Chapter 4

Comparison between Large retail chain shops and Small & Medium Retailers
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4.1 Introduction

India is the land of retail democracy. Hundreds and thousands of weekly haats ("Santhe", commonly known in Kannada, the weekly market on a particular week day) and bazaars are located across the length and breadth of India by people’s own self-organizational capacities. The streets of bazaars are lively, vibrant, safe and the source of livelihood for millions. India has the highest shop density in the world, with 11 outlets per 1000 people. This does not include the village haats.

Indian retail democracy is characterized by;
1. High levels of livelihoods in retail with nearly 40 million employed which accounts for 8% of the employment and 4% of the entire population.
2. High levels of self-organization.
3. Low capital input
4. High levels of decentralization

Retail in India has started with the concept of weekly markets, where all the traders gather at one big place to sell their products every week. The people come to these weekly markets to buy the household items for the next one week. Village fairs and melas were also common as it had more of an entertainment value. Once the people started getting busy with their lives
and when they turned entrepreneurial, there emerged the mom and pop shops and the kiranas in the neighborhood. After independence, came into existence the system of Public distribution of foods through the ration shops, where food grains, sugar and oil for the daily consumption were distributed at subsidised rates through the government ration shops.

The modern corporate retail formats are of the exclusive brand outlets, hypermarkets and supermarkets, departmental stores and shopping malls. But still the Indian consumer depends on the self-organized retail shops for their daily needs. This is largely due to the excellent food retailing system that was established by the kirana (mom and pop) stores that continue to meet with all the requirements of retail requirements albeit without the convenience of the shopping as provided by the retail chains. The Hawkers/lari gala vendors and the local kiranas are the two main forms of unorganized retail in the country, which almost account for 97% of the total retail trade. The self-organized sector is characterized by the lari-galla vendors (also known as “mobile supermarket”) seen in every Indian by lane and is, therefore, difficult to track, measure and analyse. But they do know their business, these lowest cost retailers can be found everywhere from village by lanes to where big malls are situated. As far as location is concerned, these retailers have succeeded beyond all doubt. They have neither village nor city-wide ambitions nor plans – their aim is simply a long walk down the end of the next lane. This mode of “mobile retailers” is neither scalable nor viable over the longer term, but is certainly replicable all over India. Most retailing of fresh foods in India occurs in Mandis and roadside hawker parks. These are highly organized in their own way. If we
put all these hawkers together they almost measure up to a large supermarket.

These hawkers have a high degree of merchandise and have a system that works. In the practical situation of the exiting scenario of retailing boom in India, customers especially urban customers are attracted towards the large retail chain shops. These shops are providing almost all the facilities required by the customers as compared to small and medium retail shops. The research is aimed at finding the reasons for low merchandising activities of Small and medium retailers.

Consumers would be the group which benefits the most. They would get wider choices of products and cheaper prices. This will increase consumption rate and will generate more retailing activity. The local small and medium retailers will have to offer better facilities that other large retail giants are giving. Time saving online shopping, home delivery through web portal and ability for better comparison of products will increase customer participation and customer satisfaction. This chapter will reveal out the reasons for inferior merchandising activities of small and medium retailers compare to large retail chain shops.

4.2 Major retailers in India

Retailing in India is receiving global recognition and attention and this emerging market is witnessing a significant change in its growth and investment pattern. It is not just the global players like Wal-Mart, Tesco and Metro group are eying to capture a part of this market but also the domestic corporate behemoths like Reliance, KK Modi, Aditya Birla group, and
Bharti group too are at some stage of retail development. Reliance, announced that it will invest $3.4 billion to become the country's largest modern retailer by establishing a chain of 1,575 stores by March 2007. The last couple of years have been rosy for real estate developers and the retailers are finding suitable retail space in prominent locations. The industry is buoyant about growth and the early starters are in expansion mood. There is increased sophistication in the shopping pattern of consumers, which has resulted in big retail chains coming up in most metros; mini metros and towns being the next target. Consumer taste and preferences are changing leading to radical alteration in lifestyles and spending patterns which in turn is giving rise to new business opportunities. Companies need to be dynamic and proactive while responding to the ever-changing trends in consumer lifestyle and behavior.

Retailing in India is currently estimated to be a US Dollars 200 billion industry, of which organised retailing makes up 3 percent or US Dollars 6.4 billion. By 2010, organised retail is projected to reach US Dollars 23 billion and in terms of market share it is expected to rise by 20 to 25 per cent. The report also predicts a stronger retailer growth than that of GDP in the coming five years.

The generic growth is likely to be driven by changing lifestyles and by strong surge in income, which in turn will be supported by favourable demographic patterns. Rapid growth in international quality retail space brings joy to shoppers and shopping malls are becoming increasingly common in large cities, and announced development plans project at least 150 new shopping malls by 2008. The number of department stores is
growing at a much faster pace than overall retail, at 24 per cent annually. Supermarkets have been taking an increasing share of general food and grocery trade over the last two decades³.

Development of mega malls in India is adding new dimensions to the booming retail sector. Shopping experience in the nation of shopkeepers is changing and changing very fast. There is significant development in retail landscape not only in the metros but also in the smaller cities. Even ITC went one step ahead to revolutionize rural retail by developing ‘Choupal Sagar’ a rural mall. On one hand there are groups of visionary corporate working constantly to improve upon urban shopping experience and on the other hand some companies are trying to infuse innovative retail experience into the rural set up.

The Larger Picture

Indian economy has shown an impressive growth of over 6 per cent for last five years and continues to surge ahead. GDP growth rate in 2003-04 recorded a fifteen year high of 8.5% and subsequently maintained a steady growth for the next two years. Real GDP growth accelerated from 7.5 per cent during 2004-05 to 8.4 per cent during 2005-06 on the back of buoyant manufacturing and services activity supported by a recovery in the agricultural sector. The central bank forecasts similar growth of 7.5-8 percent during 2006-07. With strong economic growth consumerism is increasing in the country and India is the fourth largest economy as far as purchasing power parity is concerned, just behind USA, Japan and China⁴.
Consumer Trend

India is currently having the largest young population in the world and 54 per cent of India’s population is below 25 years of age and 80 per cent are below 45 years. India has around 192 million households. Of these only a little over six million are ‘affluent’ – that is, with household income in excess of Rs.215,000. Another 75 million households are in the category of ‘well off’ immediately below the affluent, earning between Rs.45,000 and Rs.215,000. This is a sizable proportion which offers excellent opportunity for organized retailers to serve.

The following observations on shopper’s behaviour in India:
(1) Indian shoppers spend an average of Rs.2500 on food, groceries and personal care items every month and
(2) Convenience stores are booming in most markets, as the number of such stores exceeds 80,000.

According to the report, 48 per cent of shoppers in India admit that they ‘love to try new things’, making them the most novelty seeking shoppers around the region and total average monthly expenditure is only Rs.2500, of this, Rs.1000 is spent on fresh food, comprising 42 per cent of the entire monthly spend. Indians also appear to spend more on groceries and personal care items.

Business communities believe that sizable disposable income in India is concentrated in the urban areas and well off and affluent classes; income distribution is unequal compared to other Asian economies. In fact, the 20 million middle class home in rural India equal the number in urban India and
thus have the same purchasing power. Therefore, there is significant and considerable opportunity for organized retailers in the rural areas. There is no denying that the rural market holds immense promise for the organized retail but companies ponder over how to serve that market profitably.

Unlike the urban market, it is less developed in terms of infrastructure and facilities. More than any thing else, the larger issue is to find out a suitable business model and retail format to fit local taste and preference. Of course cost of doing business in rural market would be lesser compared to urban market but reaching out to the mass is a concern. It is not impossible but a bit more difficult. For example the most successful and the largest incorporation Wal-Mart started in the rural market where as competition started in the urban market. This retailer has proved that it is important to understand how do you operate your business model rather than where you do it.

