CHAPTER- 4
MANAGEMENT OF SHOPPING MALLS
## CHAPTER-4

**MANAGEMENT OF SHOPPING MALLS**

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4.1 Management of Shopping Malls

Mall culture is catching on fast in India. It has become the way of shopping in metros and tier I cities. How this phenomenon is spreading fast in tier II cities as well. Small tier III cities will also be gripped by this Mall culture in future.

The Mall culture is really gripping the Indian consumers because of more awareness, recent trends and changing lifestyles.

Mall would provide suitable environment, particularly to the age group of 15 to 45 for shopping. Indian retail boom is evident even in smaller towns and cities of the country where organized retail formats have increasingly become popular. Development of mega Malls in India is adding new dimensions to the booming retail sector.

The word retail is derived from the French word ‘retailer’, meaning to cut a piece of or to break bulk. In simple terms, it implies a firsthand transaction with the customer.

The word ‘Retail’ is derived from a French ford with the prefix‘re’ and the verb ‘trailer’ meaning “to cut again”. Thus, retail trade is one that cuts off smaller portions from large lumps of goods. It is a process through which goods are transported to final consumers. It consists of the all activities involved in selling, renting and providing goods and services to ultimate customers for personal, family and household use.
Retailing is an important marketing activity. Not only do producers and consumers meet through retailing actions, but retailing also creates customer value & has a significant impact on the economy.

To consumer, the value of retailing is in the form of utilities provided. Retailing's economic value is represented by the people employed in retailing as well as by the total amount of money exchanged in retail sales.

4.2 Meaning of Retail, Retailer and Retailing
Some definition can be given to clearly explain the meaning of retail retailer & retailing.

1. Retail

2. Retailer
Business whose sales come primarily from retailing. - Philip Kotler & Armstrong.

3. Retailing
Retailing includes all activities incident to selling to the ultimate consumers. - American Definition Committee.

4. Retailing
Retailing is selling final consumer products to householders. - McCarthy.

5. Retailing
"All Activities involved in selling goods or services directly to final consumer for their personal, non-business use." - Philip Kotler & Armstrong.

6. Retail
David Gilbert has defined retail as any business that directs it
marketing efforts towards satisfying the final consumer based upon
the organization of selling goods and services as a means of
distribution.

7. Retailing

Retailing can be referred to all the activities involved in the marketing
and distribution of goods and services.

Many institutions - manufacturers, whole sellers and retailer do retailing.
But most retailing is done by retailers;
Although most retailing is done in retail stores, in recent years non-store
retailing has been growing much faster than has store retailing. Non-store
retailing includes selling to final customers through direct mail, catalogs,
telephone, mobile, home TV shopping shows, home & office parties,
door-to-door contact, vending machines, online services and the Internet
and other direct retailing systems.

4.3 Characteristics of Retail Trade

*(Essential requisites for an effective retailer are as follows)*

1) A retailer is the link between the wholesaler & the customer.
2) They purchase products in bulk from wholesalers or
manufacturers.
3) They sell goods in small quantities to the buyers demand.
4) They deal in different types / variety of products / services.
5) They can start business with small / lesser capital or large
capital.
6) They operate both of small scale & large scale basis.
7) They usually purchase products / goods / services on credit /
cash from.
8) They provide maximum service to the buyers.
9) The retailers pay more attention on proper set up and decoration of the business premises in order to attract buyers.

10) The manufacturers perform all the important functions of marketing for example: buying, assembling, warehousing, selling, risk bearing, grading, packing, financing and advertising, sales promotion etc.

Retailing involves a direct interface with the customer and the coordination of business activities from end to end right from the concept or design stage of a product or offering, to its delivery and post delivery service to the customer. The industry has contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and dynamic industries in the world today.

4.4 Retailing and the Marketing Mix

Retailing forms integral parts of the marketing mix and include elements like product, place, price, people, presentation and promotion. Place relates to the distribution and availability of products in various locations.

Customers are first introduced and services through these retailer outlets and get feedback on the performance of their products and customers expectations about them.

Retail stores serve the communication hubs for customers. Commonly known as the point of sale or the Point of Purchase (POP), retail stores transmit information to the customers through advertisements and display. Hence, the role of retailing in the marketing mix is very significant.
Channel Power

Channel power refers to the extent to which retailers influence marketers decisions like pricing, promotion and product strategy. This emanates from the point of customer contact which is the one point source of information feedback from customers to the marketer / manufacturer. Because of its communication capabilities, the channel is in a position to influence customer’s decisions.

4.5 Retailing Scenario-Global

Retailing in more developed countries is big business and better organized that what it is in India. According to a report published by McKinsey and Co. along with the confederation of the Indian Industry the global retail business is worth a staggering US$ 6.6 trillion. In the developed world, most of it is accounted for by the organized retail sector. For instance the organized sector has an up to 80% share of retail sales in the United States. The corresponding figure for Western Europe is 70% while it is 50% in Malaysia and Thailand, 40% in Brazil and Argentina, 70% while it is 50% in Malaysia and Thailand, 40% in Brazil and Argentina, 35% in Philippines, 25% in Indonesia and 15% in South Korea. Organized retailing however remains poorly developed, accounting for a paltry 10% in China.

The service sector accounts for a large share of GDP in most developed economies. And the retail sector forms a very strong component of the service sector. Hence, the employment opportunity offered by the industry is immense. According to the US Department of Labour, about 22 million Americans are employed in the retailing industry in more than 2 million retail stores that is, one out of every five workers employed. In short, as long as people need to buy, retail will generate employment.
Globally retailing is customer centric with an emphasis on innovation in products, processes and services. In short, the customer is king! Retailing is the second largest industry in US in terms of number of people employed. Wal-Mart is the largest retailer in the world with annual sales of US $ 284 billion.

4.6 Retailing Scenario-Indian

The retail scenario in India is unique. Much of it is in the unorganized sector, with over 12 million retail outlets of various sizes and formats. Almost 96% of these retail outlets are less than 500 sq.ft. in size the per capita retail space in India being 2 sq.ft. compared to the US figure of 16 sq. ft. India’s per capita retailing space is thus the lowest in the world.

With more than 9 outlets per 10000 people, India has the largest number in the world. Most of them are independent and contribute as much as 96% to total retail sales.

Because of the increasing number of nuclear families, working women, greater work pressure and increased commuting time, convenience has become a priority for India consumers. They want everything under one roof for easy access and multiplicity of choice. This offers an excellent opportunity for organized retailers in the country who account for just 2% of the estimated US$ 180 billion worth of goods that are retailed in India every year. This figure is equivalent to the turnover of one single US based retail chain, Wal-Mart.

The growth and development of organized retailing in India is driven by two main factors lower prices and benefits the consumers can’t resist. According to experts, economics of scale drive down the cost of the
supply chain, allowing retailers to offer more benefits offered to the customer.

India is rapidly evolving into a competitive marketplace with potential target consumers in the niche and middle class segments. The market trends indicate tremendous growth opportunities. Global majors too are showing a keen interest in the Indian through the franchise route following the relaxation of FDI restrictions. Large Indian Companies – among them the Tata, Goenka and the Piramal groups – are investing heavily in this industry.

Organizations ready to take on this challenge can leverage the opportunities offered by a population of more than a billion. The prospects are very encouraging. Buying behavior and lifestyles in India too are changing and the concept of value for money is fact catching on in Indian retailing. This is evident from the expansion of the Pantaloons chain into a large value format, Big Bazaar, and the entry of new discount stores in food retailing in south i.e., Subhiksha and Margin Free etc.

According to a report by the Centre for monitoring Indian Economy investments in organized retailing – which include shopping Malls, retail chains etc. – doubled from Rs. 1000 crore to Rs. 2000 crore in two early years.

