Retail in India: “Trendy Malls Gradually Replacing Traditional Retail Stores in Big Cities of Maharashtra.”

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Abstract: - The retail sector in India has under through a phase of evolution and currently the most booming sector in India. Due to vital changes in the consumer’s demography and lifestyle the organized retailing is expected to grow at the same pace. The present study is an attempt to understand the evolution and growth of retail in India. Moreover, the study further analyses the consumer perception about the traditional retailers and the modern retailers. The study uses primary & secondary data collected through in depth qualitative analysis to represent organized and unorganized retailers sectors respectively. The findings of the survey also highlight the fact that consumer’s preferences are shifting towards the organized retailers and consumers feel that they are economical too. They also feel that more organized retail outlet should be opened in their city which clearly indicates the growing popularity of mall culture among the Indian Consumers.

Keywords- Organized Retailing, Modern Formats, Traditional retailers, Mall, Consumer Perception.

I. INTRODUCTION

Retailing includes all the business activities relating to selling of goods and services to the end consumers. Thus, retailer is a person or agent or agency or company or organization which is instrumental in reaching the goods/merchandise to the end user /consumer. People often think of retailing as only the sale of products in stores, but retailing also involves sale of services like a restaurant or a bank or hospital offering various health services to people. The retail industry has contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and vibrant industries in the world.

The retail sector in India can be widely split into the organized and the unorganized sector. The unorganized sector is predominant. We may discuss in detail the different divisions of the retail sector in India. The unorganized retail sector basically includes the local Kirana store, the street side vendors etc. This sector constitutes about 93% of the total retail trade. In the organized sector trading is undertaken by the licensed retailers who have registered themselves to sales as well as income tax.

The organized retail sectors have in their ambit, corporate backed hypermarkets and retail chains. The private large business enterprises are also included under the organized retail category.

A. Evolution of the Retail Industry in India

Retail in India has evolved to support the unique needs to our country given its size and complexity. Haats, Mandis and Melas have always been a part of the Indian landscape. The evolution of the public distribution of grains in India has its origin in the ‘rationing’ system introduced by the British during the World War II. The System was started in 1939 in Bombay and subsequently extended to other cities and towns. By the year 1946, as many as 771...
cities / towns were covered. The system was abolished post war, however, on attaining Independence, India was forced to reintroduce it in 1950 in the face of renewed inflationary pressures in the economy.

Tracing the evolution of Indian retail would be incomplete without mention of the Canteen Stores Department and the Post Offices in India. The Khadi & Village Industries (KVIC) was also set up post independence. Today, there are more than 7,050 KVIC stores across the country. The Co-operative movement was again championed by the government which set up Kendriya Bhandras in 1963. In Maharashtra, Bombay Bazaar, which stores under the label Sahakari Bhandar, and Apna Bazaar run a large chain of Co-operative stores.

In the 1990’s the Indian economy slowly progressed from state led to becoming market friendly economy. While independent retail stores chain like Akbarally, Vivek and Nalli have existed in India for a long time, the first attempts at organized retailing were noticed in the textiles sector. One of the pioneers in this field was Raymond which set up retail stores for fabric. Other textile manufacturers who also set up their own retail chains were Reliance which set up Vimal Showrooms and Garden Silk Mills with Garden Vareli. With the success of the branded menswear store, the new age departmental store arrived in India in the early nineties.

This was in a true sense, the beginning of new era retailing in India. The fact that post liberalization, the economy has opened up and a new large middle class with spending power had emerged to shape this sector. The vast middle class market demanded value for money products, a better shopping ambience, more convenience and one stop shopping. This has fuelled the growth of departmental stores, supermarkets and other specialty stores.

B. Critical analysis of the growth of Indian Retailers Industry

In India, the industry is large, accounting for around 35% of GDP, which is the second largest after agriculture. Annual retail sales in India are estimated at US$ 3.31 billion and have been growing at 5% annually. India has one of the highest densities of retail outlets in the entire world. There are more than 12 million retail outlets (including unorganized ones) in the country.

