



Growth Of Retail Market In India With Special Reference To Broadening Of Mall Culture In Small Townships

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Abstract:

The Indian retail industry continues its growth trajectory on to 2011. India has emerged as the hottest retail destination. Most of the organized retailing in India has started recently and is concentrating mainly in metropolitan cities. The growth of Indian organized retail market is mainly due to the change in the consumer behavior. This change has come in the consumer due to the increased income, changing life styles and pattern of demography which are favourable. Now the consumer wants to shop at a place where he can get food, entertainment and shopping, all under one roof. This has given Indian organized retail market a major boost.

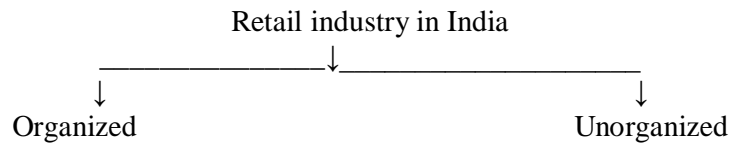
Shopping malls are the hot shopping destinations in new life style. Due to rapid retail boom, variety of malls has emerged. With this big ticket mall culture hitting the great Indian middle class, the days of pure shopping delight seems to be diminishing.

Our study is on the 'DB Mall' that has recently come up in the city of lakes, Bhopal. It was delighting to study the shopper's attraction and their views which concluded with a positive nod on mall culture in our tier II city.

Key words: Window shopping – Just looking not buying, Shopaholism – is the name given to the addition for shopping, Shopper's Attraction, Huff's Law, Mall Culture, Tier II city, Traditional market, Organized Market

1.Introduction

Retail in India's largest industry is accounting for 10% of the country's GDP and around 80% of the employment. Retail industry in India is at the cross roads. It has emerged as one of the most dynamic and fast paced industries with several players entering the market. Indian retail sector is highly fragmented as compared to the developed as well as the other developing countries. This shows the great potential for the organized retail industry to prosper in India. As the market for the final consumption in India is very large, retail trade is largely in the hands of private independent owners and distributor's structure for fast moving goods consisting of multiple layers such as carrying and forwarding agents, distributors, stockiest, wholesalers and retailers. Thus the growth potential for the organized retailer is enormous.



Retail consists of the sale of goods as merchandise from a fixed local such as a departmental store, boutique or kiosk or by mail, in small consumption by the purchaser. Retailing may include subordinated services such as delivery. Purchases may be individual or business. Shopping generally refers to the act of buying products. Some times this is done to obtain necessities such as food to clothing. Sometimes it is done as a recreational activity. Recreational shopping often involves –

- window shopping
- browsing does not always result in a purchase.

Retail comes from a French word 'Retailers' which refers to 'cutting off my hands clip and divide' in terms of tailoring. Like the French, the word Retail in both Dutch and German [Detailhandel and Einzelhandel respectively] also refers to the sale of small quantities of items. Retail is usually classified by the type of products as follows –

food products

hard goods [hardline retailers]

appliances, electronics, furniture, sporting goods, etc.

Soft goods – clothing, apparel and other fabrics.

1.1.Purpose Of The Study

To study the growth of the retail sector in India with special study on the recently commissioned mall at our Tier II city, Bhopal.

To know the consumers' sensitivity on the kind of shopping.

To know the behavior of customers on mall culture of Bhopal.

1.2.Objectives Of The Study

Mall culture, the concept of merchandising under one roof has seen boom-berry not only in metros, the Tier I and Tier II has also sensational feather touch of mall culture glory. The objective of our study was to find out the adaptability of mall culture in our Tier II city & to analyze the consumer behavior in the city of Bhopal.

1.3.Research Methodology

1.3.1.Data Collection

The data has been collected both from primary as well as secondary sources. The Primary data has been collected by means of a questionnaire & through personal interviews.

1.3.2.Sample Size

Of the total 200 Respondents, nearly half of them answered through questionnaire

1.3.3.Population

Major respondents included youth between the age of 16-25 years & the next category covers the married couples with small children & the few were adults above 40 years.

1.3.4.Methods & Tools used

Case study analysis, Questionnaire , Personal interviews & social networking sites.

1.3.5.Present Scenario

Retailing in India is witness to the boom in terms of modern retailing formats, shopping malls etc. The future of retailing for any product across the country will definitely be in malls where the consumer can get –

variety

quality

ambience

2.Retail in India – The Future

According to a study, the size of the Indian retail market is currently estimated at Rs.704 crores which accounts for a meager 7% of the total retail market. As the market becomes more and more organized, the Indian retail industry will gain greater worth. The retail sector in the small towns and cities will increase by 50% to 60% pertaining to easy and inexpensive availability of land and demand among consumers.

According to a report, from the year 2003 to 2008 the retail sales were growing at a rate of 8.3% per annum. With this the organized retail which currently has only 7% of the total market share will acquire upto 31.5% of the market share by the year 2012.