- In India the retail industry is broadly divided into the organized and unorganized sector.
- The total market is worth Rs. 10000 billion in total.
- It accounts for 9-10% of the country’s GDP.
- Organized sector accounts for Rs. 3.50 billion (3.5 % of total sales)
  Share of organized retailing in India doc.
- India is the 4th largest economy in terms of purchasing power parity
  after USA, China and Japan.
- India is expected to become the 3rd largest economy in terms of GDP
  in next 5 years
- It is the 2nd fastest growing economy in the world
- Among top 10 FDI destinations
- Stable Govt. with 2nd stage reforms in place
- Growing corporate ethics (labour laws child labour regulations,
  environment protection Laws, IPR Laws, Corporate Social
  Responsibility.
- Major tax reforms including implementation of VAT
- US $ 130 billion investment plans in infrastructure in next 5 years.
- 2nd most attractive developing market ahead of China.
- Has the largest young population in the world over 867 million
  people below 45 years of age.
- More English speaking people in India than in the whole of Europe.
- 300 million middle class and with 600 million effective consumers
  by 2010, India would be largest consumers market in the world

According to the Global Retail development index of 2009 conducted by
AT Kearney India was ranked 1 among 30 most attractive retailing
destinations across the globe.
- Unorganized sector comprise of grocery stores, drug stores,
  cosmetics, readymade garments, white goods, agri inputs etc.
Organized retailing in different product categories

- Apparel retailing (Westside, Pantaloon Raymond)
- Food retailing (Food World of RPG Group and Food Bazaar of Pantaloon).
- Health and beauty products (Planet Health)
- Footwear (Nike, Bata, Liberty)
- Music and entertainment (Music World of TOI)
- Book retailing (Crosswords, Landmark and Oxford)
- Watches and Jewelry (Tanishq, Titan)
- Fuel retailing (Indian Oil, Reliance, IBP, BPCL).
- Home furniture (Durian, Gautier, Perin)
- Luggage (VIP, Samsonite)

Reasons for growth of retailing in India

- The rapidly growing middle class consumers
- Increase in per capita spending by consumers
- Growth in the number of double income households
- Less time at the disposal of DI families
- Exposure to world class tastes and preferences of products and brands through advertising.
- Rising workforce with global travel
- Increasing usage of credit / debit cards
- Growing youth population with ability to study and work simultaneously.
- The younger population who are comfortable to transact on online retailing.
**Retailing in India**

Indian grocers were perhaps among the first in the world to acquire professional retailing skills. There is the old story of a good retail grocer and the bad retail grocer in India.

Once upon a time there were two grocers. One was perceived to be good and the other was considered bad. The good one always used to weigh his cereals, pulses, grams, etc. in such a way that if had to weight a kilogram he would initially place in the weighing balance produce less than a kilogram and then keep adding to it until it reached the required weighed. The bad retailer, on the other hand, always rather unconsciously placed much more and then kept removing stuff from the scales until it weighed a kilogram. The good retailer had actually acquired such skills to create a positive image in the minds of the customers.

Long ago, the father of the nation, **Mahatma Gandhi** realized the importance of the customer for the retailer; he is in fact the first to emphasize on the importance of customer relationship management practices in India. What he said about the importance of the customer is famous the world over. It goes like this:

**“The customer is the most important person on our premises.”**

- He is not dependent on us, we are dependent on him.
- He is not an interruption of our work; he is the purpose of it.
- He is not an outsider on our business, he is part of it.
- We are not doing him a favour by serving him,
- He is doing us a favour by giving us the opportunity to do so.”

A survey conducted by the Federation of Indian Chambers of Commerce and Industry (FICCI) and Price water house Coopers indicates that the
Indian retail sector will undergo a sea change in size as well as format in the next 10 years.

The survey also predicts that the balance of power between retailers and manufacturers will shift towards the former. Though large retailers will control a substantial portion of the market, the small players will continue to survive on the basis of personal relations with customers and proximity to homes. To compete with the large retailers, small players will form cooperatives for purchasing, integrating with vendors at the source itself.

Today retailing provides jobs to roughly 15% of employable Indian adults, and is the biggest contributor to India’s GDP after agriculture. The growth potential of the industry is such that in the next ten years nearly one million new jobs will be created in the organized retail sector alone.

Considering such opportunities, one needs to take a look at the organizations and institutes offering retail education and training in India. At present there are but a few, like Welingkar Institute of Management, Development and Research, Mumbai, Pearl Academy of Fashion, New Delhi, National Institute of Fashion Technology, besides other centers across the country offering courses in apparel merchandising. Pantaloons have tied up with K.J.Somaiya Institute of Management, Mumbai, to roll out the first ever Post Graduate Program in Retail Management in India this year (2004). While the first few steps towards sophisticated retailing are being taken, the biggest task for organized retail organizations is to locate and recruit knowledgeable, skilled and trained staff to handle their operations. So to stay ahead of the pack in today’s competitive and challenging retail world, one must be properly equipped and trained.
• Retailing in India is becoming increasingly important, and organized retailing is posed to grow at an exponential rate. These growth opportunities have even attracted global majors who are setting up shop in India.

• With consumers now enjoying a wide variety of products and services to choose from, retailers who provide genuine value will be able to establish themselves in the long run. Consumers will emerge as the emperors of retailing in India with their discerning buying attitudes and their ever increasing purchasing power. Consumerism will empower them significantly.

• The growth of the retail sector will make retailers powerful intermediaries in the marketing channel, bridging the gap between manufacturers and consumers. Many manufacturers and marketers may hence take to retailing themselves to be closer to the consumers. Therefore it will be the power of the consumer as well as that of the retailer in the marketing channel that will spearhead the growth of retailing in India.

India is the country having the most unorganized retail market. Traditionally it was a family’s livelihood, with their shop in the front and house at the back, while they run the retail business. More than 99% retailer’s function in less than 500 square feet of shopping space. The Indian retail sector is estimated at around Rs 900,000 crore, of which the organized sector accounts for a mere 2 per cent indicating a huge potential market opportunity that is lying in the waiting for the consumer-savvy organized retailer. Purchasing power of Indian urban consumer is growing and branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches, Beverages, Food and even Jewellery, are slowly becoming lifestyle products that are widely accepted by the urban Indian
Indian retailers need to advantage of this growth and aiming to grow, diversify and introduce new formats have to pay more attention to the brand building process. The emphasis here is on retail as a brand rather than retailers selling brands. The focus should be on branding the retail business itself. There is no doubt that the Indian retail scene is booming. A number of large corporate houses —Tata’s, Raheja’s, Piramals’s, Goenka’s — have already made their foray into this arena, with beauty and health stores, supermarkets, self-service music stores, new age book stores, every-day-low-price stores, computers and peripherals stores, office equipment stores and home/building construction stores. Today the organized players have attacked every retail category.

The Indian retail scene has witnessed too many players in too short a time, crowding several categories without looking at their core competencies or having a well thought out branding strategy. The growth rate of super market sales has been significant in recent years because greater numbers of higher income Indians prefer to shop at super markets due to higher standards of hygiene and attractive ambience. With growth in income levels, Indians have started spending more on health and beauty products. Here also small, single-outlet retailers dominate the market. In recent years, a few retail chains specialised products have come into the market. Although these retail chains account for only a small share of the total market, their business is expected to grow significantly in the future due to the growing quality consciousness of buyers for these products. Numerous clothing and footwear shops in shopping centres and markets operate all over India. 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. With rapid urbanization, and changing patterns of consumer tastes and preferences, it is unlikely that the traditional outlets will survive the test of time. Despite the large size of this market, very few large and modern retailers have established specialized stores for products.