Over the past decade, there has been rapid expansion of organized retail formats. While 50% of India’s population is less than 25 years old, 70% is less than 35 years of age. The implication is that there is a large complement of young working population, thus, resulting in increased retail spending.

The Indian market is quite lucrative for global players in the retail sector, and India has been placed at second position in AT Kearney’s annual Global Retail Development Index (GRDI) 2008. As the contemporary retail sector in India is reflected in sprawling shopping centers, multiplex- malls and huge complexes offer shopping, entertainment and food all under one roof, the concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India.

TABLE 1: SWOT Analysis of Retail Industry of India

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
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<tbody>
<tr>
<td>1) Organized retailing at US$ 3.31 billion, growing at 8%.</td>
<td>1) Shortage of quality retail spaces at affordable rates.</td>
</tr>
<tr>
<td>2) 2nd largest contributor to GDP after agriculture at 20%.</td>
<td>2) Government regulations on development of real estate(Urban Land Ceiling Act)</td>
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<tr>
<td>3) Pattern of consumption changing along with shopping trends.</td>
<td>3) Need to provide Value for Money-squeezing margins</td>
</tr>
<tr>
<td>4) Consumer spending increasing at 11% annually.</td>
<td>4) Lack of industry status.</td>
</tr>
<tr>
<td>5) Almost 25 million sq. ft. retail space available.</td>
<td>5) Retail revolution restricted to 250 million people due to monolithic urban-rural divide.</td>
</tr>
<tr>
<td>6) Paradigm shift in shopping experience for consumers pulling in more people.</td>
<td>6) Lack of huge investments for expansion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Increasing urban population-more participants in retail revolution.</td>
<td>1) Rising lease/rental costs affecting project viability.</td>
</tr>
<tr>
<td>2) Increase in consuming middle class population.</td>
<td>2) Poor monsoons and low GDP Growth could affect consumer spending drastically.</td>
</tr>
<tr>
<td>3) Social factors, like dual household income has enhanced spending power.</td>
<td>3) Archaic labor laws are a hindrance to providing 24/7 shopping experience.</td>
</tr>
<tr>
<td>4) Spends moving towards lifestyle products and esteem enhancing products.</td>
<td>4) Personalized service offered by Kirana stores.</td>
</tr>
<tr>
<td>5) Average grocery spends at 42% of monthly spends-presents a huge opportunity.</td>
<td>5) Unavailability of qualified personnel to support exponential growth in retail.</td>
</tr>
<tr>
<td>6) Increase in use of credit cards.</td>
<td>6) Differentiate taxation laws hindering expansion</td>
</tr>
</tbody>
</table>


C. Emerging Modern formats

Some of the emerging retail formats in India have been briefly explained below:
Mall: Mall is largest form of organized retailing today. Located mainly in metro cities, in proximity to urban outskirts they range from 60,000 sq ft to 7, 00,000 sq ft and above. They lend an ideal shopping experience with an amalgamation of product, service and entertainment, all under a common roof. Examples include Shoppers Stop, Pyramid, and Pantaloons.

Specialty Stores: Focusing on specific market segments and have established themselves strongly in their sectors. Chains such as the Bangalore based Kids Kemp, the Mumbai books retailer Crossword, RPG’s Music World and the Times Group’s music chain Planet M are a couple of examples.

Discount Stores: As the name suggests, discount stores or factory outlets, offer discounts on the MRP through selling in bulk reaching economies of scale or excess stock left over at the season. The product category can range from a variety of perishable/ non perishable goods. Discount Circuit is one such example.

Department Stores: Large stores ranging from 20000-50000 sq. ft, catering to a variety of consumer needs. Further, they are classified into localized departments such as clothing, toys, home, groceries, etc.