Given the increasing urban exposure of rural India, the urban and the rural upper-income groups can form an interesting continuum market, giving it a scale of 23 million households, or 115 million consumers. In 2006-07, the consuming class would be about 60 million households, or 300 million consumers.

National Council for Applied Economic Research(NCEAR) data shows that for 1998-99, for a basket of 22 FMCG(Fast Moving Consumer Goods) products it tracks, a total of over Rs 91,500 crore was spent. Of this, 37% was spent by the two lowest-income groups in rural India, and only about 20% by the top two income groups in urban areas. This is, perhaps, the
best and only statement of the structure and potential of the Indian market. Hence, marketers have to worry about purchasing power of consumer not where he is living. For example there are nearly 42,000 rural *haats*, average number of sales outlets per *haat* is 300 and average sales per outlet is INR 900 and average foot fall in a *haat* is about 4,500. In rural India there are 50 million Kisan Credit Card (KCC) holders and in 2002-03, Life Insurance Corporation sold 50 percent of its policies in rural India. These are some of the indicators how rural India is performing.

### 4.3 Drivers of Retail

On one hand favorable demographic and psychographic changes in the Indian consumer class, rising income, international exposure, availability of quality retail space, wider brand choice and better marketing communication are some of the factors driving Indian retail. On the other side a lot depends on the preparedness of Indian retailers in terms of having suitable formats, scalable business model, appropriate technology and relevant organization capability for the success.

Currently the country has a population of over one billion, 60% of which is under 30 years of age. This means majority of the population is young and working class with higher purchasing power. The low median age of population means a higher current consumption rate which augurs well for the retail sector. Consumer spending in India has grown at over 12 percent since mid-1990s and 64 per cent of Indian GDP is accounted for by private consumption. Over the last decade, the average Indian spending has gone up from Rs. 5,745 in 1992-93 to Rs. 16,457 in 2003-04 and is expected to grow around its trend rate of 12 per cent
There are fundamental but significant changes underway in this country. In January 2006, the government announced that foreign companies can own up to 51 percent of a single-brand retail company, such as Nike or Adidas. This decision would certainly encourage retailers such as Zara and Gap to enter this market. Tesco is planning to enter the market through a partnership with Home Care Retail Mart Pvt. Ltd. and expects to open 50 stores by 2010.

4.4 Retail Space Development

Through the 1990s, organised retail in India added just 1 million sq. ft of space a year. Then, from 2001, the pace quickened dramatically. In 2003 alone, 10 million sq. ft was added by this fledgling industry. Now the story is completely different and the mall boom is all set to alter the competitive dynamics. Over 130 to 180 million sq ft of new mall space are estimated to come up in the country in the next 3-5 years. Nearly 70% of the total new mall space coming up in Financial Year 07 and Financial Year 08 will be in the major cities reducing catchment areas for existing retailers. Key retail location like Mumbai (up 203% to 15 million), Delhi (up 527% to 23.2 million), Bangalore (up 128% to 4.1 million), Hyderabad (up 163% to 5.3 million), and Pune (up 188% to 23.2 million) are all seeing a mall construction boom and this space availability shall lower the barriers to entry. A state like Punjab is in the midst of mall boom. By the end of 2005 one single mall was operational with GRA of 1.2 lakh sq ft and by the end of 2008 there will be 37 malls operating with gross leasable area (GLA) of 15.2 million sq ft. Ludhiana is leading the way with 11 malls and GLA of 5 million sq ft.
The chart indicates that Delhi and NCR (North capital region) share 30% of the retail mall distribution space, where Bombay share 27% of space distribution, where as tier II cities shares 26% of distribution space, Hyderabad shares 7% of the retail space where as Pune has 5% of the distribution space. Where as Bangalore share only 5% of distribution space for retailing. It was clearly indicated that the as compare to the other cities and still there will be lot of scope for the growth of retailing in Bangalore.

**Development of Retail Formats**

It is difficult to fit a successful international format directly and expect a similar performance in India. The lessons from multinationals expanding to new geographies too point to this. For example, Wal-Mart is highly successful in USA but the story is different in Asian countries like...
China. Therefore, it is important for retailer to look at local conditions and insights into the local buying behaviour before shaping the format choice. Considering the diversity in terms of taste and preferences existing in India the retailers may go for experimentation to identify the winning format suited to different geographies and segments. For example, the taste in south is different from that in north and this brings challenges to the retailers. Therefore, most of grocery retailers are region-centric at this point in time. Now a number of retailers are in a mode of experimentation and trying several formats which are essentially representation of retailing concepts to fit into the consumer mind space. Apart from geography even rural and urban divide poses different kind of challenge to the retailer. Pantaloon Retail India is experimenting with several retail formats to cater to a wide segment of consumers in the market. Some of the new formats are Fashion Station (popular fashion), Blue Sky (fashion accessories), aLL (fashion apparel for plus-size individuals), Collection i (home furnishings), Depot (books & music) and E-Zone (Consumer electronics). The retailer is trying to segment the market with the help of format. The retailer developed another new format in the form of Wholesale Club to sell a segment of consumer who purchase on bulk and look out for discounts and offers. The new format is going to be kind of wholesale club which is likely to be located close to Food Bazaar. Consumers who are interested to purchase on bulk can take benefit from this format. Similarly the Land mark group also operates multiple formats such as hypermarket (Max), departmental store (Lifestyle), Shoemart and Funcity etc,. Such experimentation and identification of an appropriate format for the local conditions would separate winners from losers in India, possibly implying multiple formats could be the reality in the long run.
Malls

Mall development is phenomenal in India. The mall mania is spreading fast and entering even the second tier cities in India. Real estate developers are jumping very fast to take this further from Metro cities to smaller cities and corporate houses like ITC and Sriram group are making steady progress to make this phenomena feasible in rural market also. There is no denying that the top notch cities like Mumbai, Delhi, Bangalore, Hyderabad, Kolkata, Chennai and Pune are leading the way but the second tier cities like Ludhiana, Chandigarh, Nagapur and Surat are catching the eye of all retailers. Retail developers are in such a mood that they may over ride the requirement in a specific city.

Large format malls are increasingly getting prominent with adequate retail space allocated to leisure and entertainment. Some states like Punjab have lifted entertainment tax on multiplexes till 2009. This boosted the confidence of the mall developers to accommodate entertainment players like PVR, Waves, Adlab and Fun Republic in large malls. A study conducted by Knight Frank India indicates that by 2007, approximately 75 million sq ft of mall space would be available in India. Of this, Mumbai, Pune, NCR (including Gurgaon, Noida, Greater Noida, Faridabad & Ghaziabad), Bangalore & Hyderabad will have a 74% share. The balance 26% will be made up by the cities like Kolkata, Chennai, Ahmedabad, Jaipur, Nagpur, Lucknow, Indore, Ludhiana & Chandigarh. With such quantum of new format retail space in the pipeline, innovation, striking the right tenant mix, effective mall management and provision of ample parking
space are components that will decide the future success of mall developments.

**Department Store**

A department store offers an extensive assortment (width and depth) of goods and services that are organized into separate departments for the purpose of efficient buying, assortment, promotion and above all ease of shopping for the consumer. Such a format provides the greatest selection of any general merchandize and very often serves as the anchor store in shopping mall or shopping centre. In India, the number of department stores is less compared to other retail formats such as supermarkets and discount stores. Shoppers' Stop is the first one to open a department store in the early 1990s and currently operates 19 stores in 10 different cities in India. The store strongly focuses on lifestyle retailing and mainly divides into five departments such as apparel, accessories, home décor, gift ideas and other services. Shopper’s Stop is getting stronger and stronger year after year. It attracts more than 12 million shoppers every year with a conversion rate of 38 per cent. In the end of FY2000 this retailer had 5 stores and is in the process of reaching 39 stores with retail space of 2,502,747 sq ft by FY08. Another operator Lifestyle India began operations in 1998 with its first store in Chennai in 1999 and in March 2006 it opened one of the largest department stores in the same city. The store spreads over 75,000 sq. ft and store provides customers a great shopping experience with three floors of apparel, footwear, products for children, household furniture and decor, health and beauty products.
Hypermarket

Hypermarkets have emerged as the biggest crowd pullers due to the fact that regular repeat purchases are a norm at such outlets. Hypermarkets not only offer consumers the most extensive merchandise mix, product and brand choices under one roof, but also create superior value for money advantages of hypermarket shopping. With product categories on offer ranging from fresh produce and FMCG products to electronics, value apparels, house ware, do it yourself (DIY) and outdoor products, the hypermarkets are becoming popular formats in India. Number of players operating hypermarket format are increasing day by day. One of the leading players in this format is Pantaloons Retail India Limited which operates 32 Big Bazaars in twenty cities. In early 2006, the K. Raheja Corp (C.L. Raheja Group) has introduced its value retail concept Hypercity which is the country's largest hypermarket at 118000 sq ft. Hypercity carries product range varies from Foods, Homeware, Home Entertainment, Hi-Tech, Appliances, Furniture, Sports, Toys & Clothing. Hypercity Retail plans to open 55 hypermarkets by 2015. Reports in media indicate that Reliance is set to open its hyper market format called 'Reliance Mart' in Ahmedabad in December 2006 in 1.5 lakh sq ft of space. As the market is expanding and consumers are in a mood to accept changes, hypermarkets are getting overwhelming response from consumer. Currently there are about 40 odd hypermarkets in India but this format holds a great potential for growth. Hypermarkets can offer whole lot of benefits to consumer. As all hypermarkets use food and grocery as crowd puller, the price plays major role. Apart from price, other things retailers need to worry about are offering right product mix at right price and right place. Ideally, a 40:60 mix of food
to non-food should yield a blended gross margin of around 18-19 per cent. Hypermarkets will be successful if the retailers understand the shopper better and design product offering tailor made for specific segment of consumer. Retailers have to use efficient sourcing and merchandising process to bring down cost of operation. The most important one is to phase out inefficiencies from the supply chain and pass on a part of that benefit to consumer. Another way of improving margin is to increase percentage of private label or store brand.

Unlike western countries where supermarkets are prominently visible, in our country this is lacking. The supermarkets largely concentrate on selling food related products and are considerably smaller in size compared to hypermarkets. Their value proposition is also different from the hypermarkets. The supermarkets offer relatively less assortments but focus on specific product categories. They do not play the game on price rather use convenience and affordability as their salient features. In India this role is played by the provision stores and sweet shops. Interestingly the fresh vegetables and fruits are sold on the foot path and in open markets. Traditionally consumers feel conservative to buy fruits and vegetables from air conditioned supermarkets. They prefer to buy either from the local mobile vegetable sellers or from the nearest sabji market. Probably that works as deterrent factor for the growth of supermarkets in India. But the situation is changing and slowly supermarket operators are coming to their own.

A supermarket normally sells grocery, fresh, cut vegetables, fruits, frozen foods, toiletries, cosmetics, small utensils, cutlery, stationery and Gift
items. In India Food World, Food Bazaar, Nilgiri (30 plus stores), and Adani are the leading super market operators. One of the biggest super market operators in the western India is Adani Retail Limited which operates Adani super market plans to continue its journey to reach total 19 cities with the store strength of 60 plus in the state of Gujarat. Adani Retail Limited (ARL) also plans to expand its operation in the neighbouring states of Rajasthan, Madhya Pradesh, Maharashtra and Chhattisgarh. Subhiksha is one of the leading super market operators, who largely operates in the southern part of India is expanding to western India. One more retailer Reliance Retail is on the move and this retailer opened its Reliance Fresh-a super market chain with 11 stores in Hyderabad in November 2006 and is planning to enter 70 more cities within 2 years. Fabmall a part of Trinetra Super Retail Limited is also expanding. By June 2006 Fabmall had 28 super markets in some cities and the retailer is planning to open 25 outlets in Kerala by March 2007.

Food Bazaar operates in major cities in India with a floor space ranging from 6,000 sq ft to 16,000 square feet and the format sells both food and non-food items. The non-food items contribute about 22 per cent of total sales and rest is contributed by the food related items. A Food Store stocks an average of 7,000 stock keeping units (SKUs) and over 50,000 articles. The SKU's are divided into the broad categories - staples, fresh produce and branded foods, home & personal care products. Staples include groceries like rice, wheat, dal, spices and oils. Fresh produce comprise of fruits and vegetables, which are sold loose through the concessionaire arrangement. Along with national brands and local brands the store keeps private labels in some product categories such as utensil cleaners, preservatives and bakery products. For example in utensil cleaner category private label gives the
highest margin about 25 per cent and commands a share of 50 per cent in the store. The private labels offer flexibility to both the retailer and the consumer on price front. The objective of the store is to offer variety at affordable price in each category. Food Bazaar has made the transition from a just grocery retailer to developing emotional bonding with shoppers by providing some value added services to the shoppers. Some of these initiatives include:

**Live chakki**: which allows customers to buy fresh wheat and have it grinded there at the store

**Fresh Juice counter**: This provides customer to have fresh juices.

**Live dairy**: This provides customers with fresh milk and milk products.

**Live kitchen**: Customers have the option of buying vegetables, getting them chopped, cooked fully or partly. Soups, salads and sandwiches are also available.

**Convenience Stores**

A Convenience store offers location advantage for the shoppers and provides ease of shopping and customized service to the shoppers. It charges average to above average prices, depending on the product category and carries a moderate number of stock keeping units (SKUs). Normally it remains open for long hours and shoppers use it for buying fill-in merchandize and emergency purchases. In India, Convenience stores occupied 23 thousand sq. meter of retail space with sales of about Rs 1347
million in 2005 and are expected occupy 85 thousand square meter of selling space by 2010. During the same period, sales is expected to touch Rs 5271 million and number of outlets are likely to grow from 510 to 2434. Twenty Four Seven a new format of convenience store is operational in Delhi from June 2005. Twenty Four Seven's portfolio comprises 3,500 stock keeping units (SKUs) of branded fast-moving consumer goods and another 3,500 SKUs of prescription and over-the-counter drugs besides 300 private labels products across food, focusing on staples such as pulses and rice. The promoter of this format, the Modi group, plans to set up 500 convenience stores in Delhi and Mumbai by 2008.

**Discounters**

Wal-Mart, the largest retailer in the world is a discounter. Practically the discounters offer several advantages such as lower price, wider assortment and quality assurance. The discounters like Wal-Mart and Aldi were able to quickly build scale and pass on benefits to the consumer. However, in the long run success depends on the operational efficiency and consistent value delivery to the consumer. The same retailer Wal-Mart struggles in Asian countries like China but extremely successful in USA. It is believed that the average Indian consumer is highly price-sensitive and looks for savings in term of money in her grocery purchase. So price-value equation is a critical component in most of the grocery purchases. Despite this, there is hardly any national level discount chain operating in India. But retailers such as Aldi and Lidl are extremely successful in Europe. Due to regulatory issues no such retailers are allowed to sale their products directly to consumer. But they can sell in a cash and carry format which is exclusively B2B context. If these retailers are allowed to operate in India
through their retailer stores they may find it extremely difficult in the early stages because of lack of experience in the grocery retailing in this market. Unlike the western markets where retailers largely depend on private labels to offer price advantage, here the concept of private label is very early stage. Some of the food retailers like Foodworld and Adani sell private labels but they are not discounters. Soft discounters are present in India, although their influence on grocery retailing in 2005 was very minimal with a value share at less than half a percentage point. The absence of strong discounters and the lack of local retailer’s initiatives in discounters have several reasons. Unlike most Western countries, Indian retailers are mainly small stores and do not have much bargaining power with manufacturers in order to negotiate terms. Due to low economies of scale, retailers are unable to offer significant discounts on their own. Consequently, the presence of discounters is much smaller than that of supermarkets. According to Euromonitor (2006) report, in India there are 410 discount stores with 63 thousand sq, meter selling space and by 2010 that figure is going to be 555 discount retail outlets with 85 thousand selling space. Subhiksha, the Chennai based discount retail chain is going national. By July 2008 the retail chain had around 150 stores and planning to open 350 more by March 2007. The National Capital Region (NCR) is going to get a fair share of 145 stores. Apart from the NCR the retail chain is actively looking at markets in Maharastra, Gujarat, Andhra Pradesh and Karnataka. The retail chain already started operation in Ahmedabad but the stores are largely selling fruits and vegetables at this point of time. They claim that they sell at a lower price compared to other places in the local market.
Branded Store

The major apparel brands in India are Madura Garments, Zodiac, Raymonds, Colour Plus and Arvind Mills. Some of branded apparel stores prominent in India are Madura Garments (140 stores), Weekender (75 stores), Benetton (100 stores), Grasim (110 exclusive showrooms), Madura Garments (40 stores), Wills Life style (40 stores), Lee (59 stores), Newport (500 stores), Wrangler (37 stores), John Players (80 stores) and Raymond. Raymond a nation wide retail chain has 260 Raymond shops deals in fabrics, apparels and accessories. In addition to that its distribution network includes 20 exclusive Park Avenue Parx stores, and 1,000 multi-brand outlets. These specialty stores sell the well known brands like Park Avenue, Parx, Manzoni and Be. Park Avenue is an up-market brand, while Parx and Manzoni are targeted at the casual wear and the premium ranges respectively. 'Be:' is especially a brand for women's wear. Similarly BK Birla's Century Textile plans to increase its number of outlets from 60 currently to 100 by next year. International brands like Tommy Hilfinger are also present in India through franchise arrangements with Arvind Murjani Brand Private Limited (AMBPL) and its first store was opened at Banjara Hills, Hyderabad. The 3,840 sq ft store retails wide variety of products such as men's denim wear & sports wear, women's sportswear, junior jeans and accessories like handbags, belts and watches. Apart from the new store in Hyderabad, Tommy Hilfinger is also available in its exclusive stores in New Delhi, Gurgaon, Chandigarh, Bangalore and Mumbai.

There is no major Indian retailer in the sports and foot wear category. Reebok (85 stores) is the market leader here in India and there is no clear-cut winner in the second place. In fact, this segment is dominated mainly by
foreign labels – Levis, Lee Cooper, United Colors of Benetton, Lacoste, Adidas (76 stores), Nike (62 stores), and Woodland (58 stores), etc. Indian labels are few and far between – Proline is the best-known Indian brand and the other brands are more local in nature. The other Indian retailer which is making some sort of impact is Wills Sports with 29 stores across different cities in India.

**Category Killer**

The category killer concept originated in the U.S. due to abundance of cheap land and the dominant car culture. Category Killer is a kind of discount specialty store that offers less variety but deep assortment of merchandise. By offering a deep assortment in a category at comparative low prices, category specialist can be able to "kill" that specific category of merchandize for other retailers. Generally such kind of retailers uses a self service approach. They use their buying power to negotiate low prices, excellent terms and assured supply when items are scarce. In India this kind of retail stores are not prevalent at this point of time. But there is scope for such kind of format. In India, Mega-Mart is one sort of category killer which sells apparel products.

**Dollar Stores**

Dollar stores have their roots in America's homey five-and-dimes, the general stores that offered a range of products at low prices. But modern dollar-store retailers are having more sophisticated operations; leveraging their growing buying power to strike special deals with vendors and continuously striving for unique advantage of both convenience and price. Some chains sell all their goods at $1 or less. Others offer selected items at
higher prices. Most sell a combination of paper products, health and beauty
supplies, cleaning products, paper and stationery, household goods, toys,
food and sometimes clothing. Both private-label and brand-name goods fill
the shelves. They are looking for employing technology to manage large
distribution networks. US based My Dollar Store started operation in
Mumbai through master franchise arrangements with Sankalp Retail Value.
The store opened with a floor space of about 4,000 sq ft of space in Nirmal
Lifestyle and offers wide range of products ranging from shampoos-to-juice-
_toys. In September 2005, Mallz99 chain of dollar stores has also started
operation in Malviya Nagar, South Delhi and the retailer has a plan to open
200 stores (both franchised & company owned) in India by 2009. The store
offers over 1000 imported products that are priced at INR 99. Major product
categories sold at the store are cleaning, health & beauty, hardware, plastic
ware, kitchenware, candles, flowers, household items, home-décor,
automobile, stationary, disposables, party supplies, fashion jewelry,
glassware, chocolate & confectionary, gifts, toys, products for pets,
melamine ware, novelties, socks and fashion accessories. For keeping the
store attractive for shoppers the store adds new products on a weekly basis.
Mulund boasts of three dollar shops on SL Road, and one in Mulund (E)
near the station. Royal Shoppe on SL Road offers everything from crockery
to towels, shoes, curios, lamps, etc. Royal Shoppe now offers goods ranging
from Rs 29 to over Rs 1,699.

Internet Retailing

The importance of internet retailing is growing all over the world. Some internet retailers such as eBay and rediff.com are providing a platform
to vendors to sell their products online and they do not take the
responsibility of delivering the product to buyer. They provide virtual shopping space to the vendors. On the other hand online retailers like amazon.com and walmart.com have to maintain their warehouse to stock products and take the responsibility of delivering products to the buyer. So, most of the brick and mortar stores are entering into online retailing as they have physical infrastructure and they can use that to capture additional consumer wallet. All the big retailers like Target, Sears and Kmart are operating online shop and some manufactures also operate online. For example Apple Inc. operates through apple.com and Dell Inc. sells its products online through dell.com.

In India internet retailing is growing by 29% CAGR and Euro monitor report estimates that the a CAGR 48 per cent and in value term it going to touch INR 27 billion by 2010 from INR 4 billion in 2005. The report also predicts that the contribution of internet retailing to non-store retailing to is likely to be 46 per cent by 2010. In 2005 LG Ezbuy was the major internet retailer in value terms with a commanding share of close to 23 per cent. Other major players in terms of value share are Times Internet (indiatimes.com), Yahoo Web services (yahoo.com), India Online (Rediff.com), Fabmall and Sify.com. Fabmall online store offers about three million stock keeping units and attracts about 10,000 visitors per day and on average ships over 20,000 orders per month. Fabmall sells major product categories jewellery, Electronics, Books, Movies, Music and Gifts.

Beyond Format
Retailers need to think about shoppers not just about formats as understanding the shoppers’ dynamic holds key to such a business. Retailers
must understand what value shopper is looking for and how the retailers can deliver that desired value to the customer. However, most retailers look for what they are offering and how shoppers can fit into retailer’s scheme of offerings. In the long run such strategies may not be viable. Sam Walton and Jack Welch share a same line of thinking that consumer is the source of competitive advantage and one of leading UK based retailers Tesco Inc. has shown how understanding consumer can be a source of redefining business and gaining sustainable advantage. The retailer operates four different retail formats namely Express (546), Super store (446), Metro (160) and Extra (100) to cater consumer need. The Group also has an additional 527 stores under the One Stop fascia. All the formats are profitable and each format is tailor made to fulfill customer need. It is the value offering which makes Tesco so popular and profitable. Similarly in India Pantaloon Retail runs several formats and for value retailing Big Bazaar is receiving exceptional response from the consumer.