Factors that are playing a role in fuelling the bright future of the Indian retail are as follows –

- The income of an average Indian is increasing and thus there is a proportional increase in the purchasing power.
- The infrastructure is improving greatly in all regions is benefiting the market.
- Indian economy and its policies are also becoming more and more liberal making way for a wide range of companies to enter Indian market.
- Indian population has learnt to become a good consumer and all national and international brands are benefiting with this new awareness.
- Another great factor is the internet revolution which is allowing foreign brands to understand Indian consumers and influence them before entering the market. Due to the reach of media in the remotest of the markets, consumers are now aware of the global products and it helps brands to build themselves faster in a new region.

Currently, Indian has one of the largest numbers of retail outlets in the world.

Year	\$billion retail growth
1998	201
2000	204
2002	238
2004	278
2006	321
2008	368
2011	392.63
2014	674.37

*Table 1: Indian Retail Landscapes
Source: BMI India retail report*

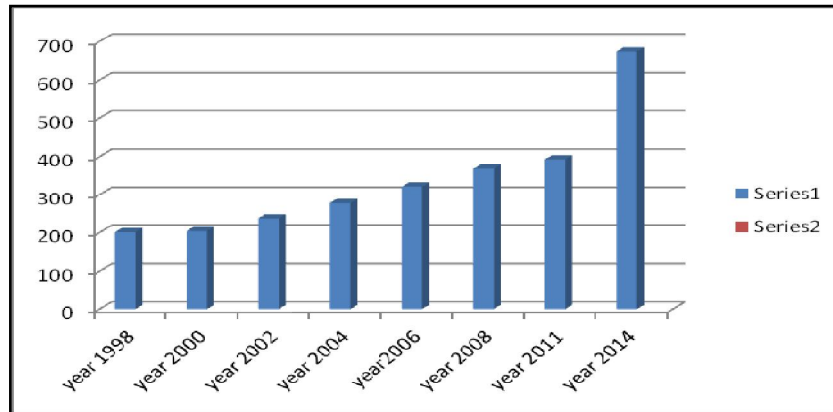


Figure 1

3. Emergence Of Shopping Malls In India

Introduction of malls has not been able to replace traditional markets which are still popular among the pocket conscious people, but has definitely added a new adventure to the shopping experience.

3.1. The Trend !

Without any doubt, the mall culture has gripped Indians and they seem love every bit of it. Crowded streets, traffic congestion and mob of people flooding a chick looking building is a popularly visible scenario every Sunday.

This brings to light that people's perception has completely changed towards shopping. Congenial atmosphere, world class entertainment, international brands, basic amenities and exotic cuisines is what the malls aspires to provide under one roof. People are welcoming this new trend with open arms, unaware of what just be its consequences. More over, sales and bargain deals, attractive prices and schemes are the success formula, the shop keepers are trying to cash in, on customers. This has made malls a mega hit amongst the metro crowd, putting fuel to their ever increasing demand for a better living. This is a result of the expanding Indian market and disposable incomes by the service class.

3.2. As An Alternative

Apart from being the shopper's paradise, malls are also acting as good alternative, for the people to escape from the otherwise poor living conditions. This brings the flipside of the mall culture into sight which enforces that though shopping is the modern mantra,

people are looking for something more. Malls act as great refuge from the scorching heat of the sun, in summers, as all the malls are centrally air conditioned for the purpose. Another reason for the malls being so crowded is quite a number of people roam there armlessly. Their purpose can be anything from a get together with friends to simply window shopping from buying popcorns to buying cards. This explains that hot weather, frequent and prolonged electricity and water cuts are some of the strong reasons why the common man is attracted towards the escalating shrines of consumerism.

3.3.Shopaholism

Shopaholism has joined the list after cigarette and alcohol. A kind of physiological disorder, it is constantly on the rise. The metamorphosis the society is witnessing present man as the evolving shopping freak, shouldering the women with at most grace.

3.4.Window Shopping

The term window shopping was coined due to huge spur in shopping malls and the notion that it is made up of expensive stores. With the concept of “one stop shop” coupled with entertainment options and comfortable shopping experience, hoteliers, retailers and brands grabbed this opportunity with both hands. Even individual retails found shopping malls a beneficiary prospect.

These individual retail outlets started speaking the consumer language and thus altered prices and designs for the popular crowds. Selection of clothes and pricing was related to the location of the mall. An up-market area had a different line of styling and pricing compared to its own chain in not – so lavish vicinity. Thus people in these mediocre areas were not able to get the same style and fashion found in the posh areas. Though reaching to the mall has been made comfortable with good enough travel option and parking space, but the crowd on week ends are unavoidable.

3.5.II Tier And III Tier Cities

Malls, the temples of consumerism are cropping up every where. These malls have changed the way people are shopping. They are teaching them how to appreciate the good things of life. ‘Comfort’, ‘Style’, ‘Convenience’ and ‘Cool’ are the only some of the words used by the shoppers introduced to the mall culture. And no one is complaining. Not the mall owners, not the shop keepers and certainly not the marketing men and women of the big brands. Malls are the battle grounds where the brands, small,

medium and big, the known, the not-so-well-known and the wanna-be ones, fight it out for the consumers attention. And the consumer is 'loving it' and asking for more.