Hyper marts/Supermarkets: Large self service outlets, catering to varied shopper needs are termed as Supermarkets. These are located in or near residential high streets. These stores today contribute to 30% of all food & grocery organized retail sales. Super Markets can further be classified into mini super markets typically 1,000 sq ft to 2,000 sq ft and large super markets ranging from of 3,500 sq ft to 5,000 sq ft. having a strong focus on food & grocery and personal sales.

Convenience Stores: These are relatively small stores 400-2,000 sq. feet located near residential areas. They stock a limited range of high-turnover convenience products and are usually open for extended periods during the day, seven days a week. Prices are slightly higher due to the convenience premium.

MBO’s: Multi Brand outlets, also known as Category Killers, offer several brands across a single product category. These usually do well in busy market places and Metros.

E-trailers: Retailers providing online buying and selling of products and services

II. LITERATURE SURVEY

According to Piyush Kumar Sinha & Sanjay Kumar Kar (2007), India’s retail development is inevitable. Most of the organized retailers in India are harping on quality, service, convenience, satisfaction and assured benefits to lure shoppers into the store. Retailers should create value for the consumer and must decide suitable vehicle to deliver desired consumer value. No doubt, that retail format is one of the vehicles to deliver value proposition and it helps to position the store in the mind of target shoppers. Retailers need to find out what matches consumer requirement and offer better than competition. Retailers certainly need to be innovative in designing the value proposition and deciding the format to deliver that to the consumer. It is not all about deciding the format but all about serving the consumer better, faster and at less cost. Retailers can use their store as an indicator of what they stand for and what value they offer. Retailers have to out think consumer in providing service and value. Now, most of the retailers are concerned about growth in number of stores rather than creating value for consumer.

Purohit and Kovita, according to their studies the traditional retailers are not very much clear about the consequences of the modern retailing the traditional retailers are neutral or undecided, modern retailing will cut the profit margin of the traditional retailers; the modern retailing will lead healthy competition in the market, modern retailing will reduce the sales volume of the traditional retailers and traditional retailers should improve customer care services in the era of modern retailing.

Bhardwaj and Makkar (2007) opine that NCR and Mumbai will continue to dominate the Indian retail scene. Both are large and diverse to accommodate a variety of new formats, including one-stop malls, specialty malls, hyper markets and big-box retailing. The researcher is of the view that secondary metros are perceived by retailers as the “next retail destinations” which throw a strong challenge to Mumbai and NCR Region. Pune, Bangalore, Kolkata, Hyderabad and Ahmadabad all have significant mall development and are likely to account for one-third of India’s organized retail sector. Factors such as growing income and rising aspirations are increasing the demand for organized retailing.

Retailers have seen a notable shift from a “saving” to “spending” mindset of consumers. This is a very important driver for the industry. Both domestic and international retailers as well as the real-estate industry see the Indian market as the greatest untapped market of the globe.

(Dawson, 1988) The unorganized retail sector face increased pressure from the organized retailers, super stores. Further as the economy and society has changed, so have retailers and shopping habits of consumers also altered enormously.

Another study conducted by Morganosky (1997), on the structural changes in the retail markets and their implications on consumers revealed that due to the emergence of new retail formats, competition between retailers of organized and unorganized is tightening with pervasiveness and complexity of consumer cross shopping patterns across various retail channels.

III.OBJECTIVE OF THE STUDY

➢ To study the evolution of Retail Industry in India
➢ To critically analyze the growth of Organized Retailing in India
➢ To study the shopping behavior of consumers in Maharashtra
➢ To assess Consumer’s perception with respect to Organized Retailers in Maharashtra.

A. Hypothesis of the Study
Ho: 1: There is no significant difference amongst the respondent classified by gender regarding their opinion about the preferred Outlet for Shopping

IV. RESEARCH PLAN
The researcher approached the respondents personally with structured questionnaire. The entire questionnaire used for the survey was divided into three parts of which, first part was used to gather the demographic details of the respondents, another part was related to respondents purchase pattern and the last part was related to brand awareness among the respondents. The data for the study has been collected through a survey of retail consumers between Jan 2013 and June 2013 for the doctoral thesis being prepared by the author, for submission to Department of Commerce and Business Administration, Tilka Manjhi Bhagalpur University, Bhagalpur, India.