There seems to be a considerable potential for the entry or expansion of specialized retail chains in the country. 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 for retailers doing business in this sector.

Increasing household incomes due to better economic opportunities have encouraged consumer expenditure on leisure and personal goods in the country. There are specialized retailers for each category of products (books, music products, etc.) in this sector. Another prominent feature of this sector is popularity of franchising agreements between established manufacturers and retailers. A strong impetus to the growth of retail industry is witnessed by economic boom and driver of key trends in urban as well as rural India.

**Key Trends in Urban India:**

- Retailing in India is witnessing a huge revamping exercise.
- Estimated to be US$ 200 billion, of which organized retailing (i.e. modern trade) makes up 3 percent or US$ 6.4 billion.
- India is rated the fifth most attractive emerging retail market: a potential goldmine.
• Ranked second in a Global Retail Development Index of 30 developing countries drawn up by AT Kearney.
• India is rated the fifth most attractive emerging retail market: a potential goldmine.
• Food and apparel retailing key drivers of growth.
• Organized retailing in India has been largely an urban phenomenon with affluent classes and growing number of double-income households.

Key Trends in Rural India:

• Rural markets are emerging as a huge opportunity for retailers reflected in the share of the rural market across most categories of consumption.
• ITC is experimenting with retailing through its e-Choupal and Choupal Sagar – rural hypermarkets.

Metros-in-the-making
The emerging cities of Ahmedabad, Pune, Kanpur, Nagpur, Surat, Ludhiana, Coimbatore, Chandigarh, Lucknow, Kochi, Jaipur, Rajkot, Vadodara, Vizag, Indore, Vijayawada, Trivandrum, Bhopal, Nashik and Madurai contribute to US$ 15,619 million worth total retail activity. Organised retail penetration is lower than in any of the metros, with traditional retail ruling the market across these geographies.

These cities are less saturated than the metros, but have greater spending power. Middle class and lower middle class form majority of the households, with more than half the population falling in this category. The combined retail potential of these cities was increase to US$ 23,563 million. Underprivileged population was decrease by more than 30 per
cent in cities of Pune and Ahmedabad by 2010-11, with the other smaller cities also following a similar trend. Pune and Ahmedabad are the fastest growing cities with thriving industry activity. Investors from the IT/ITeS sector and the other emerging sectors are eyeing these cities for expansion. These two cities contributed to US$ 3,854 million worth retail revenues in 2005-06 and increased to US$ 5,976 million by 2010-11. Pune has witnessed an explosive increase in the mall space availability in the recent years, with the organised retail penetration substantially increasing.

The cities, along with the other potential cities as listed below, are set to take centre stage as the future retailing hotspots, with significant improvement in their infrastructure and purchasing power.

**Global Overview of Retailing**

With total sales of US$ 6.6 trillion, retailing is the world’s largest private industry, ahead of finance and engineering. Some of the world’s largest companies are in this sector: over 50 Fortune 500 companies are in this sector: over 50 fortunes 500 and around 25 of the Asian Top 200 firms are retailers. Wal-Mart, the world’s second largest retailer, has a turnover of US$ 260 billion, almost one third of India’s GDP.

As many as 10% of the world’s billionaires are retailers. The industry accounts for over 8% of GDP in western countries and is one of the largest employees. According to the US Department of Labor, more than 22 million Americans are employed in the retailing industry in over 2 million retail stores.
(Table 4.1: Top 10 retailers worldwide based on 2010 Annual Sales)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Retailers</th>
<th>Home Country</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>WalMart Stores, Inc.</td>
<td>USA</td>
<td>$202011</td>
</tr>
<tr>
<td>2</td>
<td>Carrefour Group</td>
<td>France</td>
<td>$62216</td>
</tr>
<tr>
<td>3</td>
<td>The Home Depot, Inc.</td>
<td>USA</td>
<td>$53553</td>
</tr>
<tr>
<td>4</td>
<td>The Kroger Co.</td>
<td>USA</td>
<td>$50098</td>
</tr>
<tr>
<td>5</td>
<td>Royal Ahold</td>
<td>Netherlands</td>
<td>$48239</td>
</tr>
<tr>
<td>6</td>
<td>Metro AG</td>
<td>Germany</td>
<td>$43816</td>
</tr>
<tr>
<td>7</td>
<td>Target Corporation</td>
<td>USA</td>
<td>$39176</td>
</tr>
<tr>
<td>8</td>
<td>Albertson’s Inc.</td>
<td>USA</td>
<td>$37931</td>
</tr>
<tr>
<td>9</td>
<td>Sears, Roebuck and Co.</td>
<td>USA</td>
<td>$37328</td>
</tr>
<tr>
<td>10</td>
<td>Kmart Corporation</td>
<td>USA</td>
<td>$36151</td>
</tr>
<tr>
<td></td>
<td><strong>Total Top 10</strong></td>
<td></td>
<td><strong>$612520</strong></td>
</tr>
</tbody>
</table>

Source: Retail Forward, Inc.

Retailing in the developed world today is far more organized than in India. Up to 80% of all retail sales in the United States are accounted for by the organized retail sector. The corresponding figure in Western Europe is 70%, while it is 40% in Brazil and Argentina and 35% in Korea and Taiwan.

Over the past few decades, retail formats have changed radically worldwide. The basic department stores and cooperatives of the early 20th century have given way to mass merchandisers, hypermarkets, warehouse clubs, category killers (Toys ‘R’ Us, Sports Authority), Discounters (Aldi) and convenience stores. Organized retail formats worldwide have evolved in three phases.
• Retailers decide on the category and quality of products and services, differentiating them from other retailers. Retail formats in this phase are typically supermarkets, department stores and specialty stores.

• During the second phase, retailers carve a niche for themselves based on a product category and price. Competition intensifiers because the products and services on offer become virtually standardized and price becomes the main selling point. This phase normally gives way to discount stores.

• The third phase arrives when competition peaks. This is when hypermarkets begin to evolve. Hypermarkets usually compete on price and a wider product range, but they normally lack product depth and service components.

Globally, three factors influence how consumers shop and will be shopping in the near future. These are:

1. Cross border movement.
2. Consolidation
3. Migration of formats

1. Cross border movement
Retailers expand their businesses outside their traditional home markets, leading to the emergence of truly global retailers. Geopolitical developments, including trade pacts within regions, facilitate movement of goods and businesses across borders. The North America Free Trade Agreement and its likely extension to include some additional central and South American nations in the next five – seven years – the European Union (EU) and future alliances will gradually but steadily eliminate traditional
geographical and political boundaries. Expansions will increasingly be a function of logistics and management across regions. Wal-Mart, the world’s largest retailer, now has a strong presence in South America and Europe, and a more visible presence in Asia. Other global retailers include Carrefour of France, Marks and Spencer of the UK, Ikea of Sweden etc.

2. **Consolidation**

Another trend that is visible is the rapid pace of mergers and acquisitions. In recent times Wal-Mart’s acquisition of Asda in the UK, the merger of Carrefour and Promodes in France, and that of Quelle and Karstadt in Germany have had a major impact on retailing and the supply chain. Each of these mergers has created huge retail organizations ranging in size from about US$ billion in sales to US$ 260 billion (Wal-Mart).

3. **Migration of formats**

A large number of retailers are gradually adopting the classical formats of department stores, supermarkets, hypermarkets, mail order as they customize their offerings to different consumer segments. Britain’s Tesco operates supermarkets, hypermarkets, neighborhood stores, convenience stores, mail order, department stores and like most others recently e-stores. The most important theme for various old and new retailing formats is convenience in terms of a one stop location and ease of shopping or time saved.
Growth of organized retailing in India

Organized retailing in India initially began in the south. The availability of land at prime locations coupled with lower real estate prices made multi-storied shopping complexes possible. And now south India – notably Chennai and, to a lesser extent Bangalore and Hyderabad has emerged as a centre of organized retailing.

It took two years of recession for this concept of shopping to take root in major cities like Mumbai and Delhi. Recession brought down property prices in these cities, and it was during this slump that big business houses took notice of the potential in retailing.

(Table 4.2: Retail in South-East Asia)

<table>
<thead>
<tr>
<th>Country</th>
<th>Traditional</th>
<th>Organized</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>98%</td>
<td>2%</td>
</tr>
<tr>
<td>China</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>South Korea</td>
<td>85%</td>
<td>15%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>Philippines</td>
<td>65%</td>
<td>35%</td>
</tr>
<tr>
<td>Thailand</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

(Source: Crisil)

India is rapidly evolving into an exciting and competitive marketplace with potential target consumers in both the niche and middle class segments. Manufacturer owned and retail chain stores are springing up in urban areas to market consumer goods in a style similar to that of Malls in more affluent countries. Even though big retail chain like crossroads, Saga and Shoppers Stop are concentrating on the upper segment and selling products at higher prices, some like RPGs Food World and Big
Bazaar are tapping the huge middle class population. During the past two years, there has been a tremendous amount of interest in the Indian retail trade from global majors as well. Over the years international brands like McDonalds, Swarovski, Lacoste, Domino’s, Pepsi Benetton among a host of others have come in and thrived in India. Retailing is one of the fastest growing industries in India, catering to the world’s second largest consumer market. A sunrise industry, it offer tremendous potential for growth and contributes 8-10% to overall employment. However, this is still low compared to 20% in the USA. As India moves towards being a service oriented economy, a rise in this percentage is expected. The number of the retail outlets is growing at about 8.5% annually in the urban areas, and in towns with a population between 100000 to 1 million the growth rate is about 4.5%. with the increasing assertiveness of the Indian consumer and a growing supply base – both from within India as well as from other countries the retail sector in India is poised for a significant change in the coming decade.

(Table 4.3: Percentage of Organized Retail)

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>85%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>81%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>55%</td>
</tr>
<tr>
<td>Thailand</td>
<td>40%</td>
</tr>
<tr>
<td>Brazil</td>
<td>36%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>30%</td>
</tr>
<tr>
<td>Poland</td>
<td>20%</td>
</tr>
<tr>
<td>China</td>
<td>20%</td>
</tr>
<tr>
<td>India</td>
<td>3%</td>
</tr>
</tbody>
</table>

(Source: Crisil)
4.7 The Top Eighteen Retailers

According to the Deloitte 2006 Global Retailing Powers Study, US-based retailers represent 36% of companies and 44.3% of their sales volume. Increased dollar-based sales and the international reach of European retailers have played a role in their relative increase versus the US-only strategy of many US retailers.

**Top 18 Global retailers by retail sales in US$ million (Financial year 2010)**

2. Carrefour S.A. (FR): 89,568
3. The Home Depot Inc. (US): 73,094
4. Metro AG (DE): 69,781
5. Tesco plc (UK): 62,505
7. Costco Wholesale Corp. (US): 47,146
8. Target Corp. (US): 45,682
10. Schwarz Unternehmens Treuhand KG (DE): 42,793
11. Rewe-Zentral AG (DE): 42,782
12. ITM Development International/Intermarche (DE): 41,721
14. Walgreen Co. (US): 37,508
15. Groupe Auchan S.A (FR): 37,373
16. AEON Co. Ltd. (JP): 36,345
However, the boom in retailing has been confined primarily to the urban markets. There are two main reasons for this. Firstly, the modern retailer is yet to exhaust the opportunities in the urban market and has therefore probably not looked at other markets seriously. Secondly, the modern retailing trend, despite its cost effectiveness, has come to be identified with lifestyles. In order to appeal to all classes of the society, retail stores need to identify with different lifestyles. In a sense, this trend is already visible with the emergence of stores with an essentially value for money image. The attractiveness of the other stores actually appeals to the existing affluent class as well as those who aspire to be a part of it. Hence, one can assume that the retailing revolution is emerging along the lines of the economic evolution of society.

4.8 Growth of Malls in India
The Indian Government is taking major initiatives to aid growth in the retail sector. Investment in world class infrastructure is expected to be close to USD 150 bn.

- The hitherto restricted retail real estate sector was opened up for Foreign Direct Investment in 2005. As a result, Malls of international scale and quality are expected to come up;
- Mall growth is being seen as a clear indicator of the economic prosperity in India. Significantly, the number of Malls in the country has increased at a fast pace. And they are doing brisk business. A trip to the local Mall (there will be one in every locality soon!) will bear this out;
- From almost no Malls existing in the country over a decade ago, there were 96 operational Malls in August 2005.
• Here’s more good news. This phenomenon is not restricted to major cities of the country alone. It has percolated to the “Tier II” and “Tier III” cities as well. The contribution of Tier II cities in organized retail sales is expected to be about 20-25%.

(Table 4.4: Number of Malls in Major Cities of India)

<table>
<thead>
<tr>
<th>Cities Name</th>
<th>2005</th>
<th>2007</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Cities</td>
<td>34</td>
<td>86</td>
<td>97</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>8</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td>Bangalore</td>
<td>8</td>
<td>20</td>
<td>27</td>
</tr>
<tr>
<td>Pune</td>
<td>11</td>
<td>23</td>
<td>32</td>
</tr>
<tr>
<td>Kolkata</td>
<td>10</td>
<td>20</td>
<td>31</td>
</tr>
<tr>
<td>Chennai</td>
<td>2</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Mumbai, Navi Mumbai, Thane</td>
<td>36</td>
<td>71</td>
<td>96</td>
</tr>
<tr>
<td>Noida and Ghaziabad</td>
<td>15</td>
<td>29</td>
<td>42</td>
</tr>
<tr>
<td>Gurgon</td>
<td>13</td>
<td>34</td>
<td>47</td>
</tr>
<tr>
<td>Delhi</td>
<td>21</td>
<td>51</td>
<td>78</td>
</tr>
<tr>
<td>Total</td>
<td>158</td>
<td>356</td>
<td>484</td>
</tr>
</tbody>
</table>

(Source: Crisil)

According to this year’s Global Retail Development Index India is positioned as the leading destination for retail investment. This followed from the saturation in western retail markets and we find big western retailers like Wal-Mart and Tesco entering in to India market. India’s retail industry accounts for 10% of its GDP and 8% of the employment to reach $17 billion by 2010. There are about 300 new Malls, 1,500
supermarkets and 325 departmental stores being built in the cities very soon.

A shopping revaluation is ushering in India where, a large population between 20-43 age groups in the urban regions is boosting demand by 11.1 in 2004-05 to a Rs. 23,308 purchasing power. This has resulted in huge international retail investment and a more liberal FDI. In its market research report “Indian Retail Sector – An Outlook (2005-2010)” analyses the greatly divided Indian retail market and the trends in its business. Issues such as foreign investment restrictions, modern merchandizing in India, logistics and payment terms of distribution, role of channel members and growth trends in different regions discussed.

4.9 Retail Marketing Strategies
In Indian retailing the current Marketing challenges are in two major areas

- Creating footfalls in the store
- Converting browsers into buyers

Creating footfalls in the store starts with building the store brand, positioning the store, profiling target customers and understanding their buying behavior defining the retail marketing mix, creating customer relationship and loyalty and direct marketing, effectively planning and implementing store events and promotions

Micro marketing is a significant strategy as it totally focuses on the target consumer. Building the store brand: The store brand is built on such parameters as merchandise category, price / quality, specific attributes of
benefits, lifestyle activity etc. it is essential to select and define the target market to comprehensively define the brand proposition to the consumer.

The brand conveys the value proposition to the customer. For instances the brand shoppers stop signifies a one stop shop for lifestyle garments and its feel the experience while you shop them conveys that it stands for free access and experiential shopping. The name Big Bazaar itself tells the consumer what the brand is about. Very large with diverse and genuinely value for money merchandise. The store brand is thus a great differentiator, occupying a distinct position in the mind of the consumer in short, store positioning. A strong store brand guides the overall business strategy of the organizations and acts as an ambassador for entering new markets, which some Indian retail organizations are current doing.

**Store Positioning**

As expert aptly puts it: store positioning is not what you do to the store its what you do to the mind of the customer.

So what does it take for a retail store to create an identity for itself in customer’s minds and differentiate itself from the clutter? Here are some ways in which they can stand out.

- A store can exist to its customers with its merchandise its range of services, service delivery standards, ambience and convenience. An expensive, unfriendly and even repulsive store creates a negative positioning that is hard to shake off.
- Retail stores could position themselves in the minds of their customers on various platforms derived from the retail mix. The most common ones are merchandise and related attributes such as
category and range distinction, price, store design and ambience, customer service and related processes.

- Factors like convenience of location or fashion trends are also used to position a retail store.

Such attributes are chosen according to their importance to the customer. The more the relevance of such attributes to the consumer, the better they are imprinted in their minds.

Toys R. Us the multinational toy store has a single line and price off positioning. This has worked successfully since 1948 when it was started by Charles Lazarus at the age of 25. The organizations positioning has consistently met customer expectations. A few instances in the Indian context are presented below.

Health and Glow, RPG Guardian’s store in the south, is positioned as the Look good. Feel good store. The brand signifies health and beauty and the logo a guardian angel flying into a G conveys the impression of health and vitality. Health and Glow offers its customers a unique experience by offering a select range of quality health and beauty merchandise and complementing its proposition with trained consulting staff.

Barista is positioned for a new experience in the store environment. It is creating a unique positioning whereby the consumer owns the store. That is it wants to create a place where a consumer is recognized by name, where his tastes and preferences are known enough to make him feel at home, where he can freely interact and have meetings and where he can savour the aroma of coffees from across the globe and at a reasonable price. Barista boasts that it isn’t just in the business of coffee; it is also
selling an experience. Its slogan: “It is not in the coffee business, serving people, but it is in ht people business, serving coffee!”

Planet M is positioned as the music store of the universe. It strongly believes in propagating and selling both popular and niche genres of music an unmatched width of offerings in the right depth. Whether it is through frequent performances by artistes in the store, or its associations with concerts, Planet M tries to bring music loving customers as close as possible to the music they love. Planet M has been associated with Classical Nites power packed international performances and of course popular rock bands like Parikrama.

Wills sport, the trendy retail store selling an existing range of leisure wear, is positioned as the store where the customer would enjoy the change. Customers can pick a complete wardrobe with the assistance of fashion literate staff, who are trained to be unobtrusive yet helpful. A wills sport customer can exchange a garment bought at any Wills Lifestyle store at an outlet anywhere in India, without a cash memo or even a price tag.

**Customers always look for benefits and not the features of the store**

Nordstrom has positioned itself as the customer service company, offering the best possible service, selection, quality and value. Its culture always encourages its employees to make extra efforts to give unequalled customer service – Not service that used to be, but service that never was.

Nordstrom sales associates are empowered to do virtually everything they can to make sure a shopper leaves the store satisfied, carrying home the right item in the right size in the right colour at the right place. Follow through after the sale is a way of life at Nordstrom. When a customer
receives a call over the phone after a few days of purchasing shoes from the store to find out how they are working out, you can only imagine the quality of service it provides.

So positioning is how the consumer perceives the brand in the market. Strong brands have a clear, often unique position in the target consumer’s minds. Positioning can be achieved through several means, including brand name, service standards, product guarantees, packaging and the way in which they are delivered. In fact successful positioning usually requires a combination of these.

Business strategists talk about the first mover advantage in positioning. In terms of brand development, by being a first mover, it is possible for the first successful brand in a market to create a clear positioning in the minds of target customers before the competition arrives on the scene. This is true in the case of shoppers stop, which pioneered organized garment and related accessories retailing in India through a large format.

From Mind Space to Heart Space: All the above instances drive home the message that the positioning of the retail store has to be consistent, without any aberrations. Positioning deliverables have to be integrated with the culture and philosophy of the organization. That’s the key to creating an image for the store, helping customers to identify with it and say with pride: “That’s My Store!”

Target customers and Buyer Behavior: Retailers who seek to understand their customers better always study buyer behavior in detail and attempt to find out what customers do while in the store or at home.
A food retailer for instance needs to know how his customer lives, how he uses the products he buys and what his consumption patterns are. If an apparel retailer wants to find out what type of clothes its typical customers really want to buy, it might want to get into consumers closets, literally. Retailers can ask customers to show them how they put together their wardrobes, how they use the clothes that are in fashion and for how long, and on what occasions they buy clothes. Such an exercise helps retailers to find out how consumers mix and match items, which items they choose to keep in their closets during which season or year and why.

### 4.10 Retail Marketing Mix

The retail marketing mix consists of the following elements:

1) **Product offerings**
   This refers to the product mix that the store retailers for customers after a careful study of what their needs and wants are. By matching customer preferences with an assortment of merchandise offered within the store’s categories, the retailer gets an ideal basket size per customer. The basket size contains the mix of items customer buyers during a visit.

2) **Place**
   This is the location of the store and its catchment boundaries. The key optimizing the element of place in the marketing mix is to undertake local marketing efforts besides the national marketing plan. Determining the market share of the store in the catchment area given an indication of its performance and efficiency.

3) **Price**
   Price is an important element in the marketing mix as customers
are very price sensitive. Pricing is of different kinds: Maximum Retail Price (MRP) on items generally means full pricing. Promotional pricing involves a temporary reduction in the price to the customer during a particular season, while closing a particular line, or to clear saleable defectives and shop soiled merchandise. Loss leader pricing is a tactic used to sell at cost or a little above cost a few critical items to get more footfalls into the store. Odd pricing is the way footwear organizations like Bata price their products in India – at levels like Rs. 129.95, 149.95 etc. Price bundling is the reduced price offered for a bundle or a predefined group of merchandise when bought together by the customer. Everyday low pricing which is not a familiar concept in India is pricing different kinds of merchandise on a lower scale every day, if pricing is innovative and exclusive to the identity of the store, offering the right value to the buyer, it will bring in more and more customers and help the retailer to retain them as well. (Pricing has been discussed here as part of the marketing mix. Pricing strategy is dealt with in detail.

4) Promotions and Events

These help the store to achieve its short term goals. Promotions may be price led or occasion led, in which case special merchandise is offered by the store only for the occasion. Most retail organizations run promotions during festival seasons like Diwali, Christmas, New Year, Valentine’s Day, Id, and so on.

Some times promotions are driven by brands in cooperation with the retailer. Retail events are gaining significance in India with retailers preferring them to direct price offs. However, if run very
frequently promotions may prove detrimental to the image and positioning of the store.

5) People
There are two kinds of people as far as the retail marketing mix is concerned: People to Serve and People that Serve. It is customers who determine whether the retail store is selling the right products and services. People that serve the organization are the ambassadors or the face of the retail store. Excellent delivery standards – which go hand in hand with the image and positioning of the store, can be achieved only if the staff is trained well.

6) Presentation
Presentation is the way products and services are grouped and presented in a retail store. Such presentation should conform to the store’s positioning and customer profile. For instance, a boutique selling designer garments needs to present its merchandise in exclusive splendor – it cannot use ordinary furniture and fixtures. Attending on customers in the boutique ought to be done on a very personal basis, as a mass approach will turn them away.

4.11 Customer Relationship Management
Customer Relationship Management or CRM has become the buzzword in India with every retailer in the organized sector trying to create long lasting consumer stickiness for his retail store.

However, as organization have no business managing customer relationships. Does the customer not have the right to manage his relationship with the retail organization? So it should actually be
customer managed relationship had not customer relationship management.

Customer defined relationship: Organizations define their relationship with the customer based on the frequency with which he or she uses the organizations services or the quantum of his purchases. It is sometimes defined by awarding colourful cards to the customers – Blue, silver, gold, platinum, etc. So, the relationship here depends on the customer’s capacity to spend and not on the organizations ability to serve him. In fact, it is the customer who also has to define the class of service that is extended to him or her – whether it is Blue, Silver, Gold or Platinum! Hotels and restaurants are graded. Educational institutions too are graded by Boards of accreditation, like the National Bureau of Accreditation of AICTE for management institutes.

In fact, there should be an audit process in place for the retail organizations performance parameters such as merchandise availability, policies and procedures, compliance with legislation, customer responsiveness, customer facilities offered, instances of gaps between promises and fulfillment, quality of service extended and so on. It is consumer panels that must grade retail organizations. This may seem like a wild idea, but if implemented it will make retailers pull up their socks and extend the best possible service, vying with each other to attract customers. This is the first step towards letting customers manage their relationships with retail stores.

Customer Owned Relationship: Will retail stores allow customers to own their own data? Customers will be amazed if retail organizations send them detail of their purchases every month in addition to what they
Currently provide as points statements! Alternatively, retailers can e-mail a copy of the cash memo to the customer if preferred, as and when the transaction is complete. This can be easily done as POS software packages nowadays support an automatic hook up to e-mail servers when the cashier completes the end of day or day close process.

Farm across, a pharmacy retail chain in Mumbai that was commissioned recently, has set up a kiosk in a customer society connected to the store in its catchment area. Customers can use the kiosk to order their requirements from their own domains and the store gets ready to deliver the merchandise to the customer’s door as soon as the order is clicked. To enable prescription drugs to be retailed there is also a hook up to the doctor’s terminal for prescriptions! The kiosk within the customer’s domain enables them to store and use their own data effectively as and when required. The customers are thus empowered with ready access to information that may help them judge the efficiency of the stores deliveries and whether they want to stick to it.

**Customer decided relationship and loyalty benefits**

Customer preferences and choices are dynamic in nature. Since customers have become shrewd now, they try to get the maximum advantage. They are better informed and expect the retail organization to be loyal to them, demanding that it fulfill their expectations like:

- Emotional benefits
- Information and knowledge benefits
- Conditional benefits
- Financial Benefits
- Service and Errand Benefits, etc.
Some gaps are common, resulting in the retailer not being loyal to the customer like:

- When the retailer tall claim that is not fulfilled and when promised benefits are not delivered.
- When benefits are conditional and complicated for the customer to attain.
- When the points allotted are not commensurate with purchases.
- When not enough information is provided by the retailer or when the customer is not informed on time.
- When the customer see competitors offering better value consistently.
- When the retailer does not respond to the customer instantaneously with commitment.

CMR – an anagram of CRM – is a simple concept and is customer managed. Every retailer must have end to end processes in terms of information, operational metrics, and business outcomes and services offerings – in accordance with customer expectations.

**Direct Marketing**

Direct Marketing enables retailers to establish personal contact with the customer. The retailers can then have a database of buyers along with their buying occasions and preferences thus ensuring that they can have effective and timely communication directly with consumers. It also provides a key differentiating factor; along with the information direct marketing will ensure efficient communication that will persuade customers to respond instantaneously. The different types of communication in direct marketing are:
1. **Direct mail**
   This generally has two forms. One is well designed with proper copy and layout while the other is a simple letter to the customer conveying the required information. Mailers are generally attractive and inviting to read, with highlights of offers and promotions.

2. **Catalogues and mail order**
   These are not so common in India. We are yet to come across an Indian retailer in a brick and mortar format who does direct marketing by way of catalogues and mail order. However, Otto Burlington’s in India does catalogue and mail order retailing.

3. **Telemarketing**
   A few retailers in India also make telemarketing efforts too along with their brick and mortar operations. They use call centers that perhaps handle more queries and responses than proactive marketing.

4. **Electronic retailing**
   This is yet to take off in a big way. Right now there are a few brick and mortar retailers dealing books and music who sell merchandise through their internet sites as well. Fabmart, a food retailer that was doing e-retailing in south India, has set up brick and mortar operations to complement its internet efforts.

**Micromarketing in retailing**
Contemporary marketing in most organized retail establishments in India are generally thematic or tactical. For consumers, the buying process has
two stages, choosing a store, followed by a brand. Thematic initiatives communicate what the retail store stands for trying to put forth the positioning idea / platform on which it is built say, on the platform of shirr experience or on multi brand convenience in order to entice customers into stepping into the store. Tactical efforts aim to convert browsers into buyers.

Shoppers stop, for instance has positioned its store on the experience platform. Subhkshka in the south relies on the less than MRP platform, Pantaloons on family culture and value while Bata has chosen quality footwear at affordable prices. The tactical promotions of these retail outlets have always consisted of value additions to select merchandise applicable for a short span of time, discounts during sales, or a sweepstakes temptation during festivals.

**Mass approach**

When a larger target audience is addressed with a wide assortment of merchandise, retail stores take the mass approach. In both these thematic and tactical efforts, customer segmentation is generally according to socio economic, geographic, demographic and psychographic categories and reached through common media vehicles. These vehicles reach much more than the targeted customers and this may result in a lot of spill. For example, in geographic segmentation there can be a local market focus it the catchment of the store is to be addressed. In psychographics segmentation there may be an appeal to the lifestyle of the consumer to promote the store’s offerings. All these segments are generally addressed emphases.
What is micromarketing?
Micromarketing hits the bull’s eye of the target customer. It has a narrow marketing focus and has two forms. One uses the data captured on the customer to analyze his visit patterns and buying behavior, to carry a marketing message that is tailored specifically to him. The second aims to tailor the product / services mix more closely aligned to the needs and preferences of customers. Micromarketing is the outreach to consumer clusters of the local market. It does so by identifying specific needs and wants and customizing merchandise and service offerings even at an individual level. This allows the retailer to capitalize on the differences in consumers and competition too.

Portfolio approach
Micromarketing is hence a portfolio approach, catering to well understood specific segments with clearly focused categories.

So, what is the role of micromarketing in Indian retailing?
Micromarketing can enable Indian retailers to come up with tactical program that cater to the needs of specific individual customer or customer groups by identifying meaningful clusters. For example in the case of individual customers, a loyalty program can track purchase and analyze them to provide a meaningful interpretation of his / her tastes and preferences. Micromarketing identifies very specific target segments such as teeny boppers in the youth segments or hikers in the leisure category, meets them in their domains, says colleges and addresses them in their own language. It creates micro clusters of these teeny boppers or hikers, and attempts to find out their locations, age groups, spending details, lifestyle, leisure activity, preferences of shopping locations, buying behavior, etc. the real organization then matches these specific consumer
characteristics with what it offers and when. Micromarketing here involves a specific merchandising strategy for these clusters by building special SKUs.