Yes, this is one culture that consumers are happy about. So happy that no one seems to mind 'the unplanned expenditure' incurred by an outing to such an enticing place. They enjoy air-conditioned comfort, availability of a range of merchandise under one roof and a one-stop family entertainment arena.

While the consumer is slowing getting hooked on to the mall culture, the owners of the mall are hardly complaining. Actually, they are busy planning the erection of new malls and the more the merrier seems to be the motto of the moment. Given the rate at which the malls are coming, the commercial as well as residential real estate business is spiraling upwards. The range and scope of the economic activity generated from mall culture promises many things to many people. Other than offering shoppers more value for money, the scale of operations generates employment opportunities, direct and indirect, for thousands of people.

India was to have some 350 malls out of which nearly 250 were planned in Tier II and Tier III towns, taking this revolution further. Now there is a new association of big brands that has come together to give brand loyalists something to cherish, aspire for and much, much more. Since Bhopal is listed as Tier II city, our attempt was to find out the different Malls that have been planned here. A few amount them are listed as follows :-

S.no	Name And Area	Year
1	DB City 1,000,000 sqft	2010
2	C21 Mall 700,000	2011
3	Aashima Lake City Mall 650,000 sqft	2011
4	Aura Mall	2011

Table 2: List of Malls planned in Bhopal

4.Literature Review

Our analysis included assessment of publications on the development of the Indian retail industry (www.indianground.com, 2008; Gupta, 2005; www.expresstextiles.com, 2005). These publications were mainly published between the years 2000 and 2010 in order to make sure that the most current industry and market activity were captured. Publications

included popular Internet sites, industry publications, and reports by major retail houses. Other sources included blog spots and interviews of executive managers working in retail in newspaper publications like *Business Line* and *The Hindu*. The other major source of data collection is Mall Culture magazine.

The goal of the analysis was to identify evidence reflecting the challenges and threats to the organized (nontraditional) and unorganized (traditional) Indian retail industry constituencies and the infrastructure to support their co-existence in India. The aforementioned sources were analyzed to find recurrent themes on the threats these two sectors face because of the retail boom in India. This process was viewed as a first step toward documenting and understanding channel activity and relationships between the traditional and nontraditional sectors of the Indian retail industry. Data sources were supplemented by the personal and professional experiences of one of the authors, an Indian national and academician. Besides analyzing the industry reports, consumer reviews from various blog sites on the Internet were analyzed to take into account the standpoint of diverse consumers' views on the issue of retail diversification due to foreign direct investment in the Indian market.

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 favorable demographic outline Mohanty & Panda (2008) opines about retailing as a sector of India occupies important place in the socio-economic growth strategy of the country. India is witnessing retailing boom being propelled by increasing urbanization, rising purchasing power parity (PPP) of ever growing India's middle class, changing demographic profiles heavily titled young population, technological revolution, intense globalization drive etc.

Sahu (2010) describes that a rise in consumer confidence, improvement in profitability and aggressive expansion plans signal better tidings for listed players in the organized retail space. Moreover, analysts believe listed retailers could attract foreign investments

by spinning off their subsidiaries into separate companies which can provide a great opportunity for the improvement of this sector.

Gellner (2007) explains in this context that in most retail meetings and/or publications, hardly ever is there any talk on problems that modern retail formats are encountering doing business in India. There is a significant profitability challenge, to deliver the brand promise in terms of quality and geographic spread in line with the growth in consumer demand.

Nagesh (2007) describes that Indian retailing will see a sea of change in the next five years, driving consumption boom never seen in the history of any country. From a drought situation we will see a flood of modern retail, So Indian retail will be on a steady ground of sustained growth year after year and thereafter.

Akash (2009) says that Retail business in India, as anywhere else in the world, plays a crucial role in an economy. Retail in India has the potential to add value over Rs 2,00,000 crore (\$45billion)business by the year 2010 generating employment for some 2.5 million people in various retail operations and over 10 million additional workforce in retail support activities including contract production and processing, supply chain and logistics, retail real estate development and management.

Gibson, CEO Retail Association Of India opines (2007) that modern retailing today is growing faster than expected while the current growth rate is around 30 percent, the sector is expected to grow at 40- 50percent on a year basis.

Shivkumar, Executive Director and leader of Retail and Consumer Practices Price Warehouse Co-operatives,(2009)also holds the opinion that retailing is the next sunrise segment of the economic development of the country. Next-Generation Retailing In India: An Empirical Study Using Factor Analysis 27

Mishra (2008) says, there is a hectic activity in the sector in terms of expansion, entry of international brands and retailers as well as focus on technology, operations, infrastructure and processes. All these present a tremendous opportunity in this high growth industry.

Yuvarani (2010) opines that according to a study the size of the Indian Retail market is currently estimated at Rs 704 corers which accounts for a meager 3% of the total retail market. As the market becomes more and more organized the Indian retail industry will gain greater worth. However, the future is promising, the market is growing, government policies are becoming more favorable and emerging technologies are facilitating operations.

Biyani (2007) describes that we are on the cusp of change wherein a huge, multicultural India is transforming from a socialist economy to a consumption-led, creative economy. The scope and depth of change that is taking place due to the revolutionary retail market with a gigantic opportunity for marketers and retailers, not only in large cities but also in small towns. So retailing can play a significant role in creating the India of tomorrow.

Kearney (2007) explains that the retail sector provides a unique platform to India. Government, both central and state, need to engage with the sector and utilize its potential for social development. So the Indian market and its consumers poised for a retail consumption explosion that will continue for future. India's sunrise retail sector is witnessing a major transformation as traditional markets make way for modern and indigenously development retail formats. Standing on the threshold of a retail revolution and witnessing a fast changing retail landscape. Indian retail is still growing, and growing at an enviable rate. In the new era of liberalization, there exists immense opportunities for retail business .Progressive policies, economic and political stability ,liberal policies on technology, changing consumers profile and demographic character, increasing urbanization, improved infrastructure, increasing number of nuclear families ,increasing working women population are new opportunities. Bulging of middle and upper middle classes, whose purchasing power is now substantial and turning Indian economy as the fourth largest economy in the world in terms of purchasing power, are opportunities galore for giving further boost to retail business in India.

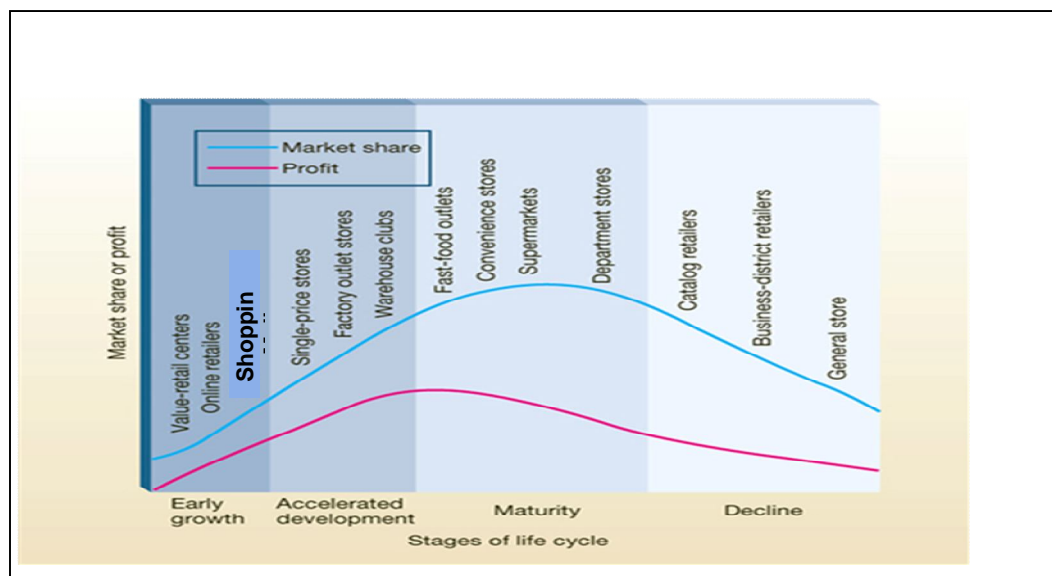


Figure 2: Position of Shopping Malls in The Life Cycle of Retail Market in Bhopal

5. Case Study

5.1. Description

5.1.1. Dainik Bhaskar Group

Currently associated mainly with the print media, is developing a shopping mall christened 'DB mall' at Bhopal [Tier II city] in Madhya Pradesh. The mall comprises a building with 7.5 lakh sq. ft. basement plus ground plus six floors with 7 anchor shops, 180 retail shops, 6 screen multiplexes and food courts. It is central India's biggest mall. This mall got commissioned on July 27, 2010.

5.1.2. Pros And Cons

Mall culture is slowly and steadily growing in India. Many brands and private labels are launched in Indian market. The specialty of such malls is that they offer a wide range of varied branded stuff, all under single roof. The buyers get an international shopping experience in such retail outlets. There are no nagging sales personnel pressurizing the customer to buy.

Mall and maul are more than homonyms, which ever way you look at it, malls work like predators. Either overtly, like when the small man's livelihood is snuffed out, or covertly, like when a whole economic class swallows the idea that India is shining. Humongous, glitzy, these soaring, gawky piles of steel and cement represents the interests of only one slice of society the rich or the nouveau riche. For whom the rest of India is a remote world. Well, if seeing believes, then this is not far fetched. At the risk of being called a party-pooper, one is forced to weigh the pros and cons of India's mall boom.

6. Huff's Law Of Shoppers Attraction

Huff's law of shopper's attraction showed that the probability of people shopping at a location of depends on the effect of travel time. If a product is important then the consumers are less travel sensitive.

$$P_{ij} = \frac{\frac{S_j}{(T_{ij})^\lambda}}{\sum_j^n \frac{S_j}{(T_{ij})^\lambda}}$$

- P_{ij} = probability of a consumer's traveling from home i to shopping location j
 - S_j = square footage of selling space in shopping location j expected to be devoted to a particular product category.
 - T_{ij} = Travel time from consumer's home I to shopping location j .
 - n = Number of different shopping locations
- λ = Parameter used to estimate the effect of travel time on different kinds of shopping trips

Type Of Outlet	Average Area For A Product Category(In Sqfts)	Travel Time(From Home 1 In Mins)	Travel Time(From Home 2 In Mins)
DB.Mall (M.P.nagar)	1000	5	15
Traditional market(M.P.Nagar)	1500	7	7
Traditional Market(New market)	1500	15	5

Table 3: Showing Travel Time from 2 Home Locations to different Retailers

Using Calculations it was observed that:

- $P_{11} = 77.6\%$
- $P_{12} = 38.3\%$
- $P_{13} = 8.6\%$
- $P_{21} = 5.7\%$
- $P_{22} = 39.6\%$
- $P_{23} = 77.6\%$

7. Interpretations From

7.1. Huff's Law

The Calculation reveals that the shoppers are attracted more to a nearby place from their residence, irrespective of different markets. But our survey concluded that people are more inclined to shopping in a retail market where they can enjoy the culture of shopping-tainment under one roof.

The probability of people shopping at a location depends on the effect of travel time. If the product is important such as dress, watches etc. consumers are less travel sensitive.

7.2. Questionnaire

7.2.1. How Often You Visit A Mall ?

A major group visited the mall only once in a month. The group that visited once in a week was the youth.

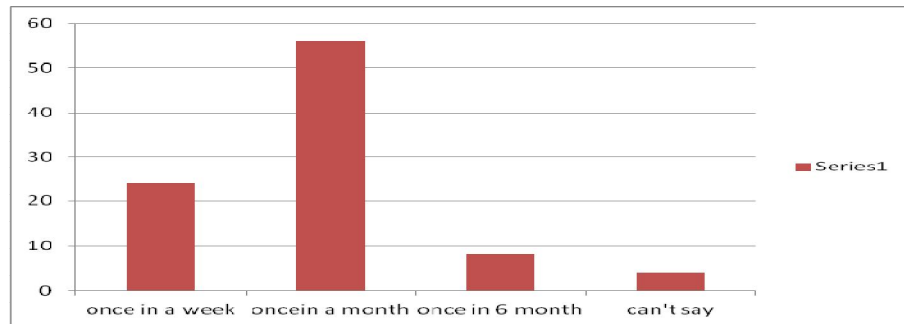


Figure 3

7.2.2. What Is The Nature Of Your Shopping In A Mall ?

Among the 100 surveyors, 40 did preplanned shopping and 28 shared impulsive and window shopping each.

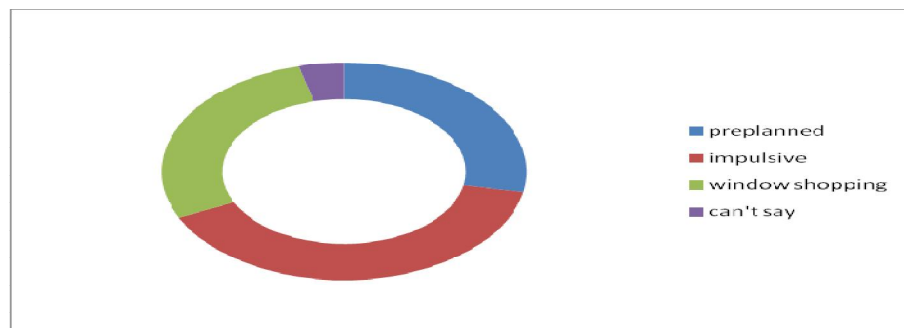


Figure 4

7.2.3. Do You Welcome Mall Culture In Bhopal ?

Of the 100 population, a huge majority of 94 welcomed mall culture in Bhopal.

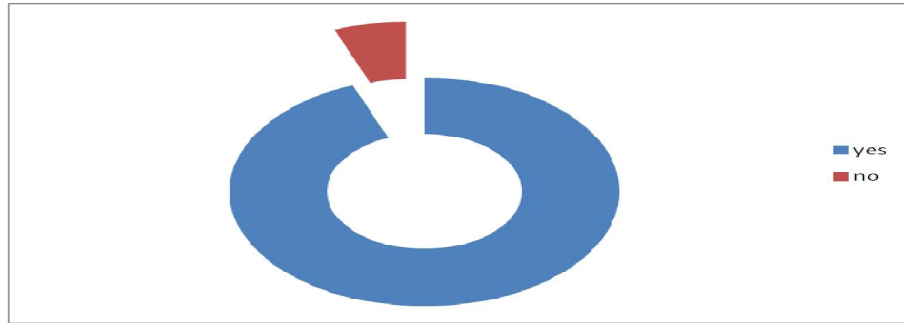


Figure 5

7.2.4. What Do You Find Most Interesting ?

A crowd of 64 admitted the most interesting in mall is shopping with 32 youth went only for food which was again observed to be the teenagers.

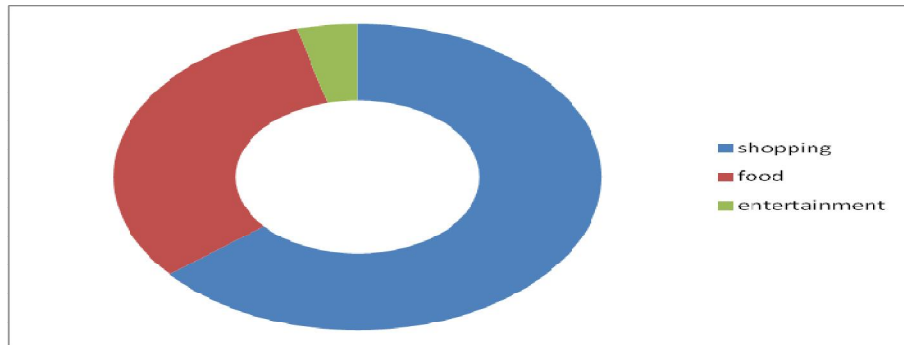


Figure 6

7.2.5. Impact Of Mall Culture On The Life Style Of Youth.

A good response of 88% said that mall culture has a positive impact of the life style of youth, at the same time a few negative impacts was stated by the parental group.



Figure 7

7.2.6. Rate The Purpose Of Youth Visiting Mall

The youth themselves admitted that their purpose of visiting malls was to hangout for various reasons. Hence, the response showed high value of 92%. Elders were of the same opinion.

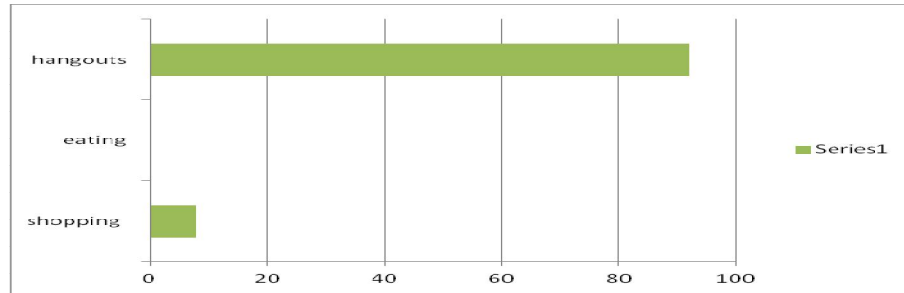


Figure 8

7.2.7. Do Malls Increase The Standard Of Living Of The Citizens Of Bhopal ?

Among the 100 people surveyed, 92 accepted the fact that the malls have increased the standard of living of the citizens of Bhopal.

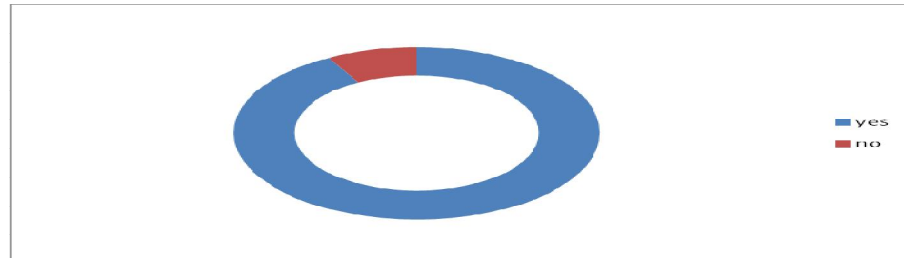


Figure 9

7.2.8. Rate The Foot Falls During Week Days And Week Ends

80% of the population accepted that more foot falls were during week ends.

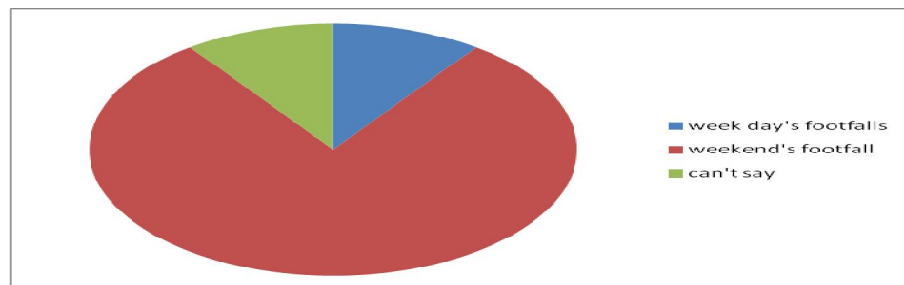


Figure 10

7.2.9. Is The Visitor Management Ok [With Regards To Help Desk And Staff] ?

84% were satisfied with the visitor management

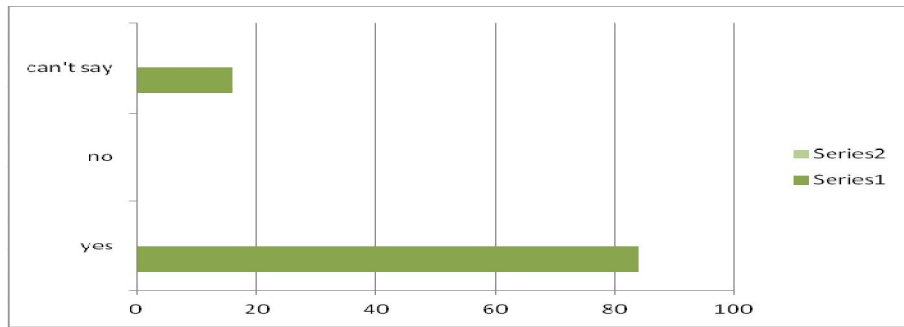


Figure 11

7.2.10. Does It Offer Assistance In Selection And Shopping To The Customer ?

64% were satisfied with the assistance in selection and shopping to the customer, at the same time 32% did not agree to it

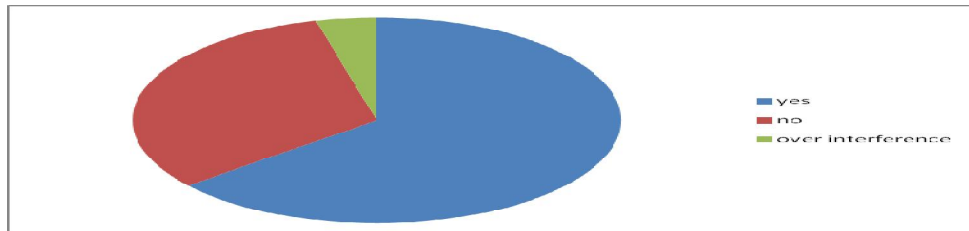


Figure 12

7.2.11. How is the occupancy level of DB Mall ?

It was a good response with 92% stating it as satisfactory.

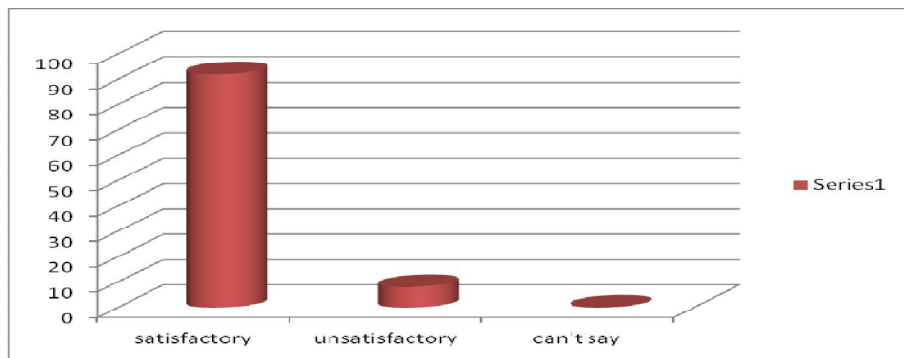


Figure 13

7.2.12. How Is The Infrastructure And Over All Ambience ?

96% of the surveyed said that infrastructure and over all ambiences is satisfactory.

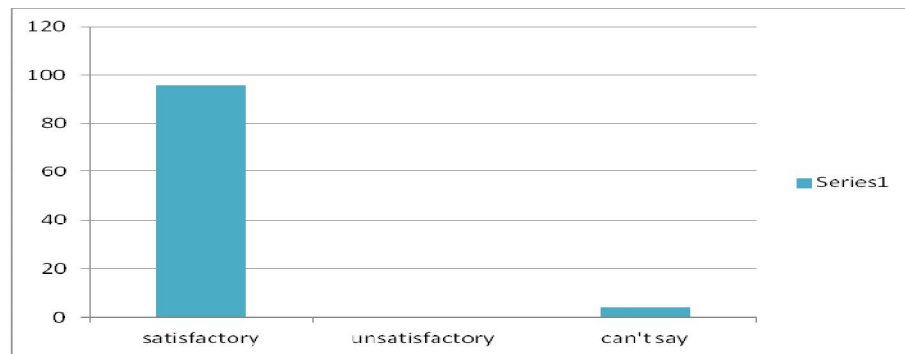


Figure 14

7.2.13. Rate The Following Facilities Offered By DB Mall.

7.2.13.1. Safety & Security Measures

68% said that the measures are good and 28% as excellent

7.2.13.2. Civil Amenities

68% said that the measures are good and 28% as excellent.

7.2.13.3. ATM

60% agreed as good, but 32% said it is poor.

7.2.13.4. Credit Card Acceptance

56% said it is excellent and 40% said as good.

7.2.13.5. Free Home Delivery

64% agreed as good, but 32% said it is poor

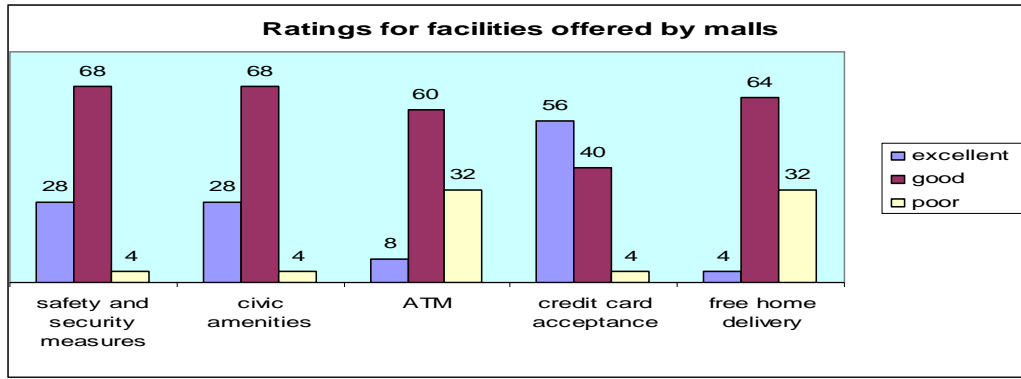


Figure 15

7.2.14. How Do You Rate DB Mall With Respect To Other Traditional Retail Outlets In Bhopal ?

60% of the surveyors said that DB Mall is good and 40% said it is excellent.

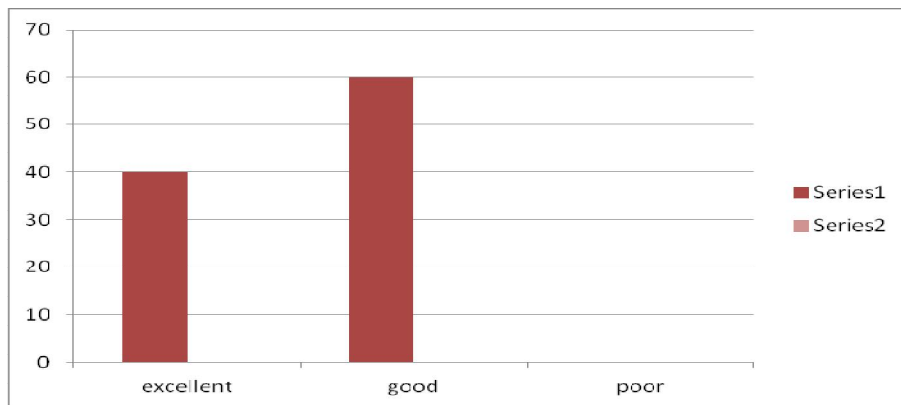


Figure 16

8. Conclusions Of The Study

Malls have marveled the lifestyle of shoppers. These are the magnetite pagodas where you merchandise from ‘pin to pyramid’. You enjoy panasonic scenic beauty of unique architeck of malls while shopping.

A shopping mall can be described as a ‘shopaholic paradise’ for a number of reasons.

The retails and shoppers hope the upward trend in the mall purchase to stay longer. It is proved by the rising graph of sales figures in the mall merchandise.

The super bazaars, hyper malls really contribute a lot for the product development.

9..Suggestions And Discussions

After the entire study on retail sector with special reference to malls, we have certain suggestions as enlisted below :-

- The gap model indicates what the retailer needs to do, to provide high quality customer service.
- When customer's expectations are greater than their perceptions of the delivered service, they are dissatisfied and feel the quality of the retailer service is poor. Thus retail needs to reduce the service gap. .

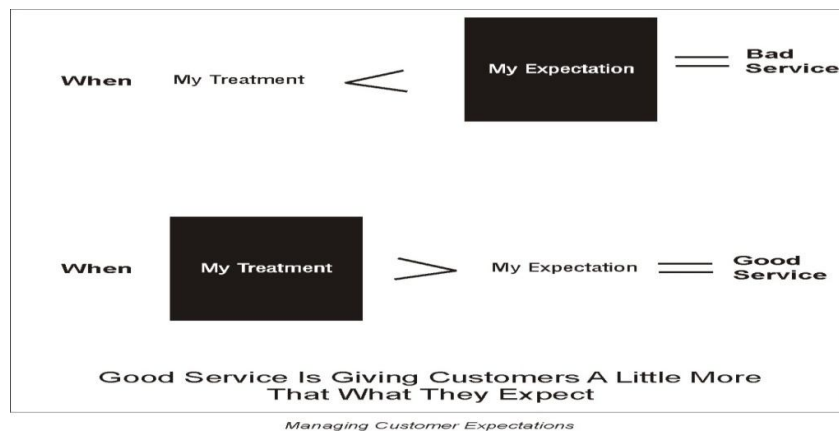


Figure 17:Managing customer expectations

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