A. Sampling Technique
The researcher has used convenient sampling technique. The non-probability random sampling technique based on the judgments of surveyor has been used for the purpose of data collection.

B. Sampling Area
The data has been collected from various locations in Pune district. 50 Samples each has been selected from Navi Mumbai area.

C. Data Source
For collecting the primary data structured questionnaire was used as an instrument and the questionnaire mainly contented questions which were closed ended. The Secondary data has been collected from research paper, article, proceeding of conferences, Internet etc.

D. Data Collection
The collected data was then edited, coded, tabulated, grouped and organized according to the requirement of the study and then entered into Microsoft Excel for analysis.

E. Limitations of the Study
The study will have the following limitation:-
➢ The study is limited to Pune and Navi Mumbai only.
➢ The sample consists of around 100 consumers who frequently visit shopping Malls/Super Stores.

➢ The primary data has its own limitations and based on the respondent the study is limited to 2 cities of Maharashtra only and it cannot be applicable to the consumers of other parts of India.

IV. DATA ANALYSIS
In this section the data based on primary research will be has been analyzed with the help of bar graph, pie chart and Chi square Test.

Figure 2: Family Status-wise composition of the respondents

Figure-2 shows that out of 100 sample 57% of the respondents live in nuclear family and 43% live in joint family.

Figure 3: Income-wise composition of the respondents

Figure-3 shows that out of the 100 respondents 36% are having a monthly income falling between the range of Rs.20001 -50000, 39% respondents are having a monthly income of Rs.10001-20000 and 10% respondents have a monthly income falling between the range of Rs.50001 & above. From the above figure it can be concluded that people visiting malls are economically sound.
Figure 4: Respondents Spending on Clothing monthly/quarterly

Figure 4 shows that 12% of the respondent spends between a range of Rs1001-5000 on monthly/quarterly basis on clothes, followed by 59% respondent who spends between a range of Rs.5001-10000 on monthly/quarterly basis and 19% spends between a range of Rs15001-20000 on monthly/quarterly basis on clothes.

Figure 5: Preferred outlet to purchase Staple food

Figure 5 shows that majority of the respondent prefers to buy Staple foods (Rice/Wheat/Atta) from the Organized Retails Outlet as 75% of the respondent were in favor of purchasing the staple food from the Organized Outlets as compared to merely 25 % respondents who were against it.

Figure 6: Preferred outlet to purchase Packed Foods

Figure 6 shows that majoriy of the respondent prefers to buy Packed foods from the Organized Retails Outlet as 71% of the respondent were in favor of purchasing the Other Packed foods from the Organized Outlets as compared to merely 29 % respondents who were against it.

Figure 7: Preferred Shop for buying Readymade Garments

Figure 7 shows that majority of the respondent prefers to buy Readymade Garments from the Organized Retails Outlet as 76% of the respondent were in favor of purchasing the Readymade Garments from the Organized Outlets as compared to merely 24 % respondents who were against it.
Figure 8: Respondents opinion about the preferred Outlet for Shopping

Figure-8 clearly highlights the fact 78% of the respondent prefers to shop at organized retail outlet as compared to 22% prefer unorganized retail outlet.

Figure 9: Respondents perception regarding saving money at Organized Outlet

Figure-9 clearly highlights the fact 78% of the respondent are of the opinion that they save money by shopping at organized retail outlet as compared to unorganized retail outlet.

Figure 10: Respondents opinion regarding opening more Organized Outlet

Figure-10 highlights the fact 80% of the respondent were in favor of opening more organized retail outlets in their city and 20% were of the respondents were against the opinion of opening more Organized outlets.