(Table 4.5: Indian Retail)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Retail Segments</th>
<th>% Organized 2008</th>
<th>% Organized 2009</th>
<th>% Organized 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Watches</td>
<td>39.6%</td>
<td>43.5%</td>
<td>45.6%</td>
</tr>
<tr>
<td>2.</td>
<td>Footwear</td>
<td>25.0%</td>
<td>30.3%</td>
<td>37.8%</td>
</tr>
<tr>
<td>3.</td>
<td>Clothing, Textiles &amp; Fashion Accessories</td>
<td>13.6%</td>
<td>15.8%</td>
<td>18.9%</td>
</tr>
<tr>
<td>4.</td>
<td>Books, Music &amp; Gifts</td>
<td>9.8%</td>
<td>11.7%</td>
<td>12.6%</td>
</tr>
<tr>
<td>5.</td>
<td>Consumer durable, Home Appliance/Equipments</td>
<td>7.8%</td>
<td>8.8%</td>
<td>10.4%</td>
</tr>
<tr>
<td>6.</td>
<td>Health &amp; Beauty Care services</td>
<td>6.0%</td>
<td>7.6%</td>
<td>10.6%</td>
</tr>
<tr>
<td>7.</td>
<td>Furnishings, Utensils, Furniture –Home &amp; Office</td>
<td>6.7%</td>
<td>7.6%</td>
<td>9.1%</td>
</tr>
<tr>
<td>8.</td>
<td>Mobile handsets, Accessories &amp; Services</td>
<td>6.5%</td>
<td>7.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>9.</td>
<td>Catering Services (F&amp;B)</td>
<td>5.7%</td>
<td>5.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>10.</td>
<td>Entertainment</td>
<td>2.6%</td>
<td>3.3%</td>
<td>4.1%</td>
</tr>
<tr>
<td>11.</td>
<td>Jewellery</td>
<td>2.0%</td>
<td>2.3%</td>
<td>2.8%</td>
</tr>
<tr>
<td>12.</td>
<td>Pharmaceuticals</td>
<td>1.8%</td>
<td>2.2%</td>
<td>2.6%</td>
</tr>
<tr>
<td>13.</td>
<td>Food &amp; Grocery</td>
<td>0.5%</td>
<td>0.6%</td>
<td>0.8%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>3.0%</strong></td>
<td><strong>3.6%</strong></td>
<td><strong>4.6%</strong></td>
</tr>
</tbody>
</table>

(Source: Images India Retail Report-2010)
**Table 4.6: The India retail**

Market size: Rs.1,200,000 crore at current prices

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Retail Segments</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Catering (F&amp;B)</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Books, Music, Gifts</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Entertainment</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Clothing fashion</td>
<td>9</td>
</tr>
<tr>
<td>5</td>
<td>Jewellery</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Watches</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>Footwear</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>Health &amp; Beauty</td>
<td>0.5</td>
</tr>
<tr>
<td>9</td>
<td>Pharmaceuticals</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>Consumer Electronics</td>
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<td>11</td>
<td>Mobile Phones</td>
<td>2</td>
</tr>
<tr>
<td>12</td>
<td>Furnishing Furniture</td>
<td>3</td>
</tr>
<tr>
<td>13</td>
<td>Food &amp; furniture</td>
<td>63</td>
</tr>
</tbody>
</table>

(Source: Images India Retail Report-2010)

(Graph 4.1: The Indian Retail)
(Table 4.7: The Organized Retail)

Market Size: Rs. 55,000/- Crore at Current Prices

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Retail Segments</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Catering(F&amp;B)</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>Books, Music, Gifts</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Entertainment</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Clothing fashion</td>
<td>39</td>
</tr>
<tr>
<td>5</td>
<td>Jewellery</td>
<td>3</td>
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<tr>
<td>6</td>
<td>Watches</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>Footwear</td>
<td>9</td>
</tr>
<tr>
<td>8</td>
<td>Health &amp; Beauty</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Pharmaceuticals</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Consumer Electronics</td>
<td>9</td>
</tr>
<tr>
<td>11</td>
<td>Mobile Phones</td>
<td>3</td>
</tr>
<tr>
<td>12</td>
<td>Furnishing Furniture</td>
<td>7</td>
</tr>
<tr>
<td>13</td>
<td>Food &amp; furniture</td>
<td>11</td>
</tr>
</tbody>
</table>

(Source: Images India Retail Report 2010)

(Graph 4.2: The Organized Retail)
(Table 4.8: Growth in Indian retail)

Value Rs. in Crore at 2009-10 constant prices

<table>
<thead>
<tr>
<th>Year</th>
<th>Organized Retail (Value Rs. in Cr.)</th>
<th>Indian Retail (Value Rs. in Cr.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>28,000</td>
<td>9,30,000</td>
</tr>
<tr>
<td>2005</td>
<td>35,000</td>
<td>9,50,500</td>
</tr>
<tr>
<td>2006</td>
<td>47,500</td>
<td>10,36,000</td>
</tr>
<tr>
<td>2007</td>
<td>66,500</td>
<td>10,98,000</td>
</tr>
<tr>
<td>2008</td>
<td>96,500</td>
<td>11,64,000</td>
</tr>
<tr>
<td>2009</td>
<td>1,40,000</td>
<td>12,34,000</td>
</tr>
<tr>
<td>2010</td>
<td>2,03,000</td>
<td>13,08,000</td>
</tr>
</tbody>
</table>

With the largest young population in the world –over 890 million people below 45 years of age! India is indeed a resplendent market. India has more English speaking people than in the whole of Europe taken together. Its 300 million odd middle class, the “Real” consumers, is catching the attention of the world. As the economy grows so does India’s middle class. It is estimated that 70 million Indians earn a salary of over INR 800,000 ($18,000) a year, a figure that is set to rise to 140 million by 2011. The number of effective consumers was swelling to over 600 million by 2010 sufficient to establish India as one of the largest consumer markets of the world.
4.12 Types of Retailers

**Convenience store**
Ideally located close to residential areas to enable target customers have easy accessibility and select convenient merchandise such as beverages, ready to eat snacks, grocery etc.

**Chain of stores**
A single retailer establishes a chain of stores with its exclusive store design, synergistic merchandising plan, promotion and service strategy. For eg. Raymond Chain of stores.

**Franchise**
Retail stores owned and operated by individuals on behalf of and licensed by a big supporting organization. For e.g. Pizza Hut, Baskin Robbins, NIIT, McDonalds etc.

**Departmental Store**
A store having several departments such as clothing, personal care and cosmetics, books and stationeries, house ware goods, electronic goods etc. all under single roof although individually functioning as a strategic business unit. These stores are large in size and area. For e.g. Big Bazaar.

**Super Market**
A store which is departmentalized with self service offering groceries, limited non food items such as health and beauty related items and general merchandise. Mini supermarkets with built up area of 1000 – 2000 sq.ft. and large ones 3500 – 5000 sq.ft. for e.g. food world outlets, nilgiris etc.
Hyper Market
Hyper markets are very large in size; carry grocery, hardware, appliances and other general merchandise, with self service facilities, usually located in warehouse type structures with large parking facilities. For e.g. Star India Bazaar, Giant of RPG Group and Big Bazaar.

Shopping Mall
A shopping Mall is the arrangement of retail stores and providing the right mix of shopping, food courts and entertainment and parking facilities. The retail space is shared by and anchor stores and other retailers who pays the developers of the Mall rent or lease payment for putting up the shop within the Mall premises.

Shopping Plaza
The shopping plazas are the configuration of many tenants using space of 1000 sq.ft. or so for putting up stores within a single building. For e.g. fountain plaza, Chennai, Modi Arcade Plaza, Bangalore.

Discount Stores
Discount store retail a broad variety of merchandize offer limited services at low prices. For e.g. Subiksha and Margin free supermarket.

Factory and seconds outlet
The factory stores are owned and operated by the manufacturers who sell discounted merchandise or factory seconds or cancelled orders to consumers at a low prices. For e.g. Bata factory outlet, Peter England Factory outlet etc.
KIOSK

KIOSK is a store often is concessions format store placed within a Mall / shopping center, a bus station, airport etc. It is a free standing pavilion open on one or more sides. For instance in a bookstore kiosk, customers are provided with online catalogue service to help them to identify titles and read reviews before making a purchase decision.

(Table 4.9: Types of Retailers)

<table>
<thead>
<tr>
<th>Characteristics Retail formats</th>
<th>Location</th>
<th>Space / Layout</th>
<th>Merchandise</th>
<th>Customer profile</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Supermarket</strong></td>
<td>Marketplace is metros, towns</td>
<td>Large</td>
<td>Multiple, cohesive food and household</td>
<td>Family profile mostly loyal</td>
<td>A Supermarket Apna Bazaar Food World</td>
</tr>
<tr>
<td><strong>Specially Store</strong></td>
<td>Strategies</td>
<td>Medium sized</td>
<td>Focused single category</td>
<td>Individuals, groups and clusters of same class, mediocre to high loyalty</td>
<td>A footwear store Bata A music store Planet M.</td>
</tr>
<tr>
<td><strong>Department Store</strong></td>
<td>Destination towns, metros and mega metros</td>
<td>Large</td>
<td>Cohesive category clusters / brands skewed towards garments</td>
<td>Family high loyalty and involved</td>
<td>A store with department as SBU, “Shoppers” Stop</td>
</tr>
<tr>
<td><strong>The Plaza</strong></td>
<td>Marketplace in metros,</td>
<td>Large</td>
<td>Independent categories</td>
<td>Family and individuals,</td>
<td>Many points of purchase</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Mall Type</th>
<th>Destinations, mega metros</th>
<th>Huge</th>
<th>Independent but profiled and defined category mix like shopping dinning entertainment etc</th>
<th>Family and individuals, young at heart, fun loving entertainment seekers and dinners of mediocre to high loyalty</th>
<th>Shopping, dining and entertainment facilities under the roof crossroads in Mumbai City Centre in Dubai.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Mall</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The emporium</td>
<td>Marketplace</td>
<td>Medium sized / small</td>
<td>Single group category</td>
<td>Family and individuals, need based spenders</td>
<td>The cloth store, “The Bombay Dyeing” store</td>
</tr>
<tr>
<td>The Bazar</td>
<td>Strategic</td>
<td>Large</td>
<td>Multiple, cohesive categories in reduced price bands</td>
<td>Price conscious individuals and family, less loyalty</td>
<td>The discount store “Mega mart”, “Big Bazaar”</td>
</tr>
<tr>
<td>Stop over</td>
<td>Piggy back location</td>
<td>Small to medium</td>
<td>Multiple, cohesive</td>
<td>Impulsive buyers</td>
<td>The store inside the</td>
</tr>
<tr>
<td><strong>Single price denomination</strong></td>
<td><strong>Busy marketplace</strong></td>
<td><strong>Medium sized, small</strong></td>
<td><strong>Multiple, non cohesive categories scrambled</strong></td>
<td><strong>Bargain seekers</strong></td>
<td><strong>petrol pump “In and Out” of BPCL</strong></td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------------</td>
<td>------------------------</td>
<td>-----------------------------------------------</td>
<td>---------------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td><strong>KIOSK</strong></td>
<td><strong>Busy marketplace</strong></td>
<td><strong>Very small</strong></td>
<td><strong>Fast moving consumables</strong></td>
<td><strong>Impulsive individuals satisfying nick of the time needs</strong></td>
<td><strong>The bunk shop, dispensing formats like Pepsi fountain.</strong></td>
</tr>
</tbody>
</table>
4.13 About the Mall

A Mall is the arrangement of retail stores and providing the right mix of shopping, food courts and entertainment and parking facilities.

The retail space is shared by anchor stores and other retailer who pays the developers of the Mall rent or lease payment for putting up the shop within the Mall premises. For e.g. pyramid Mall, Himalaya Mall etc.

Several Malls are coming up at Gujarat. New Malls are cropping up and existing ones are permitting the city with new branches. The Mall culture is catching up gradually in city with several Malls making their entry in Gujarat retail sector. These Malls have given a new dimension to shopping experience. Malls have transformed once compulsive and sober shopping in to a family entertainment and as a weekend pastime. With the entire products available less than one complex, offering rich and pleasant ambience and stocking. Several big players of India and mega retailers of the world are choosing the city as their retail destination. During the last five years, the Ahmedabad city had witnessed the development of Malls, hypermarkets, spread of supermarkets in every nook and corner of the city and emergence of several specialty stores. The factors for this rapid growth of retail industry in the city are the city boost of highest number of upper income households, spending habits of the citizens, relatively low real estate costs, and low risk of return ratio. The competition among retailers has become very stiff. Retailers are widening their coverage area, crossing borders and shattering cultural barriers. Technological changes are playing a pivotal role in retail industry in providing better services and reduction in overhead costs.
The Mall is complete shopping experience with the availability at choices, so many brands, impeccable ambience and food under one single roof. Malls provide not only a great ambiance but shopping, entertainment and F&B options under one single roof.

Table: 4.10 Biggest Malls of India

<table>
<thead>
<tr>
<th>Name</th>
<th>Place</th>
<th>Area (Sq. feet)</th>
<th>Parking</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mantri Square</td>
<td>Bangalore</td>
<td>919516</td>
<td>2080</td>
<td>202</td>
</tr>
<tr>
<td>Ambience Mall</td>
<td>Gudgaon</td>
<td>873000</td>
<td>2500</td>
<td>165</td>
</tr>
<tr>
<td>Great India</td>
<td>Noida</td>
<td>850000</td>
<td>5500</td>
<td>190</td>
</tr>
<tr>
<td>RCT</td>
<td>Mumbai</td>
<td>657000</td>
<td>3000</td>
<td>165</td>
</tr>
<tr>
<td>High Street</td>
<td>Mumbai</td>
<td>650000</td>
<td>3939</td>
<td>165</td>
</tr>
</tbody>
</table>

(Source: Sandesh, Thursday, 22nd April 2010)

Table: 4.11 Biggest Malls of World

<table>
<thead>
<tr>
<th>Name</th>
<th>Place</th>
<th>Area (Sq. feet)</th>
<th>Parking</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai</td>
<td>UAE</td>
<td>3770000</td>
<td>14000</td>
<td>1200</td>
</tr>
<tr>
<td>West Admonton</td>
<td>Canada</td>
<td>3400000</td>
<td>20000</td>
<td>900</td>
</tr>
<tr>
<td>Barjaya Time</td>
<td>Malaysia</td>
<td>3400000</td>
<td>1000</td>
<td>-</td>
</tr>
<tr>
<td>Mall Off</td>
<td>America</td>
<td>3074000</td>
<td>12550</td>
<td>520</td>
</tr>
<tr>
<td>Jirscity</td>
<td>Philippines</td>
<td>3000000</td>
<td>4000</td>
<td>800</td>
</tr>
</tbody>
</table>

(Source: Sandesh, Thursday, 22nd April 2010)

Indian retail sector has undergone a complete transformation in recent times. For a long time, the corner grocery store was the only choice available to the consumer, especially in urban areas. From supermarkets and hypermarkets, to department stores and convenience stores and one stop shops, a retailing wave is currently sweeping the country.