Retailing in India is completely different from western countries for that matter even from Asian counter parts. Studies show that upgraded Kiranas are growing at the same rate as organized retailers. Even though the format remains the same, the value delivery has changed. In the changing retailing environment understanding the psyche of consumer is critical to business. Aggregate level picture may mislead, so individual level understanding is desirable. Finally, it is not the format gives business sustainability rather it is one of the vehicles to deliver value to the consumer. Some of the Kirana store owner view there is no competition from the big retailers because they know their customer better. Even some Kirana stores go one step ahead to define their target segment by residents of the nearest
society or colony. Similarly DSCL Haryali Kisan Bazaar targets 15-20 villages for generating business.

4.5 Challenges Ahead

Infrastructure

Even though there is huge investment coming especially in the area of retail space development in the form of mall development, the challenges remain same from a retailer’s view point as the cost to acquire retail space in mall is increasing. Researchers from Knight Frank India, a real estate consultancy, cipher that rentals in established malls in top metros have jumped by 20-30% in the last six months. Generally retailers work out a rent-to-revenue ratio with developers at which they feel they can sustain their business. Normally, this figure varies between 4% for a hypermarket (that is, rent will constitute 4% of revenues) and 10% for a department store, to nearly 20% for very niche retailers. But, at a monthly rate of Rs 200 per sq ft, a department store might have to make Rs 2,000 per sq ft per month just to break even. In such a scenario the reality of retail business could change and sustaining profitable business could pose the highest threat of its kind.

Technology

Technology is going to play a major role in retail development in India. Retailers are going to experience the impact of technology in retail. Currently most of the retailers are operating almost everything manually. A country where almost 97 percent of retailing is in the hand of unorganized retailers it is predictable that the retailers are going have operational
inefficiency. They face several challenges like maintaining inventory, ordering and above all keeping track of customer by maintaining consumer database. Technology can be useful in this aspect. Most of the organized retailers are using available and affordable technology to capture consumer information. Modern retailers are using scanner data to figure out answer to lot of questions. Through technology retailers can capture a whole lot of segmentation variables and subsequently use them for shopper segmentation. Technology helps to take better decision in some critical areas such as new product introduction, suitable product offering, quicker ordering and assortment planning. Retailers use shopper's loyalty data to design customized promotional offering for different set of customers.

Supply chain

Till now most retailers in India have invested majorly into the front end but relatively little on the back end and supply chain. Even in countries like the USA, Germany and England where organized retail is highly developed supply chain efficiency is a concern. The nature of retail sector in India is different from other countries around the world. The biggest retailer in India, Pantaloon Retail is yet to open stores in each & every major city in India. Probably that is an indication of how the retail concentration is happening mainly in big cities. The sector is highly fragmented and organized retail contributes hardly 3-4 percent of total retailing pie. There are huge inefficiencies in the supply chain. For example Indian supply chain for food products is characterized by extensive wastage and poor handling. The wastage occurs because of multiple points of manual handling, poor packaging, and lack of availability of temperature controlled vans. The most important part of retailing business is to find a balance between investing in
front-end and back-end operations. The channel dynamics is going to change over next couple of years as the retailers start growing in size and their bargaining power is likely to increase. Probably that would bring some kind of mutual understanding between manufactures and retailers to develop strong supply chain network. In such a scenario, both the existing operators and new operators must put collaborative efforts to phase out inefficiencies in the supply chain network. In a special lecture series at Indian Institute of Management, Ahmedabad, honorable minister for Railway, Mr. Laloo Prasad Yadav raised his concern over safe transportation of food. The minister is looking forward to use railway infrastructure to carry fresh fruits and vegetables in temperature controlled containers from various nodal points essentially opened in railway stations to different parts in India. Probably that would help a lot in reducing wastage in the supply chain and retailers would be happy to use railway infrastructure rather than spending huge amount of money in developing infrastructure. New entrants like Reliance Retail is believed to be investing substantially in the supply chain especially cold chain as it is set to start its venture by opening ‘Reliance Fresh’ stores.

Human resource

Even though AT Kearny places India as most attractive retail market for the second consecutive year in a row but it is lagging behind in the retail labor index and positioned in the 8th place. At this point of time talent is in short supply and employee churn has been high for all players. It is very difficult to get experienced store managers to run stores. For example, currently Pantaloon Retail India is operating around 48 Food Bazaars across the county and planning to increase the number to over 80 stores by the end
of 2006. The retailer is ready with retail space in different malls and high traffic retail location but availability of qualified and experienced personnel is still a big concern for the retailer. Almost all retailers are indulged in poaching which is not a permanent solution. There is absolutely no issue in getting retailing space in prime locations but the bigger concern is to find additional store managers. The way the sector is growing in terms of opening stores it is very predictable that there is going to be huge scarcity of professionals to manage stores. Reliance Retail is planning to employ half a million work force in various levels in next five years. Currently the sector is facing a shortage of human resources. It is very difficult to develop human capital in a short time span of five years. If we look at the human resources employed by global retailers like Wal-Mart, Carrefour, Tesco, Home Depot and Ahold, we find that none other than Wal-Mart exceeds half a million.

Considering our robust policies for retaining and developing workforce, retailers should not worry about shortage of talent pool in the long run. The country also possesses a rapidly growing cadre of promising professional managers, a large educational system, and there is a cultural willingness among employees to work cooperatively with management. If, we use these resources properly we can develop a large talent pool to fulfill the growing demand for various positions in the retail organization.

In the 2005 India Economic Summit, delegates conveyed mixed message about FDI but one final message was loud and clear that India’s retail development is inevitable. Most of the organized retailers in India are harping on quality, service, convenience, satisfaction and assured benefits to lure shoppers into the store. Retailers should create value for the consumer
and must decide suitable vehicle to deliver desired consumer value. No doubt that retail format is one of the vehicles to deliver value proposition and also it helps to position the store in the mind of target shoppers. Probably in a growing market no one finds difficulty in pulling customer into store but that may not be sufficient to operate profitably. Retailers need to find out what matches consumer requirement and offer better than competition. Retailers certainly need to be innovative in designing the value proposition and deciding the format to deliver that to the consumer.

It is not all about deciding the format but all about serving the consumer better, faster and at less cost. Retailers can use their store as an indicator of what they stand for and what value they offer. Retailers have to out think consumer in providing service and value. At this juncture, most of the retailers are concerned about growth in number of stores rather than creating value for consumer. Some companies like Pantaloon Retail has gone one step ahead to start e-tailing format along with brick and mortar formats.

The most important issue in e-tailing is credibility and trustworthiness of the supplier. If Pantaloon Retail India gets the same credibility and trust it is able to find from current customer base it is highly probable that the new format is going to be successful. Again some of the product categories books are highly successful on internet as those categories require less feel and touch. Our conclusion is that consumer is the focus of retail business and the retailers should serve the consumer better, faster and at less cost.
4.6 Comparative study between Large retail chain shops and Small and Medium Retailers

India is being seen as a potential goldmine for retail investors from over the world and latest research has rated India as the top destination for retailers for an attractive emerging retail market. India’s vast middle class and its almost untapped retail industry are key attractions for global retail giants wanting to enter newer markets. Even though India has well over 5 million retail outlets, the country sorely lacks anything that can resemble a retailing industry in the modern sense of the term. This presents international retailing specialists with a great opportunity. The organized retail sector is expected to grow stronger than GDP growth in the next five years driven by changing lifestyles, burgeoning income and favourable demographic outline.

Maximum Large retail shops provide the facilities expected by the customers. From the research, carried out in Bangalore revealed some interesting points indicating why these large retailers are emerging as leaders in retailing activities, probably similar situation can be expected in the major cities and urban area of India. Some of the important findings out are as follows,
Built up area:

Chart 4.2: Chart shows Comparison of built up areas between large retail chain shops and small and medium retailers

The chart shown above reveals that the large retail chain shops enjoy excellent built-up area compare to small and medium retailers. These large retail chain shops are capable to invest more for the infrastructure development hence they able to build excellent built up areas with all infrastructure and ambience, where as small and medium retailers unable to invest for they are built up areas and creation of required infrastructure and ambience for the shops.

Majority of these retailers located in the populated civic areas of the city. They have large built-up areas for their operation, around 66.67% of these shops enjoys excellent built up areas, where as only 5.67% of Small and medium retailers (Small and Medium retail shops) have excellent built-up areas, Built up areas of 25% large retail chain shops are very good
compare to 12.38% of small and medium retailers, 8.33% of Large retail chain shops have good Built area as compared to 32.28% of small and medium retailers, where as built 20% and 29.52% of small and medium retailers are fair and poor respectively.

**Vehicle parking facilities:**

![Vehicle parking facilities chart]

**Chart 4.3 : Chart shows Comparison of Vehicle parking facilities between large retail chain shops and small and medium retailers.**

Most of the retailing shops are located in the city and urban areas where vehicle parking is a big problem, but this problem more severe in city like Bangalore. Due to the availability of the space near most of the large retail chain shops or the provision made by them for vehicle parking facility. In Bangalore city, 58.33% of large retail chains hops are providing excellent facility for parking the vehicles. While, 16.67% and 25% of large retail chain shops are providing very good and good facilities for vehicle parking.
Where as only 3.81% of the total small and medium retailers provides excellent, 6.67% of small and medium retailers provides very good and 15.54% of small and medium retailers provides good parking facilities respectively, where as 22.38% of small and medium retailers provides fair parking facilities and 51.9% of small and medium retailers provides Poor Parking facilities.

Most of the small and medium retailers are not providing vehicle parking facilities and not bother about this requirement of the customer. But the large retail chain shops are providing excellent parking facilities.

In the existing business scenario Parking is considered to be an important market promotional factor. Since most of the retail outlets located in city and urban areas, the parking provision by the retailers, will motivate the customers.
Shopping layout:

Chart 4.4: Chart shows Comparison of shopping layout between large retail chain shops and small and medium retailers

Most of the large retail chain shops provide Excellent and very good shopping layout, it is around 75% out of the existing large retail chain shops in Bangalore, even remaining 25% of the shops layout falls in good and fair layouts. Where as small and medium retailers have the following shop layouts, only 10.48% has excellent, 20.48% has very good, 26.67% have good shopping layouts and 20.48% of small and medium retailers have fair as well as 21.9% have poor shopping layouts.

In Bangalore city most of the small and medium retailers have adopted different shopping lay out, most of these shops are not considered this as an important act to attract the customers, especially the small retailers did not allow the customers in side the shop, as per the demand made by the customers the shop personnel will pickup the items for the customers.
Proximity to the customers:

![Chart](image)

**Chart 4.5 : Chart shows Comparison of Proximity to the Customers between large retail chain shops and small and medium retailers**

Most of the large retail chain shops are located near their customers, i.e. these shops are located in the populated civic areas. From the study it was fond that around 66.66% of the Large retail chain shops are with in the proximity of the customers, where as 33.33% of small and medium retailers are located near to the customers. While 33.34% of the Small and medium retailers are with in the reach of the customers, where as 42.38% of the small and medium retailers are some have manage to locate near the civic areas and 24.29% of Small and medium retailers are not able to locate them self in the proximity of the customers due to huge cost of the land in the Bangalore city.

From the study the al most all large retail chains shops and only few of small and medium retailers are with in the proximity of the customers, due to the huge investment and increasing real estate cost.
Modern handling equipment:

Chart 4.5a: Chart shows Comparison of modern handling equipment between large retail chain shops and small and medium retailers

Large retail chain shops in Bangalore are mostly mechanized material handling process for the regular merchandising activities, 75% of these shops have excellent and very good, and where as 25% of these shops are having modern handling equipments. Also 61% of small and medium retailers are not completely provided with modern handling equipment. Only about 17.14% possess with either excellent or good modern handling equipments and around 22% of small and medium retailers have moderate handling equipments.

Since huge investment required for arranging and using modern handling equipments hence most of the small and medium retail shops not provided with modern material handling equipments. Where as almost all large retail chain shops are provided with modern handling equipments.
Lighting and Air Circulation:

![Chart 4.6](chart.png)

**Chart 4.6: Chart shows Comparison of Lighting and air circulation between large retail chain shops and small and medium retailers**

Any structure which has Good lighting and air circulation facilities will please the customers and makes the merchandising process pleasant, the study was founds that all most all Large retail chain shops under study provides Air circulation and Lighting facilities. That is 33.33% of Large retail chain shops in Bangalore city provides excellent, 33.33% of Large retail chain shops provides Very good, Air circulation and Lighting provision, where as 25% Large retail chain shops have good Air circulation and Lighting provision. But only 7.62 % of small and medium retailers provides Excellent, 14.43% of Small and medium retailers provides Very good, 22.86% of Small and medium retailers provides good, 26.19% of Small and medium retailers have fair Air circulation and Lighting facilities and 31.9% of Small and medium retailers have poor Air circulation and Lighting facilities.
Most of the large retail chain shops are providing good air circulation and ample lighting for customers for easy and comfort shopping, where as Majority of small and medium retailers are failed in providing good air circulation and lighting facilities to the customer for comfort shopping.

**Shipment and delivery:**

**Chart 4.7 :** Chart shows Comparison of shipment and delivery between large retail chain shops and small and medium retailers

Customised services, customisation and customer satisfaction are important mantra of the retailers for their success. Shipment and delivery of the goods purchased by each customer to the destination address are taken care by most of the large retail chain shops. Most of these shops have different delivery and distribution provisions to the customers. In Bangalore city 25% of Large retail chain shops provides excellent, 41.67% of Large retail chain shops provides very good and 33.33% of provides good Shipment and delivery facilities. While most of Small and medium retailers
are least bother about this facilitates, most of these shops are provides shipment ad delivery facilities as demanded by the customers. The study founds that in Bangalore, 9.52% of Small and medium retailers provides excellent, 11.43% provides Very good, 21.9% provides good, 26.19% provides good and as much as 30.95% of Small and medium retailers provides Poor Shipment and delivery facilities.

**Refreshment and Toilet facilities:**

![Chart 4.8: Chart shows Comparison of refreshment and toilet facilities between large retail chain shops and small and medium retailers](image)

The urban customers are more hygienic and has cost benefit mind for every pie he is spending, keeping this in mind more and more large retail shops are providing refreshment and toilet facilities in their premises. 50% of these shops provides excellent and very good refreshment and toilet facilities to their customers, whereas 2.86% of small and medium retailers provides excellent refreshment and toilet facilities, 33.33%, and 16.67% of large retail chain shops provides good and fair refreshment and toilet
facilities respectively. While 7.62% of small and medium retailers provide good refreshment and toilet facilities, 26.67% provides fair refreshment and toilet facilities and 57.14% provides poor refreshment and toilet facilities.

From the study, it is a clear indication that large retail chain shops provide very good refreshment and toilet facilities that satisfies the urban customers, whereas small and medium retailers in Bangalore city unable to satisfy their customers in this regard.

**Availability of wide range of Products:**

![Chart 4.9: Chart shows Comparison in Availability of wide range of Products between large retail chain shops and small and medium retailers](image)

The large retail chain shops under study in Bangalore city provides wide range of the product in their respective categories. The 58.33% of large retail chain shops in Bangalore city provides excellent range of products, whereas only 1.9% of small and medium retailers provides range of
products, While 16.67% of large retail chain shops and 25% of large retail chain shops provide very good and good range of products in their stores, But 12.38% of small and medium retailers and 37.14% of small and medium retailers provides very good and good range of products. Also 34.29% and 14.29% of these small and medium retailers provides fair and poor range of products.

From the comparison study, it was found that, majority of the small and medium retail shops not provides wide range of products to the customers, where as large retail chain shops promotes wide range of the product line in each category of the product. This act of the large retail chain shops, there will be pulling of customers to their shops.

Availability of leading brands:

Chart 4.10 : Chart shows Comparison in Availability of leading brands between large retail chain shops and small and medium retailers
Large retail chain shops provides merchandises of the leading brands, from the study it was found that 41.67% of large retail chain shops provides excellent leading brands commodities to the customers, 25% of large retail chain shops provide very good leading brands, 16.67% of large retail chain shops provide good and 16.67% f large retail chain shops provides fair leading brands to the customers. Where as only 10.48% of small and medium retailers provides excellent leading brands, 16.19% provides very good, 20% of small and medium retailers provide good, 24.76% of small and medium retailers provide fair and 28.57% of small and medium retailers provide poor leading brands to the customers.

In Bangalore city majority of small and medium retailers are not providing leading brands to their customers, compared to large retail chain shops. So large retail chain shops lead the race in providing leading brands to the customers. So customers are visiting these large retail chain shops repeatedly for the availability of leading brands.
Availability of own brands:

The study reveals that most of the Large retail chain shops promoting their own brands of all the large retail chain shops under study 25% provides excellent own brands, 25% of large retail chain shops provides very good own brands, 33.33% of large retail chain shops provides good and 16.67% provides fair own brands. Where as only 11.43% of small and medium retailers provides excellent, 17.14% provides very good, 20.95% provides good, 22.86% provides fir and 27.62% provides poor of their own brands to the customers.

Since majority of these small and medium retailers are not promoting their own brand, due to which customers does not provides with guarantee of quality and reliability of the items purchased. Where as most
of the large retail chain shops provides their own brand due to which customers are guaranteed with quality and reliability.

**Shop layout:**

![Chart 4.12: Chart shows Comparison in shop layout between large retail chain shops and small and medium retailers](image)

Layout of the shop is another important which please the customer while shopping. Most of the large retail chain shops provides excellent and very good shop layout. The study found that 66.67% of large retail chain shops have excellent shop layout, 25% of large retail chain shops have very good shop layout, 8.33% of large retail chain shops will have good shop layout. Where as 12.38% of Small and medium retailer have excellent shop layout, 17.14% of small and medium retailers will have very good layout, 20% of small and medium retailers will have good shop layout, 20% of the small and medium retailers will have fair shop layout and 30.48% of the small and medium retailers will have poor shop layout.
Many of Small and medium retail shops in Bangalore city found to be congested and does not provides a proper shopping layout so that the customer enjoys the shopping activity. Where as majority of large retail chain shop provides the pleasant shop layouts and creates ambience in shopping.

Shopping Assistance to the customers:

![Shopping Assistance Chart](image)

**Chart 4.13 : Chart shows Comparison in Shopping Assistance to the customers between large retail chain shops and small and medium retailers**

Shopping assistance is another important aspect in retailing activity, since most of the customer needs assistance in shopping. 33.33% of these shops provide excellent shopping assistance to the customers and 66.67% of large retail chain shops provide very good shopping assistance. Where as only 10.48% of the small and medium retailers are providing Excellent, 16.19% provides very good, 20% of small and medium retailers provide
good, 24.76% of small and medium retailers provide good and 28.57% of the small and medium retailers provides poor shopping assistance.

It is clear from the study that large retail chain shops are providing shopping assistance to the customers always, in identifying the required and right commodity. This helps the customers to carry out the shopping activity in pleasant and timely manner. Where as the existing small and medium retailers are failed in providing shopping assistance to the customer, so far they never considered this as an important aspect of retailing.

Co-operation of the workers:

Chart 4.14: Chart shows Comparison in Co-operation of the workers customers between large retail chain shops and small and medium retailers

Co-operation of the workers with customers is another important factor to be considered, a good retail shop shall has the workforce, that always co-operates with the customers. The study identifies that the workers of 16.67% of the large retail chain shops, excellently co-operates with the
customers, 25% of the shop personnel co-operates with the customers in very good manner, 41.67% of shop personnel co-operates in good manner with the customers, and 16.67% of the workers co-operates in fair manner. Where as 11.43% of small and medium retailers workforce co-operate excellently with customers, 17.14% of workforce co-operate in very good manner, 20.95% of small and medium retailers work force co-operates in good manner, 22.89% co-operates in fair manner and 27.62% of workforce poor in co-operation with customers.

From the study it was found that the shop personnel in large retail chain shops co-operates with customers in all respect for the shopping activity. Where as majority of small and medium retailers are failed in this aspect.

**Billing and payment system:**

![Billing and payment system chart]

**Chart 4.15:** Chart shows Comparison in Billing and payment system between large retail chain shops and small and medium retailers
Billing and payment system is another area, where Large retail chain shops provide almost all automation and advanced electronics payment system where as most of small and medium retail shops depend and traditional billing and payment system.

The study reveals that, 16.67% of large retail chain shops provide excellent, 33.33% of large retail chain shops provides very good, 33.33% of large retail chain shops provides good and 16.67% of large retail chain shops provide fair Billing and payment system, through Bar code reading system and electronics payment system. Where as only 12.38% of small and medium retailers provides excellent, 17.14% of small and medium retailers provides very good, 20% of small and medium retailers provides good, 20% of large retail chain shops provide fair and 30.48% of small and medium retailers provides poor Billing and payment system.

**Customer satisfaction:**

![Customer satisfaction Chart](chart)

*Chart 4.16: Chart shows Comparison in Customer satisfaction between large retail chain shops and small and medium retailers*
From the study 83.33% of Customers are found very much satisfied with large retail chain shops, whereas 16.67% of the customers are neither satisfied nor dissatisfied. Where as around 12.38% of customer who shops with small and medium retailers are found completely satisfied with small and medium retailers, whereas as 16.19% of the Customers are somewhat satisfied with services of small and medium retailers, 30.48% of customers are not satisfied with small and medium retailers.

The study clearly indicates that the most customers are satisfied very much with existing shopping activities in large retail chain shops. Whereas the customers are not satisfied with the service and the activities provided by small and medium retail shops.

**Quality Merchandise:**

![Quality Merchandise Chart](chart.png)

*Chart 4.17: Chart shows Comparison in Quality Merchandise between large retail chain shops and small and medium retailers*
The study finds that 50% of the large retail shops provide quality merchandise to the customers, hence the customers are very much satisfied with the large retail chain shops, 41.67% of the customers are somewhat satisfied with the quality of merchandise and 8.33% of the customers are neutral with the quality merchandise provided with large retail chain shops. Where as about 39.04% of the customers are satisfied with Small and medium retail shops, 16.19% of the customers are neutral about the quality of merchandise offered by small and medium retailers, and 54.76% of customers are not satisfied with small and medium retailers.

The study in total finds that the majority part customers are satisfied with the merchandising, shopping and service activities of large retail chain shops and only few customer are satisfied with Small and medium retail shops.

Feedback Evaluation:

![Chart 4.18: Chart shows Comparison in Feedback Evaluation between large retail chain shops and small and medium retailers](chart.png)
Most of the large retail chain shops have customer feedback analysis and evaluation system, about 83.33% of large retail chain shops are practicing feedback evaluation as their regular activity. 20.95% of large retail chain shops are neutral about the feedback evaluation system where as about 26.67% of the small and medium retailers are having feedback evaluation and implementation system, 20.95% are neither have good feedback evaluation system nor serious about the feedback system. 42.38% of small and medium retailers are not having good feedback evaluation system.

The study clearly reveals that the large retail chain shops are serious about the customer feedback and evaluation system and later they use this evaluation to improve their activities and services. But it was most unfortunate that the Small and medium retail shop not serious about this feedback evaluation system, even if it exist in their shop, they don’t making any serious effort to improve their activities.
Price Flexibility:

Chart 44: A Chart shows Comparison in Price Flexibility between large retail chain shops and small and medium retailers

The study found that around 75% of the large retail chain shops have flexible price policy, 25% of these shops are neutral about the price flexibility. Where as 18.09% of small and medium shops will have price flexible system, 20% of the shops are neutral in flexibility of prices, while 68.77% of the small and medium retail shops are not implementing price flexible facility.

In the exiting market the large retail chain shops are adopting flexible price system for the commodities they are selling. Since they purchase these commodities in bulk and large quantity, directly from the grower and manufacturers, they adopt flexible pricing system which benefits the customers as a result. Where as Small and medium retailers depends on the whole sale dealers and middle men foe the commodities and their purchase quantity is limited, they unable o adopt flexible price policy.
Attention towards Customers:

Chart 4.19: Chart shows Comparison in Attention towards Customers between large retail chain shops and small and medium retailers

The study also finds that 50% of the large retail chain shops are able to give complete attention to each and every customer, 25% of large retail chain shops moderately does this activity by helping the customers. But study also reveals that 8.33% of large retail chain shops not considered this seriously, they some how mange the customers and 16.67% of large retail chain shops are rarely gave the attention to the customers. Where as only 16.19% of small and medium retailers are always alternative towards customer, 36.19% of small and medium retailers providing moderate attention, while 15.24% of small and medium retailers are some time attentive towards customers, 11.43% of small and medium retailers are rarely attentive towards customers and 20.95% of small and medium retailers are never bother about this aspect of customer attention while shopping.
The study completely reveals that most of the large retail chain shops are much concerned about the customers. Whereas majority of small and medium shops are not considered this aspect.

**Adaptation of IT:**

![Chart showing comparison in adaptation of IT between large retail chain shops and small and medium retailers](chart4.19)

- Adaptation of IT: 30% adopt rarely, 40% moderately, 50% completely.

*Chart 4.19a: Chart shows Comparison in Adaptation of IT between large retail chain shops and small and medium retailers*

Implementation of Information technology in the retailing activity is another area, 66.67% of large retail chain shops adopt completely all respect of retailing management, while 33.33% of large retail chain shops moderately adopt IT in shops.

Whereas only 13.33% of the small and medium retailers are adopting complete IT for their retailing activities, 21.9% of small and medium retailers adopt IT moderately in their shops, 26.67% adopts partially for few areas of retailing activities in their shops, 18.1% of small and medium retailers are not required IT for their retailing activities and
20% of small and medium retailers are have no idea of implementing IT for the retailing activities.

It is clear from the study that in implementing IT related technology large retail chain shops are much ahead of small and medium retailers. Majority of these large retail chain shops are adopting IT for all activities of retailing management in their shops, such as Billing and payment system, Inventory management, Supply chain and delivery system, procurement and logistics system etc. Only few small and medium retailers are adopting IT related technology for billing and payment system and inventory management system and majority of these shops are using IT for billing system only, while few are even yet to implement IT for retilling activities.

4.7 Major inference of the study

The study found that the large retail chain shops enjoy excellent built-up area compare to small and medium retailers. These large retail chain shops are capable to invest more for the infrastructure development hence they able to build excellent shopping structure with all infrastructure and ambience, Where as small and medium retailers unable to invest large capital for the built up areas, creation of required infra structure and ambience for the shops.

Majority of small and medium retailers are not providing vehicle parking facilities to the customers and even not bother about this aspect. But the almost all large retail chain shops are providing excellent parking facilities to their customers.
In Bangalore city most of the small and medium retailers have adopted different shopping layout according to the structure of the shops, most of these shops are not considered this as an important act to attract the customers, especially the small retailers did not allow the customers inside the shop, as per the demand made by the customers the shop personnel will pickup the items for the customers. Whereas large retail chain shops are allowing the customer inside the shop for selecting the items as per their wish and even provide assistance from shop personnel.

From the study it is found that the large retail chain shops are located within the reach of the maximum customers and few of small and medium retailers are within the proximity and majority of these small and medium retailers are not located within the reach of the customers, because of their investment and increasing real estate cost.

Since huge investment required for arranging and using modern handling equipments hence most of the small and medium retail shops not provided with modern material handling equipments. Whereas most of large retail chain shops are provide modern handling equipments to the customers.

Comparision study reveals that most of the large retail chain shops are providing good air circulation and ample lighting to their customers for easy and comfort shopping, whereas majority of small and medium retailers are failed in providing good air circulation and lighting facilities to the customer for comfort shopping.
Customised services, customisation and customer satisfaction are important mantra of the retailers for their success. Shipment and delivery of the goods purchased by each customer to the destination address are taken care by most of the large retail chain shops. Most of these shops have different delivery and distribution provisions to the customers. Where as small and medium retailers are not providing this facilities to their customers.

From the study, it is a clear indication that large retail chain shops provides refreshment and toilet facilities which satisfies the urban customers, where as small and medium retailers in Bangalore city unable to satisfies their customers in this regard.

From the comparison study, it was found that, majority of the small and medium retail shops not provides wide range of products to the customers where as large retail chain shops promotes wide range of the product line in each category of the product. This act of the large retail chain shops, there will be pulling of customers to their shops.

In Bangalore city majority of small and medium retailers are not providing leading brands to their customers, compared to large retail chain shops, so large retail chain shops leads the race in providing leading brands to the customers. So customers are visiting these large retail chain shops repeatedly for the availability of leading brands.

Since majority of these small and medium retailers are not promoting their own brand, due to which customers does not provides with guarantee of
quality and reliability of the items purchased, where as most of the large retail chain shops provides their own brand due to which customers are guaranteed with quality and reliability.

Many of small and medium retail shops in Bangalore city found to be congested and do not provide a proper shopping layout so that the customer enjoys the shopping activity. Where as majority of large retail chain shop provides the pleasant shop layouts and creates ambience in shopping.

It is clear from the study that large retail chain shops are providing shopping assistance to the customers always, in identifying the required and right commodity. This helps the customers to carryout the shopping activity in pleasant and timely manner. Where as the existing small and medium retailers are failed in providing shopping assistance to the customer, so far they never considered this as an important aspect of retailing.

From the study it was found that the shop personnel in large retail chain shops co-operates with customers in all respect for the shopping activity. Where as majority of small and medium retailers are failed in this aspect.

The study clearly indicates that the most customers are satisfied very much with existing shopping activities in large retail chain shops. Where as the customers are not satisfied with the service and the activities provided by small and medium retail shops.
The study in total finds that the majority part customers are satisfied with the merchandising; shopping and service activities of large retail chain shops and only few customers are satisfied with small and medium retail shops.

The study clearly reveals that the large retail chain shops are serious about the customer feedback and evaluation system and later they use this evaluation to improve their activities and services. But it was most unfortunate that the Small and medium retail shop not serious about this feedback evaluation system, even if it exist in their shop, they don’t making any serious effort to improve their activities.

In the exiting market the large retail chain shops are adopting flexible price system for the commodities they are selling. Since large retailers purchases the commodities in bulk and large quantity, directly from the grower and manufacturers, they can adopt flexible pricing system which benefits the customers as a result. While Small and medium retailers depend on the whole sale dealers and middle men for the commodities and their purchase quantity is limited, hence unable to adopt flexible price policy.

The study completely reveals that most of the large retail chain shops are much concerned about the customers and try to help the customers who visited their shops. While majority of Small and medium shops are not considered this aspect, only few shops are serious about this.
It is clear from the study that in implementing IT related technology large retail chain shops are much ahead of small and medium retailers. Majority of these large retailers are adopting IT for all activities of retailing management in their shops, such as billing and payment system, inventory management, Supply chain and delivery system, procurement and logistics system etc. Only few small and medium retailers are adopting IT related technology for billing and payment system and inventory management system but majority of these shops are using IT for billing system only, while few are even yet to implement IT for retailing activities.

The comparison study founds that large retail chain shops are ahead in the race in reaching and gaining of the customers’ confidence in many aspects of retailing compared to small and medium retail shops.

The customers’ survey carried out in this study reveals that the customers are satisfied with large retail chain shops, hence large retail chain shops are attracting customers in all respects. But in the same situation the small and medium retail shops unable perform due to their many limitation, losing the customers’ confidence day by day.
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