Figure 11: Most Preferred Brand in the Electronics category

Figure-11 highlights that around 38% respondents were able to recall E-zone followed by 20% who recalled the name of Croma store and only 12% were able to recall the name of Reliance Digital.

Table 2: Respondents opinion about the preferred Outlet for Shopping (Gender-wise Analysis)

<table>
<thead>
<tr>
<th>Preferred Outlet</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organized outlet</td>
<td>42</td>
<td>28</td>
<td>70</td>
</tr>
<tr>
<td>Unorganized Outlet</td>
<td>10</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>48</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chi-Square</th>
<th>Df</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.96</td>
<td>1</td>
<td>0.0259</td>
</tr>
</tbody>
</table>
X²= 4.96 (Calculated Value), DF = 1, at 5% signification level table value is 3.84. As, the chi-square calculated value is higher than the tabulated value, so the Null hypothesis will be rejected.

Result: - Ho is rejected at 5% signification level.

Now according to the rule of chi-square test, therefore Ho (null hypothesis) is rejected and hence Ha is accepted. Therefore the conclusion is that, there is significant difference amongst the respondent classified by gender regarding their opinion about the preferred Outlet for Shopping.

VI. FINDINGS

- Based on the above analysis it has been found that 57% of the respondents live in nuclear family. It can be inferred from the above finding that the trend of nuclear families is becoming common in big cities of India and this fact is also reflecting in the samples.

- Majority of the respondents have monthly income of more than Rs.10000 which signifies that people visiting malls are economically sound as 39% of respondents have a monthly income falling between the range of Rs.10000-20000 followed by 36% following between the range of 20001-50000 and thereby have the financial capacity to purchase the products.

- 59% respondent spends between a range of Rs.5001-10000 on monthly/quarterly basis and 19% spends between a range of Rs15001-20000 on monthly/quarterly basis on clothes which means that consumers are also spending reasonably well.

- 75% of the respondents were in favor of purchasing the staple food from the Organized Outlets as compared to merely 25% respondents who were against it and 71% of the respondents were in favor of purchasing the Packed foods from the Organized Outlets as compared to merely 29% respondents who were against it which is a significant information for the food & groceries retailers.

- 78% of the respondent prefers to shop at organized retail outlet as compared to 22% prefer unorganized retail outlet which highlight the acceptance of organized retailers among the consumers.

- 78% of the respondents are of the opinion that they save money by shopping at organized retail outlet as compared to unorganized retail outlet which means that consumers perceive organized retailers as economical too.

- 80% of the respondent were in favor of opening more organized retail outlets in their city and 20% were of the respondents were against the opinion of opening more Organized outlets which highlight the increasing popularity of Organized among the consumers in comparison to traditional retailers.

- Around 38% respondents who were able to recall E-zone followed by 20% who recalled the name of Croma store and only 12% were able to recall the name of Reliance Digital which highlight that E-Zone is a dominant retailer in the electronics category.

- After conducting the chi square test it was observed that X²= 4.96 (Calculated Value). As, the chi-square calculated value is higher than the tabulated value, so the Null hypothesis is rejected and alternate hypothesis is accepted. Therefore the conclusion is that, men preferred more to shop at Organized Outlet as compared to women as there is significant difference of opinion among Men & Women.

VII. CONCLUSION

The origin of retailing in India is quite old. We had PDS (Public Distribution System) chain across the country, but due to liberalization of the economy many private domestic and International players got attracted towards the sector. Along with this a drastic change took place in the demography and income of the middle class which gave a big boost to the sector.

The survey also concluded that the consumers are earning considerably good and at the same time they are spending too. Moreover, the consumer’s perception towards the organized retailers is quite positive and they prefer to fulfill their daily requirements by shopping at the organized outlet rather than at the traditional shop and thereby bring out a significant point that organized retailers are replacing the traditional formats.

REFERENCES:


