio-processing unit, a biotechnology park and a biotechnology incubator. The State has an Intellectual Property Facilitation Centre for Micro Small Medium Enterprise (MSMEs) to promote R&D in the sector. Some biotechnology programmes are also being run for women and rural development to promote biotechnological innovations. A well established industry friendly Biotech Policy also exists to promote the growth of biotech industry in Punjab. Investment opportunities in the State exist across a wide range of pharma areas such as R&D centers, Multi-Specialty Hospitals and Basic drugs and formulation units (Punjab Infotech, 2010).
Strong Educational infrastructure

Punjab emerges as a leading State in school infrastructure category for providing best infrastructure and facilities to primary and upper primary schools based on Educational Development Index for the year 2009. Punjab is home to various leading higher education and technical institutions such as: Prominent engineering colleges including IIT and Dhirubhai Ambani IT University in Roopnagar, National Institute of Technology (NIT), Jalandhar and Thapar Engineering College, Patiala, International standard science centre-Pushpa Gujral Science City established in Jalandhar.

4.6 Trends in Growth of Organised Retail in Punjab

In order to identify the trends in growth of organised retail in Punjab, the researcher visited the shopping areas which are known for modern retail outlets in the selected cities viz. Mohali, Amritsar, Jalandhar, Patiala, and Ludhiana. The researcher conducted interviews of retailers in these areas to understand their perception regarding trends and problems related to growth of organised retail in Punjab. The researcher also analysed recent retail reports published by Retail Association of India (RAI), KPMG, Images, Technopak Advisors, CII, Knight Frank etc. related to growth of organised retail. In order to identify the trends, opinion of experts in the field of retail was also examined. The following trends were identified:

Transition from an agrarian economy to a Manufacturing and Service Economy

The resource base of a state determines the direction and pace of economic development of the state. Until now, the predominance of the agricultural sector characterized the economy of Punjab. Punjab’s economy has witnessed progressive changes since the base year 1993-94. The economy has followed a favourable trend under which the share of traditional and saturated agriculture sector in Gross State Domestic Product (GSDP) has been declining and the share of the secondary sector (which covers manufacturing, construction and power sector) and tertiary sector (which covers trade or retail, transport, banking, insurance and real estate) has been increasing. The secondary sector recorded a growth rate of 11.99 percent against National Average of 8.06 percent in 2009-10. The tertiary sector recorded growth rate of 4.73 percent in 2005-06 and 8.45 percent in 2006-07. The tertiary sector grew at 7.63
percent, 9.31 percent and 9.10 percent in 2007-08, 2008-09 and 2009-10 respectively. It is expected to grow at 9.41 percent in 2010-11 (Punjab State Planning Board, 2010).

**Narrowing urban-rural gap and rising consumption levels**

The cities in Punjab have a huge floating population, which includes rural landlords, NRIs etc. The cities and towns of Punjab consist of a sizeable population of households with high disposable incomes. These also include the adjacent towns and villages populated by rich farmers and other prosperous households. The distances between cities in Punjab are shorter as compared to those in metros and hence, provide better connectivity to the consumers.

A noteworthy trend in the state has been the increasing strength of rural-urban linkage which has been the driver for a narrowing urban-rural gap in Punjab. On overall basis, consumers in rural Punjab spend almost at par with their urban counterparts, and under specific heads, spending per person is higher in rural areas. Punjab as the average monthly consumption expenditure for rural consumers in Punjab is Rs 1,022.05—just slightly lower than the state’s urban average, but much higher than the national average of Rs 635.72 per person per month (Images and CII, 2008). Thus, it is the tier II cities and semi-urban and rural towns of Punjab that represent a goldmine of opportunity for the retailers. The mood is thus, extremely upbeat as far as the retail options in Punjab are concerned.

There is rise of a neo rural-urban class of consumers due to a tendency among agricultural landowning households to raise an additional establishment in a nearby town to avail modern products, facilities and services. Punjab, therefore is in midst of a unique urban transition that encompasses rapid growth of all urban centres, right from tier A cities to tier F towns.

**Rising consumption levels**

Punjab is one of the richest states in the country and the people are willing to spend on food, entertainment and lifestyle. Owing to the high disposable incomes, the consumption levels of consumers in Punjab are significantly higher than the all-India average.
Untapped opportunity for organised Catering and Food and Beverage retail

In a developing state like Punjab, as elsewhere in the country, a large chunk of consumer expenditure is bound to be on basic necessities, especially food-related items. Hence, it is not surprising that food and beverages account for as much as 36 percent of the private consumption expenditure in Punjab. An average consumer in urban Punjab spends Rs 545 per month on food and beverages (whereas an average urban-Indian spends Rs 529) and their rural counterpart spends Rs 484, which is significantly higher than the country’s average spending of Rs 375 per person per month (Images and CII, 2008).

Catering services had always been a forte of this region and consumption trends indicated that there was immense scope for getting this retail category organised, in tune with changing lifestyle and aspirations of consumers.

Emerging new vistas in consumer spending

The number of categories on which urban consumers in Punjab are spending now is vastly different from the categories the consumer was spending a couple of years back. New cash hungry categories have suddenly emerged for an urban family, such as mobile phone bills for self and spouse, movies and eating out activities in multiplexes, annual biannual vacation, instalments, home loan EMIs, household help, health insurance, club fees, multiple credit card bills, lifestyle products like 56 inch TV screens, laptops, home theatre systems, high end cars, and the list goes on.

Rural retail: Huge promise for the state

Considering Punjab’s strong rural infrastructural facilities and its rural consumer whose average monthly consumption expenditure is much higher than the national average, the rural retail sector held huge promise for the state. Products and services that have maximum opportunity for rural market in Punjab include FMCG and Grocery, Seeds and Fertilizers, Fabric and Apparel, and Furniture and Home Appliances. Some of the companies tapping this segment are: ITC’s Choupal Sagar, DCM’s Hariyali Bazaar, and Godrej’s Aadhar. ITC launched the Choupal Sagar in 2004. It is 100,000–150,000 sq. ft. of retail space with a
trading area, weighing facilities, telemedicine kiosks, and special products for farmers etc. These networks are also used for ITC’s rural distribution. The company plans to open over 700 such Hypermarkets (ITC, 2010). DCM Shriram Consolidated Ltd. (DSCL) rural retail chain provides end-to-end ground level support to farmers. A typical centre caters to 50,000–70,000 acres. Currently, there are 33 such bazaars spread across the north and west of India (DSCL, 2010). Many urban brands allied on such rural chains to take advantage of their distribution and local know-how - for example, Motorola has an alliance with the Kisan Bazaars for sales and distribution of its handsets. Godrej Industries has started an experimental retail format called Godrej Aadhar for the rural markets. This format sells FMCG products, fertilisers, animal feed, etc. Services like banking, insurance, pharmacy, postal services, and petrol pumps have also been planned to make them complete convenience hubs in rural areas.

At present, there are 24 outlets in eight rural locations across the country and each outlet services 20 villages in its vicinity. Godrej Aadhar has already entered into JVs with Apollo Pharmacy, Tata Agrico, Bajaj Allianz Life Insurance and HPCL for value added services at the outlets.

**Exponential growth of mall-space in Punjab**

Real estate development in Punjab in ancient times was run by families or single entrepreneurs. But the advent of foreign investors changed the landscape of the property market in the state, and the sector became more organized and transparent. It is now handled by professionally qualified people who have fuelled the growth of the sector in the state.

The state provided best opportunities to all the retailers at large to exploit its huge consumption potential. Punjab has started to look at retailing as a serious business, putting more interest into improving retailing infrastructure after 2005. Punjab is likely to be the major beneficiary of the Rs 130,000 crore fund allotted by the Centre as investment for real estate by 2012 (Construction World, 2009). A major chunk of this investment will be in the commercial sector as the state has an excellent infrastructure to promote new industries. The state particularly has tremendous potential for organised retail due to tremendous growth in both rural and urban consumers in the last few years.
With only two operational malls with a total area of 2.70 lakh sq. ft. in 2005, the total mall space increased to 31.80 lakh sq. ft. in 2006. By the end of 2008, the mall space increased to 152 lakh sq. ft. By the end of 2010, Punjab had over 40 malls. In Ludhiana alone 5,000,000 sq. ft. of retail space has been designated for 10 malls, which is likely to increase to 7,500,000 - 8,000,000 sq. ft. after 15-18 malls already constructed. In Jalandhar, 1,000,000 sq. ft. of retail area will be ready by 2012. Amritsar had a retail space of 2,000,000 sq. ft. in 2009. Mohali, the upcoming IT destination, had 3,000,000 sq. ft. of retail area in its retail basket in 2009 (Construction World, 2009).

**Figure 4.4: Growth in retail space in Punjab.**


The DLF and other premier developers of the country have plans to construct retail malls, SEZ and shopping centres in Amritsar, Jalandhar and Ludhiana in the near future. The Ansal Group too has several plans to develop luxury malls in Jalandhar, Ludhiana and Mohali. The establishment of Bharti-Walmart outlet in Amritsar, Jalandhar and Zirakpur, proposed development of Metro Cash and Carry at Zirakpur, Ludhiana and Jalandhar with an investment of Rs 900 crore, proposed development of retail malls, shopping centres by DLF Group, Ansal Group and Spirit Global Constructions have made the state the focus of commercial activities.

### 4.8 Emerging Retail Destinations in Punjab

A brief analysis of retail development in major cities of Punjab is as follows:
Chandigarh

Chandigarh covers 114 sq km and has a population of 1,054,686 and a population density of approx 9,252 per sq km as per 2011 census. The State Gross Domestic Product (GSDP) of Chandigarh was Rs. 1,92,961 lakh at current prices in 2009-10. Chandigarh had the per capita income of Rs. 1,28,74 at current prices in 2009-10. In 2007-08, there were 3 lakh households with 4.2 families size and have 10 cars and 55 mobiles per 100 persons. Chandigarh offers world class education.

Chandigarh has a large Punjabi population and Punjabis are known for their lavish spending lifestyle. The people of Chandigarh are brand-conscious because of their wide travelling interests or having relatives abroad. About 60 percent of the Chandigarh’s population is employed in the public sector or in Government run organisations.

Chandigarh has three five-star (Hotel Park View, The Taj, and Hotel Mountview) and four four-star hotels. Also, there are around 36 hotels, 10 guest houses, and 16 budget accommodations in the city. However, industry sources report that many leading hotel chains are planning to launch five star hotels (Radisson, Intercontinental, and Oberoi) in and around Chandigarh in the next two-three years. Marriot has already launched its 5-star hotel. Around 10-15 per cent of total food and alcoholic beverage procurement in these high-end hotels is comprised of imported foods and this share is expected to increase in the future.

The Union Territory has several leading fast food restaurants (McDonald’s, Pizza Hut, Dominos, KFC etc.), hotels and restaurant chains like Copper Chimney, Gopalji, Sindhi Sweets, Sai Sweets, Hot Millions, Sagar Ratna, Shangrilla Plus, Yellow Chilli, Ambassador, Chop Stick, Ruby Tuesday etc.

Chandigarh is constructed in such a manner that every sector has its own full-fledged commercial market. The markets in sector 22 and sector 17 are very popular in terms of the largest number of branded organised retail stores, central location, ingenuity, etc. The majority of organised retail stores are Convenience stores with a floor size ranging between 900 and 4500 sq. ft. Sector 17 is the biggest shopping centre in the city. Eateries are the major crowd puller at the City-Centre. Sindhi sweets, Sagar Ratna, Hot millions are some of
crowded places for eating out. These showrooms occupy larger spaces at ground floor with one basement. Upper floors are used for offices, educational institutes but most of them are vacant.

Other than the City Centre, the major markets of Chandigarh includes sector markets which are located along major roads viz. markets of sector 22 and 35 are located along the Himalaya Marg and markets of sector 7, 8, 9, and 26 are located along Madhya Marg. In sector 9, other than Ebony, all the space has either been occupied by banks or by companies like Reliance, Centrum etc. Sector 7 and 26 markets are popular for furniture, tiles, and sanitary fitting showrooms. All these showrooms occupy area ranging from 1,000 to 3,000 sq. ft.

**Ludhiana**

With a population of 34,87,882 as per 2011 census, Ludhiana is centrally located on the Grand Trunk Road from Delhi to Amritsar and is connected to the Indian capital city of New Delhi by road and train services. Besides a number of institutes for higher education like Punjab Agriculture University, Dayanand Medical College, Christian Medical College and Baba Jaswant Singh Dental College located in the city, Ludhiana is a hub of industries scattered across the length and breadth of the city. There are over eight large integrated knitwear factories, 10 big hosiery yarn mills and 150 small to mid-sized woollen yarns. Also, almost all leading bicycles manufacturers including Avon Bicycles and Hero Cycles Ltd and popular apparel brands including Monte Carlo and Duke have their set up in the city. As a result, a huge traffic comes to Ludhiana from across the country offering a viable retail ground. Further, with the new mall developments happening, Ferozepur Road is going to be a one stop retail destination in Ludhiana. Other prime locations of the city include Mall Road, Link Road, Ghumar Mandi, Sarabha Nagar Market and Feroze Gandhi Market

Ludhiana is a testing market for all the industries and brands in India. Ludhiana is a city comprising around 15 lakh business people, supported by a huge youth customer base that ensures a good retail ground to opt for. People in Ludhiana are equally brand conscious and lifestyle aspirant like their counterparts in metros.

Popularly known as the Benz City of India with 60 per cent of India’s Mercedes sales coming
from the city itself, Ludhiana is one such destination, which is going to be one of the key retail markets in India in the next one year with almost all big retail players operational in the city.

With operational malls including Ansal Plaza, West End Mall and Flamez mall in the city, MBD Neopolis and Silver Arc have added to a total of over 6.5 lakh square feet retail space at Ferozpur Road in Ludhiana to the present 8.7 lakh square feet of area. Featuring a Gross Leasable Area of about four lakh square feet, MBD Group ventured MBD Neopolis incorporating the major retail names like Marks and Spencer, Home Town and Big Cinemas as anchors along with prominent vanilla retailers including Kimaya, Ayamik, Porsche, S Oliver, Samsaara, Sarar, Tommy Hilfiger, Nike, Titan, Sia, Levi’s, Provogue, Puma, Zodiac, Forest Essentials and Adidas.

PVR Cinemas, which is present at Flamez mall in Sarabha Nagar in the city with four screens and roughly 11,000 seats is one of the premium retail destinations of the city and has also signed space for six-screen gold class cinema there.

Other big development in the city include Freemans Group promoted 2.5 lakh square feet Silver Arc mall, which was launched on March 2010. The mall got Future Group promoted lifestyle store Pantaloons and Food Bazaar as anchors with their maiden entry in the city, besides PVR Cinemas as entertainment retailer. The mall also have premium international brands like Esprit, French Connection, Tommy Hilfiger; American food chain TGI Fridays and designer stores from Rohit Bal, Suneet Verma, Tarun Tahiliani and Ranna Gill among others.

Though the retailers are not very much categorical about the format of retail that can score huge success in Ludhiana, industry believes a good retail mix will definitely score well in this city.

**Jalandhar**

The city of Jalandhar has a population of 21,81,753 with a population density of 831 per sq km as per 2011 census. Major sports equipment manufacturers have made huge investments in the retail sector in the city. Over the years, foreign direct investments in Jalandhar have
increased as more and more foreign investors including Non-Resident Indians (NRIs) seem to realise the significance of investments in Jalandhar’s real estate segment. Be it the commercial property or the residential property or the retail sector in Jalandhar, there is a plethora of investment opportunities with sure-to-return huge profits. There is a distinguished increase in the mushrooming townships in Jalandhar as well.

After Ludhiana, Amritsar and Chandigarh, Jalandhar is the fourth city of the state that the National and International retailers are considering as the next emerging town of the state because of high disposable income, brands awareness, population and money of NRI in the city.

Retail in Jalandhar has been more of a high street story. Ansal Plaza has several brands including Arvind, Barista, Catmoss, Cotton County, Koutons, Allen Cooper, and Vishal Megamart. Jalandhar has all the demographic elements in favour of malls and modern shopping centres. The net income of the population has been rising at a much higher rate in Jalandhar.

Amritsar

With the opening of Celebrations Mall and Alpha One, the residents of Amritsar are experiencing new taste of national and international brand shopping instead of going far off cities and abroad for shopping earlier. Most retailers and market watchers believe it is clearly the trend that is pulling modern retail to Amritsar. Among other retailers, Hyper City had also marked its entry into North India at Alpha One. Amritsar is famous for the Golden Temple. However, retail here remains largely unorganized. This is a primary reason for a retailer to establish a position here. The other attractions for the retailer are the availability of disposable income, the willingness for aspirational lifestyle with enhanced brand consciousness among consumers.

Being a tier II city, it is interesting to explore the formats of retail that are expected to perform especially well in Amritsar. Retail segments that should take off exceedingly well in Amritsar would be food, entertainment, clothing and jewellery, in that order, and this will be
driven primarily by the vibrant, sociable, friendly and family-oriented psychographics of the city.

The growth in IT industries and SEZs are elevating the real estate profile of the city. Amritsar is now upcoming real estate destination for the property investors. Leading real estate developers like DLF, Omaxe, MBD Group, RSA Builders, and Dynamic and Continental group are undertaking large projects in different parts of the city. Since the opening of trade between India and Pakistan in 2004, the real estate in Amritsar has witnessed a boom. The property market of the city is rapidly booming after the central and state government released heavy funds for making Amritsar a world-class city. Setting up of a financial centre, multiplexes, shopping malls, entertainment zones, recreation clubs and parks are also planned and these commercial activities have opened wide doors for retail investments in the city.

The economy of Amritsar is seeing an upward trend. The availability of better infrastructural facilities combined with cheaper property prices has led to exploration of residential, commercial and retail markets of Amritsar. The response of investors and their growing interest in Amritsar real estate is encouraging property developers to bring in more number of residential projects and commercial space, nourishing the economy of the city and modernising the trends, and climbing up the ladder of growth quickly by ranking among the growing tier-III cities of India.

**Patiala**

The city of Patiala is drawing a good deal of retail players who foresee the city as becoming one of the centres of development after Amritsar, Ludhiana and Jalandhar. Reliance Jewel with 5,000 sq. ft. area, Reliance Fresh with its own outlet and Bharti Retail’s Easy Day store on 45,000 sq. ft. of space, are some of the brands in the large-scale retail format that have entered the city recently. Others such as Kapsons, Woodland, Gini and Jony and Koutons have also managed to settle here. International brands such as FabIndia, Nike, Adidas, Levi’s, Bata and McDonald’s have also realised the potential and purchasing power of the people of the city.
Omaxe Group has not only launched its 330-acre plus residential complex but also has most of the popular brands in its Wedding Mall, located at a prime location on the Mall Road and surrounded by Baradari Park, a beautiful lake and Kali Devi Temple. This mall is built with an investment of Rs 140 crore. Dedicated to the theme of marriage, it intends to provide a mega retail house for the best of marriage-related Indian and International brands. With brands slowly moving in, the mall boasts of apparel brands such as United Colours of Benetton, Reliance Trends and Dollar Store, apart from many others. Patiala’s first McDonald's store is located in the mall and is doing brisk business. Brands such as Café Coffee Day, Chawla’s Chicken, Sagar Ratna are doing well in the city.

Retail rents in Patiala are not high compared to Chandigarh but the prices are highly dependent on location.

**Mohali**

Mohali can be termed as the planned extension of Chandigarh and residents of this town shop from Chandigarh and Mohali markets. The shops here are mixed with private offices and banks while space designated for offices at upper floor of SCOs (shop cum commercial office). The main markets of Mohali have been developed at sector markets and are located on straight road from sector 58 to 65.

The main markets are in sector 65, 64, 63, 62, 61, 60, and 59. PUDA (Punjab Urban Development Authority) is developing sector 70 market to attract the residents for shopping. Mohali has grabbed the attention of major national and international level developers. They have started occupying land parcels in the area for development of their projects. Quark City has been developed in a 51 acre special economic zone (SEZ) in the Mohali Industrial area. This will accommodate retail space along with large commercial and residential space.

The Government of Punjab has given the green signal to a few projects under the mega project policy for the development of shopping and multiplex arenas. Developers like DLF, Unitech, TDI, MGF, Janta Promoters, Renaissance, and Country Colonizers have acquired large land parcels for various developments in Mohali.
Table 4.4: Mall development in major cities of Punjab

<table>
<thead>
<tr>
<th>City</th>
<th>Mall name/Developer/GLA* (sq. ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ludhiana</strong></td>
<td>The West End Mall/ A B Motions Pvt. Ltd/2,82,000</td>
</tr>
<tr>
<td></td>
<td>Festive city/ Aeren Entertainment Zone Ltd/16,00,000</td>
</tr>
<tr>
<td></td>
<td>Gold and Wedding Souk/ Aeren Gold Souk International Ltd/4,00,000</td>
</tr>
<tr>
<td></td>
<td>AKM Enterprises Pvt. Ltd/ MBD Neopolis/360,000</td>
</tr>
<tr>
<td></td>
<td>Ansal Townships and Projects Ltd/ Ansal Plaza/8,00,000</td>
</tr>
<tr>
<td></td>
<td>DLF Universal/ DLF/2,20,000</td>
</tr>
<tr>
<td></td>
<td>Dynamic Continental (P) Ltd/ Flamez/175,000</td>
</tr>
<tr>
<td></td>
<td>FMI Limited/ Silver ARC/250,000</td>
</tr>
<tr>
<td></td>
<td>Omaxe construction Ltd/ Omaxe Plaza/1,30,000</td>
</tr>
<tr>
<td></td>
<td>RAP Media Ltd/ The High street mall/14,50,000</td>
</tr>
<tr>
<td></td>
<td>Today Home and Infrastructure/ The City Centre/16,00,000</td>
</tr>
<tr>
<td><strong>Amritsar</strong></td>
<td>Alphaone/Alpha G. Corp./7,15,034</td>
</tr>
<tr>
<td></td>
<td>Ansal Plaza/ Ansal Township and Projects/6,00,000</td>
</tr>
<tr>
<td></td>
<td>Metropolitan Mall/ MGF Developments Ltd./3,50,000</td>
</tr>
<tr>
<td></td>
<td>Omaxe Novelty/Omaxe Construction Ltd./80,000</td>
</tr>
<tr>
<td></td>
<td>RAP Majestic Mall/ RAP Media Ltd./ 6,50,000</td>
</tr>
<tr>
<td><strong>Jalandhar</strong></td>
<td>Centrum Jyoti Mall/ 3S Infrastructure/56,000</td>
</tr>
<tr>
<td></td>
<td>The Celebration Mall/ Advance India Projects Ltd./3,60,000</td>
</tr>
<tr>
<td></td>
<td>Ansal Highway Plaza/ Ansal Township and Projects Ltd/6,50,000</td>
</tr>
<tr>
<td></td>
<td>DLF/ DLF Universal Ltd./ 16,00,000</td>
</tr>
<tr>
<td></td>
<td>MBD Neopolis/ MBD Hotels Pvt Ltd/1,80,000</td>
</tr>
<tr>
<td></td>
<td>RAP Mega City Mall/ RAP Media Ltd./ 6,50,000</td>
</tr>
<tr>
<td></td>
<td>Start City Mall/ Grand Multiplex Projects Ltd/ 16,00,000</td>
</tr>
</tbody>
</table>

Continued...
<table>
<thead>
<tr>
<th>City</th>
<th>Mall name/Developer/GLA* (sq. ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patiala</td>
<td>Wedding mall/Omaxe Construction Ltd/2,10,000 sq. ft.</td>
</tr>
<tr>
<td>Mohali</td>
<td>Ansal Plaza/Ansal Township and Projects Ltd/6,00,000</td>
</tr>
<tr>
<td></td>
<td>Parsvnath Plaza/Parsvnath Developers Ltd/6,50,000</td>
</tr>
<tr>
<td></td>
<td>RAP Melange/ RAP Media Ltd./6,50,000</td>
</tr>
<tr>
<td>Chandigarh (Manimajra)</td>
<td>Flamez/Dynamic Continental Pvt. Ltd./14,00,000</td>
</tr>
<tr>
<td>Chandigarh</td>
<td>Paras Downtown Square/ Paras Buildtech Pvt. Ltd./4,50,000</td>
</tr>
<tr>
<td></td>
<td>Dhillon Fun Republic/Silicon Constructions Pvt. Ltd./ 1, 20,000</td>
</tr>
<tr>
<td></td>
<td>TDI Mall/TDI Infrastructure Ltd</td>
</tr>
<tr>
<td></td>
<td>Centra Mall/Uppal’s Builders</td>
</tr>
<tr>
<td></td>
<td>DLF City Center Shopping Mall/DFL</td>
</tr>
</tbody>
</table>


4.8 Analysis of Retail Segments

An analysis of major retail categories in Punjab is as follows:

Food

A large number of players are active in the retailing of Food in Punjab. They include the traditional informal (unorganized retail) sector, the cooperatives, the Government-subsidized public distribution system, and the modern or organized retail.

The wetmarket traders, pushcarts as well as kirana (mom-and-pop) stores make up the traditional informal sector. In wetmarkets (mandis), a number of small retailers of fruits and vegetables typically cluster together and sell their produce from a specific place during fixed
hours of the day, often at the end of the afternoon and early evening. These markets are usually organized daily but the number of retailers might be larger on particular days of the week. Pushcarts typically roam around in residential areas and deliver fresh fruits and vegetables at the doorstep or stand in a public square or street corner in a specific regular place within the colony (the neighborhood). The pushcarts usually carry a single or a limited number of items. Customers may shop at these partly because of the locational advantage that this format offers. Kirana stores are small ‘mom-and-pop’ shops at fixed locations that carry a number of basic items, food as well as non-food. The kirana stores are (typically) family owned and are run mostly by family members, supplemented with some hired help.

A second category of food retailer in Punjab is the ‘cooperative modern retailer’. At present, cooperatives in Punjab appear especially important for the distribution of milk products under the banner of Milkfed (Verka) (about 1000 Verka dairy retail kiosks). These retail kiosks are often centrally located within colonies on land allocated to them by the local authorities. Hence, they are either rent-free or subsidized (Milkfed Punjab, 2010).

The third category food retailers have in relatively recent years become an increasingly important food distribution channel in India. With the goal of assuring access to basic staples for the most vulnerable part of the population, food procurement is organized by the Food Corporation of India (FCI) and then, the Public Distribution System (PDS) retails these products, mainly rice and wheat (as well as two other essential commodities – sugar and kerosene oil) through Fair Price Shops (FPS). These items are distributed at a highly subsidized rate for poor consumers, through a system of household consumer cards, commonly known as ration cards.

The fourth category belongs to the private modern or organized retailers rapidly emerging in the state. These organised retail formats like Supermarkets and Hypermarkets account for a small proportion of food sales in Punjab. However, the growth rate of organised retail format sales has been significant in recent years because greater number of higher income Punjabis prefer to shop at Supermarkets, thanks to higher standards of hygiene, and attractive ambience of Supermarkets, together with the availability of fresh and seasonal vegetables and grocery.
Some of the food retail chains operating in the region are ‘Easy Day’ stores of Bharti Retail, Aditya Birla’s ‘More’, Bharti Wal-Mart’s Cash and Carry stores under the brand name of ‘Best Price’, REI Agro Ltd’s stores under the brand name of ‘6-TEN’ etc.

Health and Beauty

With growth in income levels, people in Punjab have started spending more on health and beauty products. In this retail segment also, small and single-outlet retailers dominate the market. However, in recent years a few retail chains specialising in these products have come into the market. Although these retail chains account for only a small share of total market, their business is expected to grow significantly in the future due to growing quality consciousness relating to health, fitness, and wellness of buyers of these products.

Kaya skin Clinic, VLCC, Apollo Clinic and Guardian are either already present in Punjab, or about to enter in a big way. Guardian Lifecare hopes to roll out its ‘Aushadhi’ chain of rural pharmacies shortly in the state.

Clothing, Footwear, Fashion and Lifestyle

Numerous clothing and footwear shops in shopping centres and markets operate all over Punjab. Traditional outlets stock a limited range of cheap and popular items. In contrast, modern clothing and footwear stores have modern products and attractive displays to lure customers. However, with rapid urbanisation, and changing patterns of consumer tastes and preferences, it is unlikely that traditional outlets will survive the test of time.

In the apparel lifestyle category, Wills Lifestyle has stores in Ludhiana and Chandigarh, and keeping with its brand image and profile, is present in the busy high streets and shopping malls. The company has plans to consolidate its position in the existing markets by opening new stores, as well as entering new ones such as Amritsar and other emerging retail hubs.

John players, the other brand from the house of ITC, currently operates three stores in Punjab and plans to enter the new markets of Jalandhar, Patiala, Amritsar, and Bathinda. With an average store size of about 800 sq. ft., John Players has been doing well in Punjab in its
performance metrics. The famous Lee brand owns company-managed outlets in Chandigarh, Ludhiana, Jalandhar, Patiala, Ropar, and Amritsar, with an average store-size of 1000-1500 sq. ft.

Wrangler has a mixed preference when it comes to the location strategies and plans to consolidate and expand its position in Chandigarh, Ludhiana, Jalandhar, and Amritsar, with an average store size of 1300 sq. ft.

The watch retailer, Titan, with 199 exclusive stores nationwide and a cumulated 1.48 lakh sq. ft. of retail space, has four stores in Punjab, present mainly in high-end streets. With a minimum store size of 1000 sq. ft., it is targeting the customers of Chandigarh, Ludhiana, Jalandhar, and Amritsar.

Likewise, Tanishq has four stores in Punjab and is planning to invest Rs.3 crore on building property for financing its expansion plans in Amritsar, Ludhiana, Jalandhar, and Chandigarh.

Lifestyle, a chain of department stores owned by the Landmark group of Dubai, has no presence in Punjab as of now, but is clearly intent on not missing the great retail opportunity in Punjab. It is planning to enter Punjab by opening as many as four stores in a short span of time – a 50,000 sq. ft. store at Chandigarh; one lakh sq. ft. store in Ludhiana; 45,000 sq. ft. store at Amritsar and 40,000 sq. ft. store at Jalandhar.

Other prominent fashion retailers are Wardrobe, Trendsetters, RCS, Jiansons, Emm Ell Garments, Unisex, Catwalk, and Trendshop.

**Home Furnishing and Household Goods**

Small retailers dominate this sector as well. Despite the large size of this market, very few large and modern retailers have established specialised stores for these products. However, there is a considerable potential for the entry or expansion of specialised retail chains in Punjab.
The Home furnishing major, Bombay Dyeing and Mfg. Co. Ltd. prefers the major shopping area in Punjab for its location, and targets its tier II cities and towns. It operates through a franchisee route, and usually insists on its franchises to provide good frontage, parking space, investment capacities, with prior experience in retailing.

The Home store, another name in Home furnishing retailing, has one store in Chandigarh and prefers high street and mall format of retailing, and has, in fact, signed up with almost all the major malls for its franchises stores to launch itself in Ludhiana, Bathinda, Jalandhar, and Amritsar.

The Indian durable goods sector has seen the entry of a large number of foreign companies during the post-liberalization period. A greater variety of consumer electronic items and household appliances became available to the Indian customer. Intense competition among companies to sell their brands provided a strong impetus to the growth of retailers doing business in this sector.

LG currently has four exclusive LG shoppers, twelve exclusive LG counters and 900 dealers in Punjab itself. Almost all product categories are fast moving the state ranging from colour televisions, refrigerators, semi-automatic washing machines, IT products, microwaves, and air conditioners. LG is expecting Punjabi customers to further shift their preference from low and medium-end products to higher-end premium products in all categories. Out of its total turnover from Punjab, 29 percent is currently contributed by consumer electronics, 53 percent by home appliances, 15 percent by IT products and 3 percent by telecom goods. Its annual growth rate in Punjab is a whopping 15 percent and currently it expects a continuous escalation of its market share beyond 2010 as well.

**Entertainment**

Increasing household incomes due to better economic opportunities have encouraged consumer expenditure on leisure and personal goods in the state. There are specialised retailers for each category of products (books, gifts, flowers, music etc.) in this sector. Another prominent feature of this sector is the popularity of franchising agreements between established manufacturers and retailers.
The books retail major, Crossword has a very strong franchisee model that is franchisee-owned and franchisee-operated. It leverages its strong brand positioning in the country as a highly successful retailer in the books category. It currently operates in 10 cities and soon plans to enter Punjab. Crossword has a very tactical strategy when it comes to selecting the location of stores. Its flagship stores (10,000 sq. ft. and above) and Brand stores (5000-8000 sq. ft.) are usually in the traditional high streets and shopping centres, while the Crossword Corner stores (1000 sq. ft.) are generally in multiplexes, department stores and other such convenient locations.

Similarly, Archies, the gifts retailer with 475 stores all over the country with a total retail space of 2.75 lakh sq. ft. and operating in 139 cities, has 22 franchised stores in Punjab. It prefers a mix of high streets and malls for its location and has strong plans to further increase its presence in Chandigarh, Patiala, Jalandhar, Ludhiana, and Amritsar.

Ferns n Petals, with 4 stores nation-wide and around 16,000 sq. ft. of total retail space in the country, has been successful in its unique concept in its four stores at Ludhiana, Jalandhar, Amritsar, and Chandigarh.

In the Entertainment sector, PVR Cinemas has launched a 4-screen multiplex in Flamez mall in Ludhiana and another 3-screen multiplex at Silver Arc, Ludhiana. Wave Cinemas plans to enter Mohali, Chandigarh, Jalandhar, and Ludhiana shortly, with a minimum multiplex area of 2.82 lakh and 3.9 lakh sq. ft.

**Table 4.5: Major organised retail categories in Punjab**

<table>
<thead>
<tr>
<th>Retail categories</th>
<th>Presence in Punjab</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Beauty</td>
<td></td>
</tr>
<tr>
<td>Apollo clinic</td>
<td>Expansion plans in Amritsar, Pathankot, Patiala, Faridkot</td>
</tr>
<tr>
<td>Guardian life care</td>
<td>Expansion plans</td>
</tr>
<tr>
<td>Kaya skin clinic</td>
<td>3 stores</td>
</tr>
<tr>
<td>Retail categories</td>
<td>Presence in Punjab</td>
</tr>
<tr>
<td>VLCC</td>
<td>4 stores</td>
</tr>
<tr>
<td>Retail categories</td>
<td>Presence in Punjab</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td><strong>Fashion and Lifestyle</strong></td>
<td></td>
</tr>
<tr>
<td>Liberty</td>
<td>14 stores (Patiala, Ludhiana, Jalandhar, Amritsar, Sangrur, Mansa, Sangroor, Abohar etc.)</td>
</tr>
<tr>
<td>Adidas</td>
<td>Exclusive stores at Nangal, Nawanshar, Patiala, Chandigarh</td>
</tr>
<tr>
<td>Nike</td>
<td>8 stores (Amritsar, Jalandhar, Ludhiana, Chandigarh, Mohali, Bathinda)</td>
</tr>
<tr>
<td>Cottons by Century</td>
<td>4 Stores (Amritsar, Jalandhar, Ludhiana, Chandigarh)</td>
</tr>
<tr>
<td>Wrangler</td>
<td>5 stores</td>
</tr>
<tr>
<td>AO’s</td>
<td>2 stores (Ludhiana, Jalandhar)</td>
</tr>
<tr>
<td>Titan</td>
<td>4 stores</td>
</tr>
<tr>
<td>Tanishq</td>
<td>4 stores</td>
</tr>
<tr>
<td>Orra</td>
<td>3 stores (Ludhiana, Amritsar, Chandigarh)</td>
</tr>
<tr>
<td>LEE</td>
<td>6 stores</td>
</tr>
<tr>
<td>Newport</td>
<td>80 stores</td>
</tr>
<tr>
<td>Wills Lifestyle</td>
<td>2 stores (Ludhiana, Chandigarh)</td>
</tr>
<tr>
<td>Benetton</td>
<td>5 stores</td>
</tr>
<tr>
<td>John players</td>
<td>9 stores</td>
</tr>
<tr>
<td>Lifestyle</td>
<td>Expansion plans in Punjab</td>
</tr>
<tr>
<td><strong>Catering services</strong></td>
<td></td>
</tr>
<tr>
<td>Subway</td>
<td>2 outlets</td>
</tr>
<tr>
<td>YO! China</td>
<td>2 outlets</td>
</tr>
<tr>
<td>KFC</td>
<td>2 outlets</td>
</tr>
<tr>
<td>McDonalds</td>
<td>4 outlets</td>
</tr>
<tr>
<td>Pizza hut</td>
<td>6 outlets</td>
</tr>
<tr>
<td>Chawla chicken</td>
<td>23 outlets</td>
</tr>
<tr>
<td>Ruby Tuesday</td>
<td>3 outlets</td>
</tr>
<tr>
<td><strong>Food and grocery</strong></td>
<td></td>
</tr>
<tr>
<td>Reliance fresh</td>
<td>40 stores</td>
</tr>
<tr>
<td>6 – TEN</td>
<td>50 stores</td>
</tr>
<tr>
<td>Easy Day</td>
<td>3 stores (Ludhiana), Expansion plans in all key cities of Punjab</td>
</tr>
<tr>
<td><strong>Leisure</strong></td>
<td></td>
</tr>
<tr>
<td>Crossword</td>
<td>Expansion plans in all key cities of Punjab</td>
</tr>
<tr>
<td>Odyssey</td>
<td>Expansion plans</td>
</tr>
<tr>
<td>Planet M</td>
<td>5 Stores</td>
</tr>
<tr>
<td>Archies</td>
<td>22 franchises</td>
</tr>
<tr>
<td><strong>Discounters</strong></td>
<td></td>
</tr>
<tr>
<td>The Loot</td>
<td>6 stores</td>
</tr>
<tr>
<td>Retail categories</td>
<td>Presence in Punjab</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Home fashion</strong></td>
<td></td>
</tr>
<tr>
<td>The Home Store</td>
<td>Chandigarh</td>
</tr>
<tr>
<td>Bombay Dyeing</td>
<td>13 stores</td>
</tr>
<tr>
<td>Welspun</td>
<td>3 stores</td>
</tr>
<tr>
<td><strong>Consumer durables</strong></td>
<td></td>
</tr>
<tr>
<td>Philips</td>
<td>4 stores</td>
</tr>
<tr>
<td>LG</td>
<td>4 exclusive LG stores, 12 exclusive LG Counters, 900 dealers</td>
</tr>
<tr>
<td>SONY</td>
<td>Stores in all major cities</td>
</tr>
<tr>
<td><strong>Entertainment and Fashion Accessories</strong></td>
<td></td>
</tr>
<tr>
<td>PVR Cinema</td>
<td>4-screen multiplex at Flamez Mall, 3-screen multiplex at Silver Arc, Also in Chandigarh</td>
</tr>
<tr>
<td>Wave Cinemas</td>
<td>Expansion plans in Mohali, Chandigarh, Amritsar and Jalandhar</td>
</tr>
</tbody>
</table>

Source: Images and CII (2008). Retailing in Punjab 2010 and beyond

### 4.10 Challenges for the Growth of Retail in Punjab

Some of the challenges highlighted on the basis of interviews with retailers and recent retail reports are as follows:

#### Licenses

Most experts and retailers opined that lack of clarity related to legal requirements for establishing many retail formats and provision of no single window to handle retail related issues is one of the main challenge for the growth of organised retail. With no clear laws on FDI in retailing and the role of FII in retailing, the players both domestic and international have been in ‘wait and watch’ situation since a long time. There are vast differences between the central and state Governments on issues like sales-tax, re-sale tax, octroi, VAT, cess, central sales tax, excise duty in the country which is another deterrent (Images and CII, 2008).

#### Power

Convenience and ambience are the key words for an organized retail store. So air conditioning is an important need in such stores. With the increasing rates of power tariffs
coupled with shortage of power in different regions, this could be another challenge for the retailers.

**Real estate**

Retailers also believe that the sky-rocketing prices of real estate are also making finding suitable location for retail outlets difficult (Images and CII, 2008).

**Competition from international players**

Most retailers feel that with the entry of international players in the retail market, the customers have already tasted the benefits of competition. The so-called discount stores formats are selling products at a price below the MRP which is an attractive deal for most price sensitive Indians. However, the Indian retailers earn lesser margins than their counterparts in any other part of the world and that is being a major deterrent in itself (Images and CII, 2008).

**Security and shrinkage**

Security and shrinkage have always been a major challenge for the retailers as there are thousands of customers and hundreds of employees handling the merchandise. The need of the hour is to have clear insurance policy on shrinkage, which is still absent in the Indian retail market (Images and CII, 2008).
References:


Websites:


• DCM Shriram Consolidated Ltd


• Heritage Foods http://www.heritagefoods.co.in/ [Accessed on 30 March 2011].

• HyperCity India http://www.hypercityindia.com/ [Accessed on 30 March 2011].


• Metro Cash and Carry India

• Punjab State Planning Board


• Punjab Agro Industries Corporation limited
  http://www.punjabagro.co.in/doc/Agropercent20Industrialpercent20Policy.doc
  [Accessed on 13 March 2011].

• Reliance Fresh http://www.reliancefresh.info/ [Accessed on 29 March 2011].

• REI Agro http://www.6ten.co.in/About.php [Accessed on 30 March 2011].


• Vishal Retail http://www.vishalmegamart.net/ [Accessed on 30 March 2011].