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Growth of Retail Marketing in India

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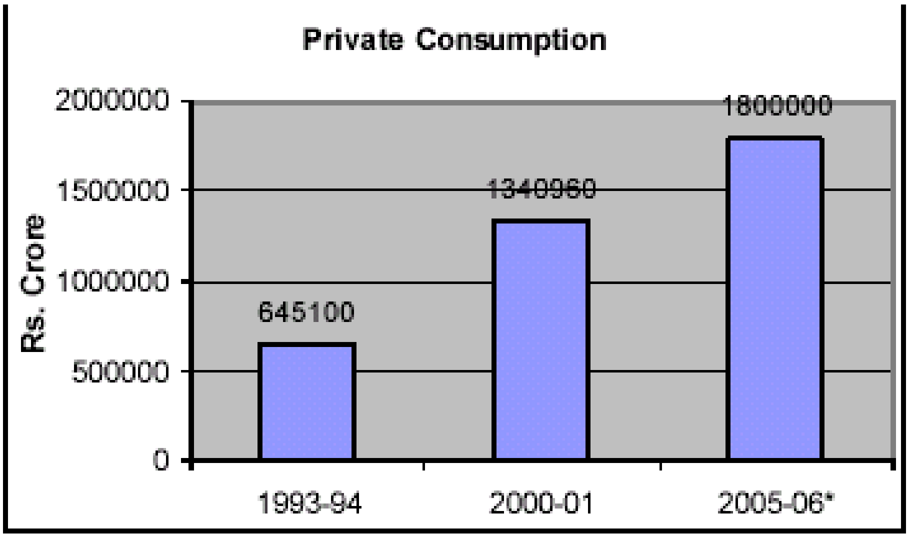
Abstract:
With nearly all of the major players fighting for a piece of the coveted pie, retailing is the most exciting industry today. It is regarded as a sunrise industry after infotech. Encouraged by a notable surge in individual spending (refer to the graph), the retail sector is poised for rapid growth.

Introduction

With nearly all of the major players fighting for a piece of the coveted pie, retailing is the most exciting industry today. It is regarded as a sunrise industry after infotech. Encouraged by a notable surge in individual spending (refer to the graph), the retail sector is poised for rapid growth.



Source: KSA Technopack

Currently, organized retailing accounts for less than 2 percent, or roughly Rs 5,000 crore, of India's total retail economy. Refer to the table. As a result, India is not experiencing a true retail revolution because the sector is still in its infancy.

Share of Organised Retail

	1999	2002	2005
Total Retail (US $ Bn)	**150**	**180**	**225**
Organized Retail (US $ Bn)	**1.1**	**3.3**	**7**
% Share of Organized Retail	**0.70%**	**1.80%**	**3.20%**

If the proper marketing techniques are used, organized retailing will undoubtedly experience significant growth. Retail companies have turned things around and are ready to take off with newfound vigor, optimism, confidence, and competence. In India, organized retailing still lacks formal industry status. The result is very clear. In India, retailing is not allowed to accept 100 percent Foreign Direct

Investment (FDI). Only 49% of retail chains can be owned by one person. One such business is the Food World chain, which is owned 51:49 by Hong Kong-based Dairy Farm International and RPG. In the cash and carry model, foreign players are able to enter the wholesale market.

India is seeing a phenomenal amount of activity when it comes to the development of retail space. According to some estimates, there are more than 200 retail mall projects in over 25 locations that are either actively planned or under development. Within the next 24 months, this might result in the addition of over 25 million square feet of new retail space to the market.

Large shop spaces with excellent ambiance and polite yet conflicted salespeople are typical characteristics of retail spaces in most Asian nations. But these traits are glaringly absent from India, with the exception of a few large cities where contemporary retailing forms are common. I predict that organized retailing will gradually make its way into smaller towns and the second rung, which will accelerate the sector's growth rate.

The clients are having trouble deciding which to choose. According to AT Kearney's Simon Bell, "the expansion of organized retailing and the growth of brands are closely related." Large, well-organized retail spaces, like supermarkets, are preferred by companies that sell branded goods so that they may be distinguished from unbranded goods.

We think that the retail boom is still ahead of us, despite certain reservations being expressed about the future of Indian shopping. In most regions, the industry is still in its infancy, but in major cities, it has recently begun a growth phase. Today, the keys to success are having the correct product mix, sourcing plan, and communications.

Definition of retailing

Selling products and services directly to customers for their individual, non-business consumption is known as retailing.

While most retailing takes place in physical locations, non-store retailing—which includes selling via mail, phone (telemarketing), door-to-door sales, vending machines, and various electronic means—has experienced a sharp increase in recent years.

Retailing in stores: stores are available in a range of sizes and shapes, and new kinds of stores are always being introduced. They can be categorized according to one or more of the following traits: Retailers can be categorized based on one or more of the following traits:- Service quality - Product range - Cost effectiveness - Outlet management - Store cluster type

Amount of service: Customer service tastes varies and different items call for varying quantities of service.

(1) The number of self-service retailers skyrocketed in the 1930s Great Depression. In order to save money, customers were prepared to carry out their own "locate-compare-select" procedure. These days, self-service forms the cornerstone of any bargain business and is commonly employed by retailers of nationally branded, fast-moving consumer products (like catalog showrooms) and convenience goods (like supermarkets).

Stores with limited services, like JCPenney and Sears, offer more sales support since they stock more items that customers need to know about. Higher pricing are the outcome of their higher operational costs.

(3) Salespeople at full-service retailers, such specialized shops and upscale department stores, are there to help consumers at every stage of the purchasing process. Typically, full service businesses stock a

greater selection of specialty items that require waiting attention. They provide free delivery, home servicing, multiple credit options, more lenient return policies, and amenities like restaurants and bars. Product line: merchants can also be categorized according to the range and depth of their product assortments:

(1) Specialty stores offer a limited selection of products, each with a rich assortment. Retailers of toys, sporting goods, literature, technology, furniture, and flowers are a few examples. Due to the growing application of product specialization, market targeting, and market segmentation, specialty stores are thriving today.

(2) A department store offers many different product categories. Under the direction of specialized buyers and merchandisers, each line is run as a separate department.

2. Department stores are sizable retail establishments with a focus on fashion that offer a wide range of goods arranged into distinct sections. The majority of department stores, which can be found in almost every major city on earth, are now a part of bigger retail chains that run both main (or flagship) stores and branch stores in malls and shopping centers. With an average of over two-thirds of revenues, clothing and accessories represent the largest single business segment for them. A variety of consumer services, including charge accounts, fashion shows, and personal shopping assistance, are also provided by the majority of department stores.

The organization of a modern department store is complex because of the large number of goods and services provided.

(3) Supermarkets are big, low-profit, high-volume, self-serve establishments that stock a broad range of domestic goods, laundry supplies, and food items. Big retail companies including Safeway, Kroger, Publix, Winn-Dixie, Jewel, and Tops own the majority of US supermarket locations. Nearly 70% of grocery purchases are made by chains. Food products are mostly sold through departmentalized self-service outlets found in supermarkets. Thousands of edible items, such as meat, fresh produce, dairy products, canned goods, baked goods, delicatessen, and frozen foods are typically found at an average supermarket. Some also sell goods like booze and seafood. Supermarkets carry non-food items such as paper goods, housewares , health and beauty supplies, and household cleaners. The markets can be found beside highways, in business and commercial districts, and in residential neighborhoods.

(4) Convenience stores are tiny establishments with a constrained selection of high-demand convenience products. These shops are close to residential neighborhoods and are open for business late, seven days a week. Convenience stores meet a significant consumer need, but they have to charge high prices to offset their greater operating expenses and lower sales volume.

(5) The sizes of superstores, combo stores, and hypermarkets exceed those of traditional supermarkets. Superstores are attracting many prominent chains as their larger selection enables them to offer pricing that are 5-6% higher than those of traditional supermarkets. Food and pharmacy stores are merged into combination stores. Hypermarkets function similarly to warehouses, combining warehouse, discount, and supermarket retailing. During sales hours, forklifts navigate aisles as merchandise is stacked high in wire baskets on metal racks.

Relative prices: The costs that shops charge can also be used to categorize them. The majority of retailers charge standard rates and provide standard grade products and customer service. Some charge more for products and services of superior quality.

The following retailers provide inexpensive prices:

Discount retailers offer smaller profit margins in exchange for increased volume sales of regular products at cheaper rates. A legitimate discount store offers largely national brands at reduced prices on a regular basis rather than subpar products.

A shopping center is an organized, constructed, owned, and run collection of retail establishments. The total sales of retail outlets make up around one-third of all sales.Catalogs, direct mail, phone, home TV shopping shows, online computer shopping services, home and office parties, and other direct retailing strategies are posing a growing threat to traditional store retailers in terms of sales. Direct marketing, direct selling, and automatic vending are examples of non-store retailing.

Vehicles for direct marketing are utilized to receive orders from selected customers right away. While direct marketing largely used direct mail and mail-order catalogs at first, it has evolved into telemarketing, direct radio and television, and online computer purchasing, among other forms. The "demassification" of mass markets, which has led to an increase in the number of highly customized, fragmented market groups, is largely responsible for its increased use in consumer marketing. Door-to-door sales, often known as direct selling, originated centuries ago with itinerant vendors. With over 600 enterprises selling their products door-to-door, office-to-office, or at home-sales parties, it has grown into a massive industry today. The future of door-to-door sales is a little dubious, despite the fact that some direct selling businesses are doing quite well.

Vending machines are not new. There are vending machines everywhere. They have supplanted many services that historically required a human contact and provide consumers better convenience 24 hours a day than shop retailing does. When was the last time, for instance, that you visited the bank and had a real conversation with a "live person?"

Prices of vended goods are frequently 15-20% more than those in retail establishments, making vending machines an expensive avenue of distribution due to the pricey equipment and labor needed to supply and service them. As a result, the proverb "there's no free lunch" still applies: we must pay for the convenience that vending machines offer.

According to the Wheel of Retailing concept, new retailers typically start out as low-status, low-margin, low-price businesses before evolving into higher-status, higher-service businesses that ultimately resemble the traditional shops they displaced.

Demographics and consumer Behaviour

In 2003, the population of India was predicted to be 1.04 billion. Over the coming years, population growth is predicted to level out at a rate of about 1.5 percent.

The population has been trending from rural to urban areas in recent years, partly due to the desire of the younger generation to migrate away from agriculture and the fact that there are more job prospects in cities.

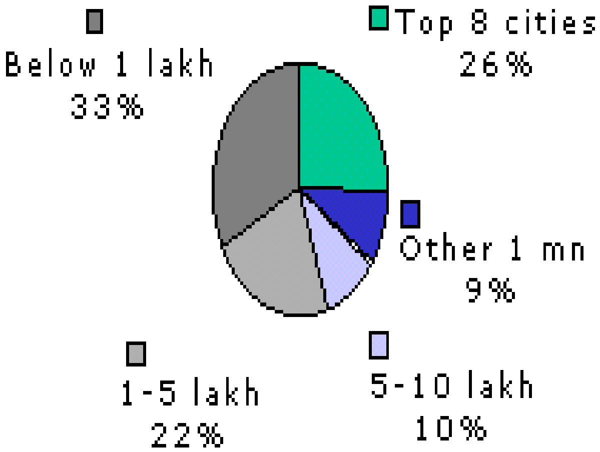
Growth of population and urbanization	1981	1991	2001
Population growth (decennial %)	24.7	23.8	21.3
Urban population as a % of total	23.3	25.7	33.4
% of urban population in class I cities	60.4	65.2	73.7

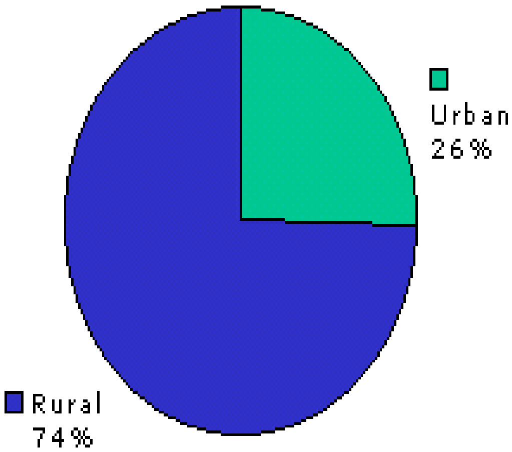
In recent years, there has been a notable increase in the percentage of people relocating to Class I towns, which are essentially huge cities with a population of one million or more. Due to this trend, the proportion of the population that lives in cities has increased dramatically over the previous 20 years. The shift in the population's age distribution is one of the most significant demographic developments of the last several years. In the upcoming years, it is anticipated that the percentage of the population in the 15–59 age group—which comprises the majority of the labor force in the nation—will rise.

Ageing Population	1996	2001	2006 (Projected)	2010 (Projected)
0-14 years (%)	37.8	34.3	30.6	28.8
15-59 years (%)	55.6	58.7	61.9	63.2
60 and above (%)	6.7	7.0	7.5	8.0

URBAN & RURAL POPULATION URBAN POPULATION- BREAK UP BY TOWN CLASS

Total Population: 846 million
Population: 217million





Census '2001. Only one fourth of India's population is urban.   Source Census '2001

The Global Retail industry-An overview

Globally, retail has been a key factor in raising productivity for a variety of consumer goods and services.China, the United States, the United Kingdom, Mexico, and Thailand are the nations where the impact is most noticeable. Retail contributes significantly to the economies of nations like Singapore, Malaysia, Hong Kong, Sri Lanka, and Dubai. In terms of both establishments and workforce, the retail sector ranks second in the US economy. It is among the biggest globally as well. Over 22 million Americans work in the retail sector, which brings in over $3 trillion in sales each year. The US retail industry is worth $7 trillion.

The biggest retailer in the world is Wal-Mart. Having employed more than a million people worldwide, Wal-Mart overtook Exxon Mobil as the largest corporation in the world when it reported $219 billion in revenues for the 2001 fiscal year. Due to its ability to use scale, market power, and efficiency to establish market dominance, Wal-Mart has grown to be the most successful retail brand in the world. Wal-Mart is ranked first among the top 500 global firms by Fortune magazine. Retail makes up the greatest percentage of billionaires on Forbes Annual List of Billionaires (45 out of 497).

GLOBAL RETAIL

	1999	**2002**	**2005**
Total Retail (US$ Billion)	**150**	**180**	**225**
Organised Retail (US$Billion	**1.1**	**3.3**	**7**
% Share of Organised retail	**0.7**	**1.8**	**3.2**

(Source: CSO, MGI Study)

Top Retailers Worldwide

Rank	Retailer	Home Country
1	Wal-Mart Stores, Inc.	U.S.A.
2	Carrefour Group	France
3	The Kroger Co.	U.S.A.
4	The Home Depot, Inc.	U.S.A.
5	Metro	Germany

(Source: STORES / Deloitte Touche Tomahatsu)

Retail Scene in India - Touching meteoric height

The retail industry in India is booming as giant retailers like Crosswords, Shopper's Stop, and Pantaloons, as well as corporates like the Piramals, Tatas, Rahejas, ITC, S. Kumar's, and RPG Enterprises, compete to transform the retailing sector. India's retail sales increased at an average yearly rate of 7% between 1999 and 2003, reaching over Rs. 7800 billion in revenue. As the economy began to grow more quickly in 2003, retail sales are predicted to rise at a faster rate of almost 10%. Real retail sales are expected to grow nationwide between 2003 and 2008 at a faster rate than consumer spending. Real retail sales are expected to expand at an annual rate of 8.3% between 2003 and 2008, while consumer spending is expected to grow at a rate of 7.1%. The Indian retail industry's modernization will be seen in the sharp rise in supermarket, department shop, and hypermart sales.

According to a recent research by renowned global consumer-market intelligence company Euromonitor International, sales from these large-format stores are expected to grow at growth rates ranging from 24% to 49% per year between 2003 and 2008.

India is ranked sixth on a worldwide retail development index by A. T. Kearney Inc. With 5.5 outlets per 1000 people, the nation boasts the highest per capita outlet count in the world. In India, just 7% of people work in retail, compared to 20% in the United States.

A sizable portion of consumer spending in developing nations like India goes toward bare needs, particularly those connected to food. Therefore, it should come as no surprise that in 2004 up to 71% of retail sales were made up of food, drink, and tobacco. The portion of Nonetheless, the percentage of linked items has decreased during the evaluation period, from 73% in 2001. This is hardly surprising as Indian consumers, like those in other countries, have begun to spend more on non-food things than on food products as their incomes have increased. When compared to total retail sales, sales through department shops and supermarkets are minimal. However, over the study period, their sales have increased at an almost threefold rate, or around 30% annually. Due to consumer demand and commercial potential, it is anticipated that the high acceleration of sales through modern retail formats will continue over the next several years, with a quick expansion in the number of these outlets.

The following is a general summary of the elements that led to the growth of the Indian retail industry: Increased wages and infrastructural advancements are expanding consumer markets and speeding up the convergence of consumer preferences.

When it comes to income distribution, the National Council of Applied Economic Research (NCAER) estimated that in 1994–1995, about 50% of Indians were categorized as low income; by 2006–07, this percentage is predicted to drop to 17.8%.

The liberalisation of the Indian economy has resulted in the opening up of the consumer goods market, which has aided multinational corporations (MNCs) such as Kellogs, Unilever, Nestle, and others in making substantial inroads into the large consumer market by providing Indian customers with a wide array of options.

Consumer demand has shifted towards foreign brands such as McDonald's, Sony, Panasonic, and so on.

The Indian consumer is becoming increasingly susceptible to the expanding effects of both domestic and international retail chains thanks to the Internet revolution. The reach of satellite television channels aids in educating local markets about international items. The proportion of people under 20 in India is currently 47%, and by 2015, it will rise to 55%. This youthful demographic, with their high propensity for spending, over 50 TV satellite channels to watch, and internet savvy, will play a major role in propelling the nation's retail industry forward. The retail industry is expected to experience significant growth in the years to come as India continues to ride the waves of globalization and become more and more intertwined with the global economy.

Current Status of Retail Marketing in India

Change-related winds are blowing across the retail sector.

What is the driving force behind the Piramals, Tatas, Rahejas, ITC, and numerous others investing in big retailing? Why are tools like ERP, promotions, space management, market research, etc. now essential in this industry?

Retail Economics in India.

In India, the retail sector has not always been structurally organized. Only the textile industry had an organized retail network, with big mills creating their own exclusive outlets like Raymond's and Bombay Dyeing, among others.

There are already 5130000 retail locations selling goods valued at roughly Rs4790bn. Apart from accessory stores, the retail world in India consists of pharmacists, pan-bidi, and large and medium-sized general stores. Of them, the quantity of pan-bidi outlets is continuously increasing because of unemployment. The population to shop ratio in India is approximately 150:1, meaning that there is one store for every 150 people due to the fragmented nature of the country's retail sector. Each nation has a different ratio. In China, the ratio is comparable to that of India; in contrast, it would be higher in more developed nations.

Turnaround times

Over the past few years, this business has emerged from its early stages with great agility. In Southern India, organized retailing began to gain traction. The location of the land and the lower cost of real estate (in comparison to Delhi and Mumbai) allowed for the construction of multi-story shopping complexes. The recession lasted for two years before the idea of shopping spread to big cities like Delhi and Mumbai. Property values in these cities decreased during the recession. During this downturn in the industry, many corporations became aware of the possibilities in retailing. One well-known example is Lakme Ltd. Following the sale of its cosmetics section to HLL, the company launched a bold retailing initiative. Its "Westside" retail chain already has four locations: one

What makes it attractive

In India, organized retailing currently makes up 6% of the industry revenue and sells items like color cosmetics (Rs12 billion), music and entertainment (Rs40 billion), and value-added foods (Rs770 billion). By 2007, 30% of the retail industry's entire turnover (around Rs. 8,700 billion) will come from organized retailing.

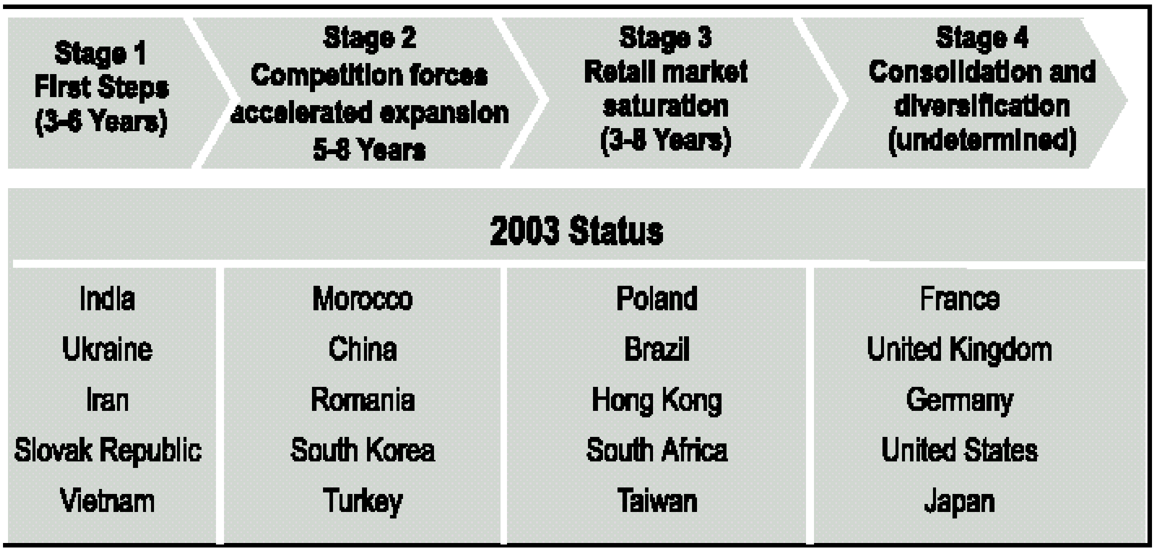
Large corporations may now offer the Indian public discounts, entertaining shopping experiences, high-quality products, courteous salespeople, and product information. Additionally, there are currently 30 million households making more than Rs. 150000 annually, and by 2007, that figure is predicted to rise to 80 million.Financial institutions are also supporting these kinds of initiatives. The mega-retailer Vivek & Co. in Chennai has received term loans from ICICI to support its expansion goals. Some of these Retail Ventures will also be seeing initial public offerings (IPOs) very so

Origin of Modern Retailing in India

In India, the retail industry, one of the biggest in the world economy, is undergoing change. But the Indian retail industry is still quite young. Even now, organized retailing makes up barely 2% of all retail sales in the nation. One may now wonder what exactly qualifies as organized retailing. "Organised retailing presupposes a retailers' ability to manage or, more importantly, influence a set of supply chain variables in a commercially viable and sustainable way," states Mr. Raghu Pillai, Managing Director of Food World, one of the top organized food retailing chains in India. Effective supply chain management to guarantee the network's overall profitability, spacious stores with contemporary decor and amenities,

The corner grocery store was the sole option offered to consumers for a very long period, particularly in urban areas. This is gradually being replaced by global retail formats. Supermarkets and grocery chains have become more prevalent in the traditional food and grocery industry. As the "First Steps" in the stages of maturity of the modern retail food industry, stage 1 is still occupied by the Indian food retail business.

The following lists the phases of this development along with the locations of the other main nations:



Stages of Maturity of Modern Food Retail Markets

Source: A T Kearney

Indian retailing has been mostly unorganised and unaffected by corporate business concepts since the country's independence. The situation started to gradually improve in the 1980s when the economy opened up. The textile industry was the first to see the emergence of retail chains, when businesses such as Bombay Dyeing, Raymond, S. Kumar's, and Grasim opened their own stores. Titan then established its line of classy showrooms, effectively creating a shopping concept. A new wave of retailers emerged in the latter part of the 1990s. These included Viveks and Vijay sales in the consumer durables category; FoodWorld and Subhiksha in the food and Fast-Moving Consumer Goods; and Musicworld and Musiccafe in the music industry.

Different Forms of Retailing

Popular Formats

Hypermarts Large supermarkets (usually 3,500–5,000 square feet) Mini supermarkets (usually 1,000–2,000 square feet) Convenience stores (usually 7,50–1,000 square feet) Shopping list/discount grocery storeϖ Conventional merchants are attempting to reimagine themselves by implementing self-service models and value-added offerings like credit-free home delivery. The retail industry in India can be broadly categorized as follows:

a) STORES OF FOOD The food retailing industry is home to a wide array of retailers. This industry is dominated by traditional retailers, who run small, single-outlet companies mostly using family labor.Super markets, on the other hand, only make up a minor part of India's food sales. Nonetheless, the increase rate of super market sales has been noteworthy in recent years as more affluent Indians have chosen to buy at super markets because of its superior hygienic standards and appealing atmosphere.

c) GOODS FOR HEALTH & BEAUTY As income levels have increased, Indians have begun to spend more on cosmetics and health care items. The market is dominated by small, single-outlet retailers here as well. Nonetheless, a few retail chains with a focus on these goods have entered the market in recent years. Despite holding a very tiny portion of the market, these retail chains are projected to see significant growth in the future as consumers' awareness of product quality increases.

b) Apparel and Footwear All around India, there are a lot of clothes and shoe stores in malls and marketplaces. Modern apparel and shoe stores, on the other hand, feature contemporary products and eye-catching displays to draw clients in. Traditional outlets carry a restricted selection of inexpensive and popular things. However, it is improbable that the traditional stores will stand the test of time given the speed at which urbanization is occurring and the shifting tastes and preferences of consumers.

c) Household goods & furniture for the home Once more, small retailers rule this market. Even though this industry is huge, only a small number of major, contemporary merchants have created storefronts specifically for these products.

e) STURDY PRODUCTS During the post-liberalization era, numerous international corporations have entered the Indian durable goods sector. The Indian consumer now has access to a wider range of home appliances and consumer electronics. Retailers operating in this industry have grown significantly as a result of fierce competition among businesses to sell their products.

g) PERSONAL GOODS & LEISURE Better economic prospects have led to rising household incomes, which have increased consumer spending in the nation on leisure and personal products. In this industry, there are specialist merchants for every kind of commodity (music products, books, etc.). The prevalence of franchises between well-known manufacturers and stores is another notable aspect of this industry.

Every retail celebrity has chosen and established a workable and long-term business plan of their own. The department store format of Shoppers' Stop, the 100% private label, very good value merchandise for the whole family that Westside imitated from Marks & Spencer, the hypermarket/cash & carry format of Giant and Big Bazaar, the supermarket format of Food World and Nilgiris, the specialty retailing of

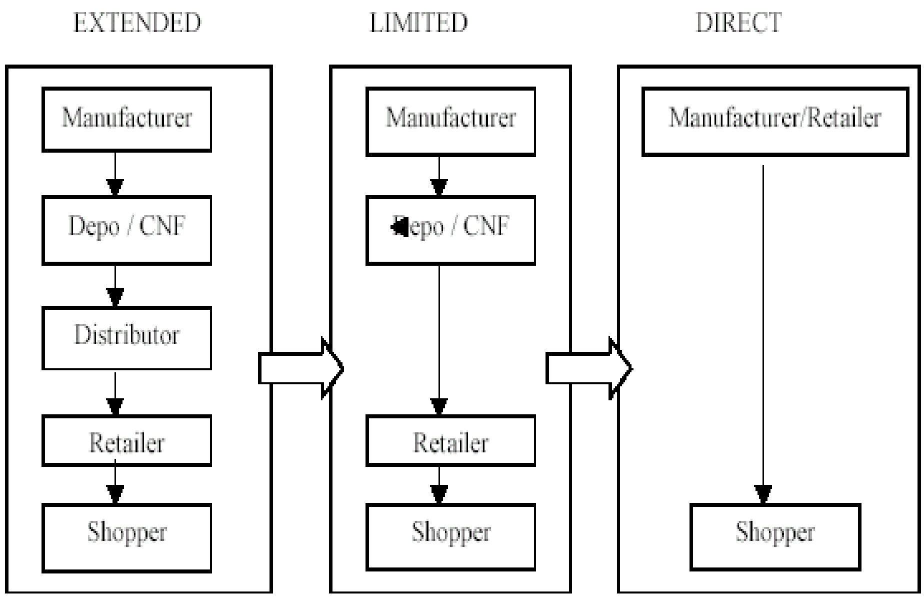
Pantaloons and The Home Store, and Tanishq's very successful pioneering of a very high quality organized retail business in fine jewellery

Key Strategic factors

The creation of these contemporary formats has primarily been attributed to shifts in the social structure of the country, including improvements in the Indian economy, consumerism, urbanization, and the abundance of brands. Customers are under constant time pressure due to the rise in nuclear families, dual-income homes, and working women, as well as longer commutes and increased work demands. The expanding impact of children, the Indian consumer's gradual acceptance of frozen, semi-processed, and processed goods, the growing effect of television in decision-making, and the rise in literacy rates are other equally significant aspects contributing to the changing Indian environment. When the contemporary housewife does her own shopping, she values and welcomes:

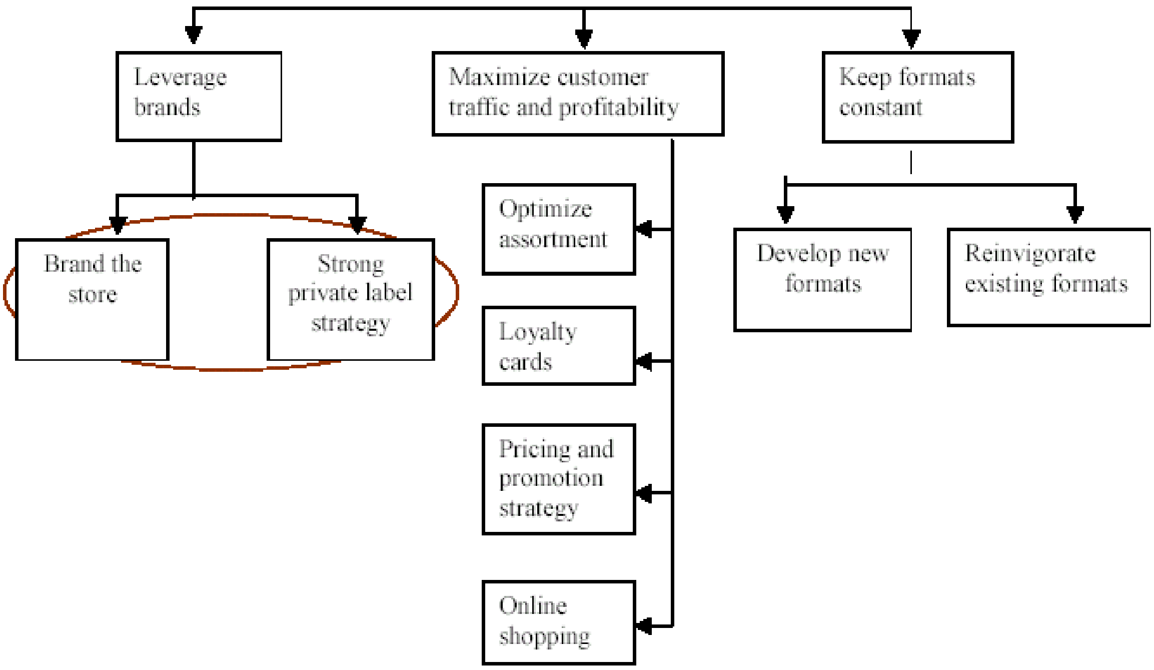
- a pleasant shopping environment;
- convenience of one-stop shopping with wider product portfolio at a single location;
- Speed and efficiency in processing.
- more information;
- better quality and hygiene; and
- discount too if possible.
- Finding a better value-promise is essential to success, and who is more suited to accomplish it than retailers? Since they are the ones closest to the point of sale, retailers have access to a variety of data about how customers behave when they shop. Retailers have several distinct advantages when it comes to brand management, including ongoing and practical communication with customers, authority over how their brand is presented at the point of sale, control over the shopping environment, placement and proximity of displays, and signage. And they've had great success using this advantage.

The 3 stages of evolution of the trade channel are shown in the exhibit below:-



The intermediary's role is becoming less and less evident, as can be seen, and this suggests that suppliers will see an increase in response from the trade channel. This is especially problematic in countries like India, where the retail sector is so dispersed that intermediaries continue to benefit from channel economics. Therefore, when FoodWorld, the largest grocery store in India, has a "direct supply" agreement with more than 20% of its key suppliers, there is a conflict of interest with the distribution infrastructure that suppliers have painstakingly established over the years. Because of this, companies like HLL have created a whole new distribution channel called "Modern Trade" in order to satisfy the demands of these large grocery stores. The influence extends to mom-and-pop stores, often known as kirana shops.

The strategies the merchant employed to compete with branded goods are depicted in the following diagram. Retailers who brand their store and use a private label strategy can compete with branded products.



The current Scenario

Modern retail stores have emerged as a result of the shift in social formats, primarily in the southern regions of the nation. Hyderabad, Bangalore, and Chennai are growing into India's center for organized retail. The country's other regions are also witnessing the development of culture, with the north and west currently offering promising prospects.

Various players are experimenting with various formats. In Indian retailing, a successful entirely Indian, or "swadeshi," model has not yet been created. The models only had little success in certain other regions of the nation, although being extremely successful in others.

Shop Reality:

1. Unorganized market: 583,000 crores of rupees. Market that is organized: Rs. 5,000 crores
2. Organized retailing grew five times between 2000 and 2005.
3. In the previous three years, more than 4,000 new, contemporary retail stores have opened.

4. A mall with more than 5,000,000 square feet under development
5. The top three contemporary merchants own more than 750,000 square feet of shop space.
6. Approximately 400,000 customers visit them each week.
7. Growth in organized retail is in line with the last five years' estimates and projections, on track to reach at least Rs. 35,000 crores (US$ 7 billion) by 2005–06.

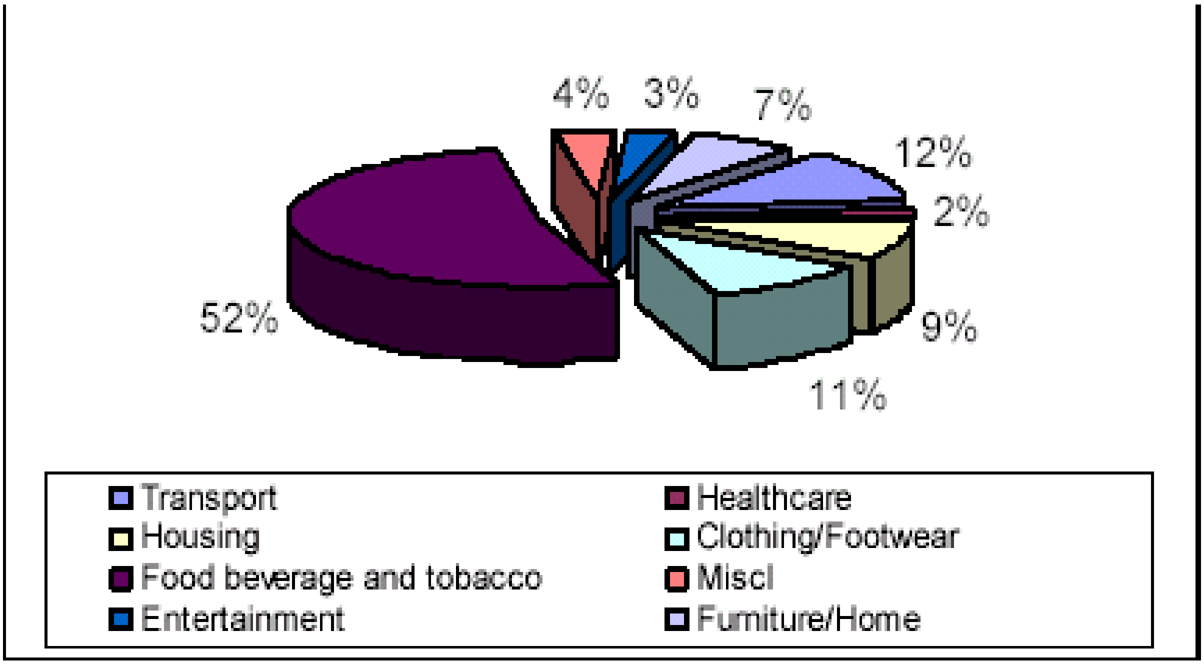
Major players:

FOOD AND GROCERY	FASHION	OTHERS
Foodworld	Shoppers' Stop	Vivek's
Subhiksha	Westside	Planet M
Nilgris	Lifestyle	Music World
Adani- Rajiv's	Piramyd	Crossword
Nirma-Radhey	Globus	Lifespring
	Ebony	Gautier
	Pantaloon	

Major players with yearly turnover

Sl. no	Company name	Group name	Format	Number of stores	Total sq.ft.	2002 -03 Sales(INR Millions)	Future plans
1	Margin Free Markets	Independent Retailer	Discount grocery chain	240	360,000	5,400	Plan to open huge margin free hyper markets(50,000 sq.ft.each in Ernakulam, Thiruvanathapuram and Kozhikode).
2	Nilgiris	Bangalore based Nilgiris group	Food supermarket	26	89,000	2,300	Plan to open 30 new outlets
3	Food World	RPG Group (51%) and Dairy Farm Intl.(49%)	Food supermarket	87	262,000		Plan to open14 more stores this financial year
4	Shoppers Stop	K Raheja Group-Real Estate	Department Store	13	475,000	3,030	4 more stores by the end of 2003
5	Pantaloon	Pantaloon Retail	Own brand store	15	150,000	2,800	
6	Subhiksha	Independent Retailer	Discount grocery chain	128	192,000		Expand in Karnataka, Maharashtra, Gujarat and Andhra Pradesh
7	Big Bazaar	Pantaloon Retail	Hypermarket		100,000	1,500	2 more stores by the end of the 2003
8	Giant	RPG Group	Hypermarket (sells both retail and trade)	1	50,000		8 stores in 3 years. All 50,000 sq. ft. each
9	Westside	TATA's TRENT	Own brand apparel stores	11	217,000	1,200	20 departmental stores by 2004
10	Crossword	Shoppers' Stop 51%; ICICI Ventures 49%	Book Retailer	12	60,000	230	Open 25-30 new stores across 7 cities by 2004. An investment of 1,200,000 rupees per store will be made. The stores will be between 300-600 sq. ft. each.
11	Globus	R Raheja Group - Real Estate	Own brand store	4	110,000		
12	Wills Lifestyle	ITC		100			
13	Landmark		Specialty store	4	75,000		Open shops in Bangalore
14	Lifestyle		Department Store	5	225,000	1,350	Plan to open 2 new stores - both in Mumbai.

Key Categories:



Source: KSA Technopack

Merchandising in retail

The modern consumer presents a difficult problem for retailers in India. Today's consumer is more demanding, self-assured, and conscious than ever before. They want the greatest goods at the best price. Not only that, though. It is also imperative that the product be presented to him in an impeccable manner. As a result, retailers have been quite busy attempting to be profitable while also keeping up with all of these obligations. Definitely a difficult job. It should come as no surprise that the majority of them are closely monitoring their offerings and concentrating on different facets of merchandise and supply chain management in order to provide clients with what they want: high-quality goods at competitive prices. Nonetheless, a number of areas will require the retailers' immediate attention if Their goal is to optimize their systems and processes for sourcing and merchandising strategies of major Indian retailers.

What needs to happen for an automaker to be successful in his industry? Naturally, producing high-quality vehicles that consumers desire to purchase is the most crucial thing to do. This is actually true for any kind of business. Businesses invest a great deal of time, resources, and energy into studying their customers in order to make sure that their offering is ideal—that is, it has the appropriate features at the right price and speaks to the correct need. In a similar vein, your merchandise should be your primary priority as a retailer. Although they are undoubtedly significant, the type of merchandise presented still takes precedence over all other factors, such as ambience and customer service. Here, choices might become rather complicated. A network of stores not only offers It also provides a broad range of SKUs, frequently more than the product range of even the largest enterprises, and has thousands of consumers. Thus, it is not always simple for a retailer to match products to client wants, but it is unquestionably the most crucial for long-term existence. Herein lies the significance of two managerial tools:

- Merchandise management and
- Supply chain management comes into play.

Merchandise Management

Here, there are two main flows. The first is the flow of products, which is the movement of merchandise from the producer to the retailer and ultimately to the customer. In between are typically a few distribution and aggregation points. Rejected goods can also flow the other way. The flow of information is the other. They are connected to each other. Customers' purchases from the retailer and the retailer's orders placed with the manufacturer are the two factors that allow the goods to flow. Information is created by the movement of items and takes the form of payment and stock changes.. The two main components of this are merchandise management, which is the actual handling of things, and supply chain management, which deals with the sourcing and movement of commodities. Making decisions on what to sell, how much, when, what kind, and other details is part of managing goods. These two company optimization domains cover a wide range of tasks and duties. Planning, purchasing, sales, and marketing are all included in merchandise management, according to conventional business terminology. Storage and transportation are included in logistics. Although these two sectors have historically been handled independently, as retail organizations have attempted to create end-to-end efficiencies, the lines between these have become increasingly hazy in the 1990s. To achieve optimal outcomes, supply chain and merchandise personnel have really collaborated in the majority of retail establishments. Let's examineat the primary regions of these two roles

The Merchandising Function

Merchandising is arguably the most crucial department in any retail establishment since it determines what ultimately is placed on the store's shelves. The planning function comes first, while the review function comes last. When conducting merchandise planning, the merchant must address the following issues:

Which planning process should I follow, and how should I arrange my inventory to make planning easier?

Which pricing strategy should I use?

Which brands should I carry? Should I stock external labels or private labels?

How can I tell whether my planning has been effective?

How should I get rid of slow-moving goods?

How well the retailer can ascertain these factors will determine how solid his merchandising approach is.

Importance of Supply chain in retail

India's modern retail industry is flourishing, and if the country's retail sector can adapt to changing markets and gain competitive advantages, it can become a dominant force in Asia. Outlining the plan for effective supply chain management, the supply chain needs to be very distinct and highly concentrated by 2010. Because businesses are under constant pressure to cut expenses, enter new markets, and create new goods in today's fiercely competitive world, every manufacturer's supply chain is growing and getting more intricate.

Many businesses rely heavily on their supply chains for growth and profitability, but they are rarely modified to satisfy changing needs. Working together with clients rather than just suppliers is one of the key differentiators that unites the whole global supply chain. Additionally, he stated that under the altered situation, implementing customer segmentation, loyalty, and profiling programs as well as boosting performance through product management and new product introduction are essential.

The extremely fragmented retail sector in India is the second largest employment after agriculture. It is mostly made up of little, independently owned stores run by owners. In India, there are about 12 million retail establishments.

It's interesting to note that India is ranked second globally among emerging countries by the A. T. Kearney Global Retail Development Index (2004).

Research indicates that by the end of the decade, organized retail—which is now increasing at an 8.5% rate—will account for a major 20% of the retail business, up from 2% at present.

Globally, it has been seen that the degree of local economic development is directly correlated with the development of contemporary retail models. Although there is still a long way to go, this is starting to happen in India. The Indian retail sector is fragmented due to several supply chain constraints, including inadequate infrastructure, ineffective use of information technology, and organizational structure flaws. These fundamental problems are preventing India's retail industry from growing to the level of operations seen in the world's best.

Food retailing in india

In a nation where supermarkets line every corner and fruit and vegetable stands are located next to bus stops, how is organized food retail made possible? In order to fight the unrivaled benefits of home delivery and the ease of hop, skip, and jump access, organized shops appear to have only one choice: provide the customer with competitive prices.

Therefore, sourcing—the best way to use its size to reduce inventory costs, boost stock turns, and negotiate better credit terms with vendors—will be a successful retailer's differentiator. Costs can be cut in both obvious and obscure places, and the advantages of this decreased retailing cost can be passed on to customers in the form of lower pricing, which in turnought to increase demand. If the pressure points in the lengthy, frequently superfluous supply chain for produce and staples can be found and appropriately addressed, that would be one method of cutting costs. Speaking is not as easy as doing. India's food supply chain suffers from numerous inefficiencies due to a lack of proper infrastructure, an excessive number of intermediaries, convoluted regulations, and apathy.

The following explains the key ideas behind several sacrosantly linked topics.

1. A significant portion of fresh produce is wasted because there are insufficient facilities for handling, storing, and processing it after harvest.
2. Poor logistics management, pest infestation, and inappropriate handling and storage result in tons of grains being wasted.
3. Middlemen, or intermediaries, pocket a substantial chunk of the money that ought to go to the farmer.
4. In addition, these middlemen add to the delays, which can be fatal in the perishable commodities industry. A chain jam-packed with inefficiencies is the end outcome.

Eliminating these shortcomings is crucial for the success of organized food retail as it reduces expenses and, more importantly, transfers the gains to the customer.

India has had tremendous growth in a number of domains, chiefly in incomes, younger population demographic shifts, and media and cultural exposure. Indians spend as much as 53% of their earnings on food. In nominal terms, food consumption has been increasing at an average yearly rate of roughly 10%. The retailing of food and necessities, however, has not changed all that much. Wet markets sell about 90% of all produce, with organized businesses selling just 2% of it.

The organized players, who first appeared in the late 1990s, have become rather well-established in the local markets, but they haven't yet had a significant effect at the federal level. While Margin Free works in Kerala, Subhiksha is very popular in Chennai and has recently begun to spread throughout Tamil Nadu. FoodWorld is primarily located in the south, but it has been the most daring of the three, having entered multiple states.

Although the majority of observers acknowledge the importance of large format organized retail in the apparel and lifestyle sectors, others remain skeptical about how organized retail would do in India's food and grocery market. The fundamental question is whether organized food and grocery retail can rival "mom-and-pop" businesses.

For instance, Subhiksha uses a formula of one store every 1.5 km, while initially having one store every 2 km. Thus, it is expected by these establishments that customers will travel a little or make advance shopping plans. Why would the client take that action?

Essentially, organized retail can aim to provide one or more of the following: a greater selection of goods, a more upscale environment, or more affordable prices through economies of scale. Since a one-store operation cannot equal the last of these, that is what the big chains have concentrated on. Subhiksha was originally a budget retailer; in fact, all of its outlets are built with minimal overhead. FoodWorld and Nilgiris appear to be taking a moderate approach, combining some degree of discounts.

Based on the patterns seen over the past two to three years, it looks that food retail is moving toward discounting, and we think a successful national chain will be a discounter. A discounter's competitive advantage is in its sourcing strategy, which focuses on using its size to reduce item prices, improve stock turns, and negotiate better credit terms with vendors.

expenses can be cut in both obvious and obscure places. Customers will benefit from decreased retail expenses when prices are lowered, which should increase demand.

One way of trimming costs is if the pressure points in the long, often unnecessary, supply chain for produce and staples can be identified and suitably dealt with. This chapter takes a look at some of these issues

Challenges before organized retailing

India's retail sector still has a long way to go. The following obstacles must be overcome for retailing to become a genuinely thriving industry:-

1. Foreign investment in retail is not permitted with automatic permission.
2. Onerous municipal ordinances and restrictions on buying real estate.
3. Taxation, which is advantageous to small-scale retailers.
4. Lack of an integrated IT management system and a sophisticated supply chain.
5. A shortage of skilled labor.
6. The management of retailing is low skilled.
7. The inherent complexity of retailing, which includes poor margins, frequent price adjustments, and the persistent threat of product obsolescence.

India's merchants must closely observe how retailers worldwide organize, manage, and overcome new obstacles in a constantly shifting marketplace in order to master both the art and science of retailing. Indian merchants should strive to comprehend the geographical differences in consumer attitudes toward retailing and adopt innovative retail formats to improve the shopping experience. The nation's retail marketing initiatives need to be strengthened.

1. attracting customers through advertising, promotions, and campaigns;
2. cultivating loyalty by recognizing and rewarding frequent customers;
3. effectively handling valuable clients;
4. and continuously assessing the demands of their customers are some of the areas that Indian retailers should concentrate on more aggressively.

Even while India's retail sector has all the necessary components to flourish, there are still significant obstacles in the way, which will limit and impede its future expansion. The absence of FDI status is one of the main obstacles. This has restricted access to top-notch retail practices and significantly reduced capital investments in supply chain infrastructure, both of which are essential for the expansion and growth of the food retail industry. The other barriers to the expansion of retailing include the multiplicity and complexity of taxes, inadequate infrastructure, and comparatively high real estate costs. Even while the government and business community are working to remove many of these obstacles, others will still exist and will continue to hinder the industry's ability to grow smoothly.

Despite the industry's promising future, there are significant obstacles facing Indian retail that have impeded its expansion. Even in the 1970s, when Nilgiris (food), Viveks (consumer durables), and Nallis (sarees) began operating, there were early indications of organized retail. But because of the obstacles, the industry stayed in its primitive state. Although these businesses provided the requisite atmosphere for their patrons, they did not make much of an attempt to implement best practices in customer service and increase operational effectiveness. Furthermore, the majority of these contemporary advancements were limited to south India, which is still known as the "Mecca of Indian Retail."

Factors	Description	Implications
Barriers to FDI	• FDI not permitted in pure retailing • Franchisee arrangement allowed	• Absence of global players • Limited exposure to best practices
Lack of Industry Status	• Government does not recognize the industry	• Restricted availability of finance • Restricts growth and scaling up
Structural Impediments	• Lack of urbanization • Poor transportation infrastructure • Consumer habit of buying fresh foods Administered pricing	• Lack of awareness of Indian consumers • Restricted retail growth • Growth of small, one-store formats, with unmatchable cost structure • Wastage of almost 20%-25% of farm produce
High Cost of Real Estate	• Pro-tenant rent laws • Non-availability of government land, zoning restrictions • Lack of clear ownership titles, high stamp	• Difficult to find good real estate in terms of location and size • High land cost owing to constrained supply • Disorganized nature of transactions

	duty (10%)	
Supply Chain Bottlenecks	• Several segments like food and apparel reserved for SSIs • Distribution, logistics constraints – restrictions of purchase and movement of food grains, absence of cold chain infrastructure • Long intermediation chain	• Limited product range • Makes scaling up difficult • High cost and complexity of sourcing & planning • Lack of value addition and increase in costs by almost 15%
Complex Taxation System	• Differential sales tax rates across states • Multi-point octroi • Sales tax avoidance by smaller stores	• Added cost and complexity of distribution • Cost advantage for smaller stores through tax evasion
Multiple Legislations	• Stringent labor laws governing hours of work, minimum wage payments • Multiple licenses/clearances required	• Limits flexibility in operations • Irritant value in establishing chain operations; adds to overall costs
Customer Preferences	• Local consumption habits • Need for variety • Cultural issues	• Leads to product proliferation • Need to stock larger number of SKUs at store level • Increases complexity in sourcing & planning • Increases the cost of store management
Availability of Talent	• Highly educated class does not consider retailing a profession of choice • Lack of proper training	• Lack of trained personnel • Higher trial and error in managing retail operations • Increase in personnel costs
Manufacturers Backlash	• No increase in margins	• Manufacturers refuse to dis-intermediate and pass on intermediary margins to retailers

Government Restrictions on FDI

In India, organized retailing still lacks formal industry status. The result is very clear. In India, retailing is not allowed to accept 100 percent Foreign Direct Investment (FDI). Only 49% of retail chains can be owned by one person. One such business is the Food World chain, which is owned 51:49 by Hong Kong-based Dairy Farm International and RPG. In the cash and carry model, foreign players are able to enter the wholesale market. The Metro franchise opened its first "cash and carry" location in the nation lately. In Bangalore, a branch has already opened, and a second will follow shortly in the same city. The FDI clearances are being delayed because of the concern that small-scale retailers may be forced out. Conversely, One "technology intensive" industry is retail. WTO's liberalized system makes it possible for an industry's "protected nature" to cause more harm than good. The government might be able to keep the local industry safe in the short term, but we would lose out on too many possibilities and technical advancements in the long run. Additionally, this would thwart any efforts by the home industry to gain worldwide competitiveness.

Lack of a uniform tax

For the organized retailing sector, the nation needs a unified tax system. The establishment of a genuinely nationwide chain is hampered by its absence. Even though they call themselves national chains, the current chains are only found in specific parts of the nation. States have barriers that players must navigate. Given that the core activity of retailing is the delivery of goods to distant areas from production facilities, the disparate tax regimes between states are undoubtedly impeding the industry's ability to grow more quickly. In a nation like India, where there is a significant regional variation in the production of goods, a central tax system becomes increasingly necessary.

Lack of adequate infrastructure

There aren't many independent logistics solution providers, thus players are compelled to set up their own infrastructure. There are also few entrepreneurs willing to invest in the creation of infrastructure for various supply chain phases.

Dominance of the unorganized sector

In India, the unorganized sector outpaces the organized sector, primarily due to the low investment requirements. In India, the retail industry is valued US$ 180 billion, of which just 2% is in the organized retail space. There are various levels of play here. For example, the dominance of the organized sector contributes to India's limited number of inexpensive stores. The tiny size of the merchants' operations gives the producers significant negotiating leverage over product prices. The Government of India's limits on 100% FDI in retailing are mostly the result of lobbying by the unorganised sector.

Low operational size

Small-scale retail establishments predominate in India, where there are more retail outlets than in the majority of other nations. Not more than 500 square feet make up 96% of the stores. India's retail chains are comparatively smaller than those of wealthy nations. For example, "Carrefour-Promos" has 8800 stores in 26 countries, but the superstore food chain Food World only has 52 locations. With only $180 billion in sales, Indian retailing has very little volume. Even the biggest players only generate US$140 million in revenue annually, which is quite little by international standards.
India, the country with the second-largest population in the world and a rapidly expanding economy, has enormous unrealized potential for organized retailing, but the government does not give it enough consideration.

Labour employment problems

Organized retailing operates around the clock. However, due to labor laws and regulations, this is currently much more regulated in India. Retail employees cannot be hired by the industry on a contract basis. This makes it challenging to effectively manage staff schedules, particularly for activities that run around the clock. The labor department must provide the industry special permission to work longer hours and even seven days a week. Nonetheless, the government has loosened regulations around the use of contract labor in the most recent budget, which should help the sector.

Government Initiatives for Improvement of the Sector

The government must to think about offering incentives and changing labor regulations, among other things, in addition to permitting FDI into the sector. Other areas where the government could focus include the scarcity and high cost of real estate, tenancy laws, expensive property taxes, etc. The government ought to loosen these regulations and provide real estate for sale at fair market value. To expedite the processing of numerous licenses and intricate rules, the government ought to implement a Single Window System at the local level.

To loosen the restrictions limiting the movement of products across states, the government should also impose uniform taxes nationwide.

Future Perspective

In the near future, we should witness significant changes in the way Indians shop. 2007 may prove to be a significant year for organized Indian retailing. In the next five years, the organized retail sector is predicted to grow by 30% and reach Rs. 45,000 crore, according to a recent study conducted by ETIG. As a result, the organized retailer has tremendous growth potential. Despite the present limitations on foreign direct investment in the retail sector, a number of major international businesses will eventually operate in India over the course of the next two to three years. Germany's Metro is an extremely creative and profitable retailer, and their cash & carry model ought to give competitors a serious run for their money. A few more people will also discover entirely acceptable means of conducting business in India, such as Shoprite, Mango, and Marks & Spencer.

Change Accelerator

The retail industry's growth will be significantly influenced by the following factors:

1. Factors related to the consumer
2. A rise in income
3. Women who work
4. Lifestyle shifts and the desire for "global" trends
5. Provide auxiliary factors
6. Growing retail's significance in the political and economic agenda Reforms in real estate will be implemented within the following 24 months.
7. Significant reorganization of the manufacturing sector to reduce restrictions on product supply for effective retailing
8. Lower import taxes provide additional opportunities for international sourcing

Which categories will grow

Food and groceries represent the single largest opportunity for organized retailing in India because this is the industry where the majority of consumer spending is focused. There is a lot of room for investors and entrepreneurs to strive to improve the supply chain's efficiency in this area.

Because customers tend to spend the most on consumer durables as their purchasing power increases, this industry is also quite promising. Furthermore, since consumer durables are an intentional purchase, there is no restriction on a business opening locations outside of city bounds. Moreover, the expansion of financing choices has led to a rise in spending in this industry.

Home goods come in third since more and more young couples are buying own homes in most major cities.

Lastly, there is a huge opportunity for growth in pharmaceuticals, healthcare services, and personal care items. Organized healthcare players like Max, Fortis, Birlas, and the Reliance group have shown some interest recently.

Where is this growth going to happen

In India, the top 15 cities serve 33% of the country's total urban population, but up to 38% of those living in Sec A and B, the top two socioeconomic consumer strata. Only 7% more people live in Sec A and Sec B in the next 15 cities. It follows that just the top 15 cities will be the subject of this attention. According to research by KSA Technopak, the top 10 cities account for 82% of all organized retail sales today, with the top six serving 96% of the total.

Malls in India

The number of contemporary retail facilities, or "malls," has increased significantly in the Indian consumer market within the last two to three years. Multiplex operators, consumer durables, food and garment chains, and other large-format retailers are among the many companies that are increasing their demand for high-quality retail space. Real estate developers and business houses have been drawn to shopping center development in Indian cities.

Consequently, India is expected to have over 320 malls by 2008, up from just 3 in 2000. Previously, the country's organized retail industry was primarily driven by major, organized merchants with their sophisticated, upmarket stores and direct consumer interface. These days, malls are taking on this position. The availability of physical space, population density, city planning, and socioeconomic criteria are just a few of the variables that have caused the Indian market to somewhat redefine what a "mall" is. For instance, an Indian mall may be anywhere from 80,000 to 500,000 square feet in size, but an American mall typically ranges in size from 400,000 to 1 million square feet.

The six cities of Mumbai, Bangalore, Hyderabad, Chennai, Kolkata, and the National Capital Region (Delhi, Noida, Gurgaon) are projected to have a combined total mall space of approximately 21.1 million square feet by 2008. Hyderabad and Kolkata are relatively newcomers to the mall industry in comparison to other large cities, yet they are expanding quickly. In the near future, it is anticipated that the number of malls in smaller cities such as Pune, Ahmedabad, Lucknow, Ludhiana, Jaipur, Chandigarh, and Indore would continue to rise spectacularly.

However, in order for Indian malls to effectively compete in the expanding mall industry, they must establish a distinct positioning through the establishment of differential product assortment and differential pricing. The "mall revolution" in India would be successful if there was adequate planning, accurate need identification, quality products at reduced prices, the right store mix, and the right timing. Segmentation in malls, such as up-market malls, mid-market malls, etc., would also be important.

Progressive retail properties in India

The number of shopping malls in India has increased recently. Multiplexes, an essential component of shopping centers, are being created in tandem with the growth of these establishments. These offer extras like food courts and video game parlors that enhance the shopping experience for customers. The national multiplex industry is being driven by PVR, INOX, Satyam Cineplexes, and Shringar Films, while Appu Ghar, an amusement park located in Delhi, intends to grow.

In 2008, retail sales in India reached approximately Rs 7,4800 billion. Real retail sales are expected to grow nationwide between 2003 and 2008 at a faster rate than consumer spending. Forecast increase for real retail sales as a whole from 2003 to 2008 is 8.3% annually, while consumer spending is expected to expand by 7.1% annually. According to the most recent analysis by renowned global consumer market intelligence company Euromonitor International, sales from these large-format stores are expected to grow at growth rates ranging from 24 percent to 49 percent each year between 2003 and 2008.

When comparing the returns on investment for residential and office real estate, retail real estate continues to offer the best yields. As an example, HDFC, the investor in Pune's Shoppers' Stop, has received a net return on its initial investment of 15.43% annually. According to Knight Frank India Retail Review 2005-2007, Adidas's Ansal Plaza property in Delhi has provided the investor with a net return of 15.8% annually. The retail sector has prospered as a result of rising disposable income and population growth.

For most stores, the largest segment of demand comes from brand-conscious urban consumers. Over the last ten years, this group has increased at a rate of 3.22 percent annually, whereas the population as a whole has grown at a rate of 2.13 percent annually. Furthermore, consumer expenditure has grown at an average annual rate of 11.5% during the last ten years. The population is growing, and consumer spending is increasing, but purchasing patterns are also evolving. Retailers have taken note of this. Malls are becoming the focus of an expanding number of merchants.

Realistic scenario in mall development: -a fact-finding

In the western Mumbai district of Goregaon, Landmark Construction Company started construction on a mall named The Hub more than a year ago. The construction is virtually finished today. When you visit the location, laborers are swarming everywhere. The construction is moving along at a steady pace; even as the interiors start to take shape, a vast, impersonal, gray edifice covered in scaffolding and devoid of any paint remains visible over the road. In an effort to complete the mall by January 2004, the laborers are getting ready to put the finishing touches on the first phase of the 2.85 lakh square foot project.

Furthermore, Kumar has secured a solid anchor tenant for the Food Bazaar, which is being promoted by Kishore Biyani. In essence, anchors are the main factor contributing to a mall's success since they draw customers. Any establishment that can draw large people on a daily basis, such as a department store, multiplex, or hypermarket, would make an excellent anchor. The majority of tenants would only enter a mall if they were certain that the anchor could draw large crowds. It makes sense that anchor tenants at malls receive rent concessions. A cinema called Movietime and the food and grocery retailing firm owned by the Pantaloon group have taken up over 40% of the retail space in The Hub's initial phase.

And yet, one is not cheerful in some way. This is somewhat explained by the fact that there are four more malls within two kilometers of The Hub. More significantly, he is beginning to realize that this firm may not be nearly as profitable as he had originally anticipated. Consider the agreement with Food Bazaar, the focal point of his mall's initial phase, estimated to be 1.25 lakh square feet. Kumar states: "I have a rental agreement with Food Bazaar, where they will pay a monthly rental of Rs 40 per sq. ft." In response to questions about the importance of those figures, he grudgingly says, "I can't even recover my construction cost with that kind of rent."

That is ironic in a way. The establishment, operation, and management of a mall is meant to be a rather lucrative venture. In suburban Mumbai, establishing a mid-sized mall with an approximate floor area of 2.5 lakh square feet may require an investment of up to Rs 100 crore, considering the costs associated with land and construction. However, even without 100% occupancy, you can break even in 5–6 years if you receive a monthly fee of Rs 80 per square foot, which is standard. That represents an 18–20% annualized return on investment (RoI). Now think about Kumar again. He might have easily made twice as much money as he will on the 20% mall area he has leased to Food Bazaar, which comes to around Rs 1.2 crore annually.

for less than half of the total space - and for a far lower rate than he wanted. Negotiations are still underway for the rest of the space. Things are coming uncomfortably close to the wire

This is the flip side of the nation's mall boom. Zoom into Mumbai, or follow the Western Expressway highway stretch from Bandra to Goregaon, or the link road past Andheri, or the Eastern Expressway highway towards Thane and beyond, to see the more recognisable face. Numerous hoardings tom-tom new malls under development will be visible to you. Consider the National Capital Area instead. Travel along the Gurgaon-Mesrauli road. This section of road currently has eight malls, and there are six more to come. There are more hoardings in Noida, which is indicative of a surge in mall development. In fact, India is poised to see a mall boom; during the next two to three years, about 300 malls will open across the nation.

Is there a reason for this explosion? There is no denying the necessity of malls. Just 1% of all Indians are taken into consideration. A fair approximation of 20 square feet of retail space per person means that more than 200 million square feet of space are urgently needed for customers. Still, he's become a little wary due to the malls' proliferation. Thus, why are people concerned if malls are required? Another issue is that supply is exceeding demand. Simply put, there are too many malls vying for not enough tenants. Compare this to the situation from three years ago, when stores were swarming Ansal Plaza in Delhi and Crossroads in Mumbai.

However, this does not imply that the retail sector is not expanding. It most certainly is. The only thing is that when it comes to opening stores, the retailers appear to take different factors into account. The Mehrauli-Gurgaon highway is one example. Given the competition, why would any retailer set up shop in this mall? One of the eight players to access his mall at a time, according to a Gurgaon mall developer. It truly is difficult to comprehend how they might improve the mall in any way given that level of competition.

However, mall developers presumably believe that there should be more of their kind: In Andheri, Fun Republic debuted next to Fame, the multiplex owned by Shringar. The first week's profit after tax (PAT) was Rs 19 lakh, but the next week's PAT dropped to Rs 17 lakh. However, Fun Republic's PAT was Rs 11 lakh in the first week. Not the drop in profits but the total increase in entertainment spending of Rs 9 lakh on the same stretch of road in the same week piqued my interest the most. Mallville traffic may therefore increase overall. Will you, as a retailer, open more than one location in the same location? Most likely not.

Then, how have things changed on the playing field? These are a few fascinating

Mall developers are now playing it safe.

Prior to commencing the development of the malls, they are making sure they have a bare minimum of tenants. Does this imply that the mall's creators are aware of the potential hazards? Developers of malls have grown wiser. The majority of them don't begin building until they are certain that they have tenants to fill 35–40% of the mall. By doing this, before the project ever starts, at least a financial break-even would be guaranteed.

In orbit in Malad, Mumbai, and Unitech in Noida, scheduled to open soon, secured Anchor tenants in malls typically pay less for their space than does the remainder of the mall. These days, the number of players big enough to anchor a mall is quite few. Shoppers' Stop, Pantaloon, Westside, Ebony, and

LifeStyle are among the department stores. There are only two hypermarkets: Giant and Big Bazaar, and multiplex operators Fame, Inox, Adlabs, and PVR. Furthermore, a hypermarket or multiplex aren't even the best options for an anchor tenant: malls find it extremely challenging to attract the kind of anchor tenants they desire due to the small selection of organized large-scale businesses. To get a business to anchor their mall, a mall developer must reach out to all of the potential retailers. There isn't a single large retail chain in the nation selling white goods or the pharmaceutical industry.

The retailers now hold a stronger position in the power dynamics. Mall developers are forced to go above and above to accommodate anchors due to a severe anchor crunch; some of these anchors have lowered prices by as much as 60% of the initial lease rentals. Prior to these two regaining parity, some time would pass. Foreign direct investment (FDI) in retail is coming, and it will undoubtedly disrupt the complacency of the local shops. It's unfortunate that India doesn't yet have the Selfridges of the world; they would offer a wider selection of retail goods.

Other renters are being evicted by developers themselves. The reason behind this is that they charge these secondary tenants exorbitant maintenance fees. A mall developer will find it challenging to secure an anchor at a fair price, therefore in an effort to spread its risk across tenants, the mall will add a surcharge known as the common area maintenance (CAM) charge to the rentals. This is basically the renter's share of the infrastructure costs, such as energy, air conditioning, etc., provided by the mall. Malls raise rents and charge up to Rs 20 per square foot each month in CAM, which many tenants believe to be quite unreasonable.

Let's just assume that overcharging will result in mall tenants leaving. So how can they alter the terms of the rental? After the shopping center is set up, rentals ought to directly correlate with foot traffic. Thus, a mall developer should only raise rent for a new tenant if foot traffic increases.

Retail Sector in the East: Current Scenario & Growth Prospects

In Eastern India, the retail industry is mostly focused on Kolkata. Kolkata has advanced significantly in terms of retail maturity, as evidenced by the growth of organized retail chains and a multitude of brands. The city's shopping habits have drastically changed in recent years, moving from traditional trader-run stand-alone stores to larger, more structured retail spaces.

Modern malls appear to be the way of the future for retail in the city since they offer convenience, value, and variety in a cozier setting. This is also demonstrated by the recent increase in customer spending on branded goods; the city's Music World store, for instance, has the greatest earnings per square foot of any of its stores nationwide.

A market strategist would surely agree that Kolkata is the perfect place for the retail sector to expand. The city is a hub for trade and commerce in the area in addition to being the main retail and service market for a sizable hinterland that includes the eastern and northeastern states of the nation. Another reason the city is quickly becoming a thriving commercial hub is its proximity to South-East Asian markets and Bangladesh, a nation with 13 crore consumers. Additionally important in serving as entry points to landlocked nations like Nepal and Bhutan are the ports of Kolkata and Haldia. The city is a true combination of the benefits of a large metro area with the relatively low cost of living in a non-metro area.

Arambagh Hatcheries Ltd. has been in business since 1998 and is currently regarded as one of the leading firms in the chicken product industry. The company started "convenience stores" called "Arambagh's Food Mart" in 2000 after seeing there was a gap in the Kolkata market for high-quality food items supplied under one roof and being inspired by the success of its "chicken" brand. The company's physical strength has increased to 14 outlets in Kolkata thanks to an ambitious expansion strategy, and an additional 5–6 outlets are planned. These shops range in size from 500 to 800 square feet and are filled with at least 4000–4500 food products and other fast-moving consumer goods.

1. High quality,
2. appropriate amount,
3. proper weight application,
4. inexpensive MRP are the primary elements that have led to this chain's remarkable expansion.

Among its partnerships are Nicco Park, Kwality Walls, Kellogs India, and Frito Lays. These partnerships aid the business in promoting its goods and services.

Significance of IT in organised Retail

Over 10% of India's GDP comes from the retail sector, which is the nation's largest industry and one of the main employers. However, hardly two to three percent of India's total retail market is made up of organized retail.

Many Indian cities have embraced organized retailing, which seeks to give customers the best possible shopping experience through the benefits of bulk purchases, consumer preference research, first-rate ambiance, and a wide selection of merchandise. Numerous business establishments have made investments in this market.

The organized retail sector is starting to recognise how crucial information technology is to process enhancements that lead to higher operating efficiencies and, ultimately, higher revenues. But the knowledge of the existing IT systems.

(2) Supermarkets and department shops are the primary large retailers with a chain of more than thirty stores. These retailers use systems that are specifically designed for them. A few of them have taken care of their back-office systems by implementing ERP software.

(2) Mid-sized retailers having over five locations and aspirations to grow to fifteen to twenty locations during the following two years: These stores generally offer a wide range of items in department store formats. For every item of merchandise offered in their stores, several of them use their own private brands. This big retailer group has invested a lot of time and energy into putting integrated IT solutions for inventory management, purchase orders, demand forecasting, and point of sale into place. Retail Pro is a tried-and-true solution that works well for businesses with one to fifty locations worldwide and has gained favor with many Indian retailers. Targeted for larger retailers with over 300 outlets, high-end systems such as JDA, SAP IS Retail, or Retek have also discovered acceptance in India, despite the fact that these investments may require a five- to eight-year return period.

3) The manufacturer-retailer: The manufacturer owns and operates these retail showrooms solely, or it may assign franchisees to oversee them. While some of these retail locations use Retail Pro for both the back office and point of sale, others use vendor-developed software with similar features. It has been seen in this sector of the retail industry that the IT packages of the manufacturer's own stores and the franchisee differ, which causes issues with data integration and delays in information delivery to the manufacturer retailer's head office.

(4) Independent merchants with fewer than five locations: These could be department stores, bargain stores, or specialty clothing businesses. Though some of them have started employing more advanced

software packages, they typically have an inventory system tied to a Point of Sale system created by a vendor.

upcoming developments in retail IT For retailers worldwide, the past few months have not been pleasant. In contrast to prior years' growth of 10 to 15 percent annually, the retail sector in India has expanded by merely 5%. Indian shops will attempt to get by with their current IT systems during the coming months. There are plans to create new stores, experiment with other forms, extend the current IT systems, and purchase more licenses for IT programs.

The focus in the near future would be on producing more information with the IT resources already in place. Retailers intend to use the profits from their IT investments at this point. One method to guarantee this is to gather client information and come up with strategies to attract returning clients. The retailer would need to run On-Line Analytical Processing (OLAP) or Customer Relationship Management (CRM) software on top of its current database in order to accomplish this.

Customer relationship management

CRM could be used for a variety of purposes, such as campaign management, understanding "loyalty cardholders'" purchasing patterns, and integrating multi-channel sales. Numerous CRM products, such as Sales Logix, Retek CRM, Talisma, Siebel, Clarify, and others, could be utilized for this. The sole issue here is that the CRM package's database will only include purchases identified by the retail chain's customer loyalty cards, which accounts for 25 to 30 percent of total sales. The upside for the shopkeeper is that he receives comprehensive data about the purchasing habits of his current clientele, enabling him to devise tactics to get them to return to his establishment.

Online Analytical Processing (OLAP) tools

Retailers could utilize OLAP tools to segment sales and analyze behavior in order to analyze a larger range of data. Arthur Planning, Oracle Analyser, Adaytum, Cognos, Business Objects, and other OLAP tools are among the options. These OLAP tools are incredibly flexible; they can analyze sales data from the PoS and ascertain the sales trend for the different store-sold goods categories and subcategories. Retailers could gain insight into the kind of goods sold, how often they are sold, where those sales are occurring, and more with this study, which also offers 'what if' scenarios for anticipated sales, pricing adjustments, and other factors. Then, by offering the right merchandise and coming up with promotion plans, retailers can boost sales.

B2B software

In the current environment, manufacturer-merchants and other retailers who support their own private labels would need to keep an eye on the entire manufacturing and supply chain. Vendor management software makes use of the Internet to retrieve the necessary information to accomplish this. This B2B site would involve the retailer verifying the garment design with the vendor, keeping an eye on the fabric purchases made from fabric vendors, tracking the sewing and delivery of the clothing to the retailer's delivery center (DC), and paying the vendors via invoice. All of this could be achieved by using the Internet from any location. The suppliers would input the pertinent information on their end. This would guarantee that goods would be available in the stores and help cut prices.

Collaborative planning and forecasting (CPFR) tools

Because production would begin after the retailer's anticipated goods requirements have been taken into consideration, the vendor and the retailer would both benefit from cost control through the use of collaborative planning and forecasting tools (CPFR). This system would be web-based and could be customized to meet the vendor's and retailer's demands.

Therefore, the organized retailer's short-term IT requirements would center on his capacity to provide improved customer service through the use of CRM and OLAP tools, as well as to save expenses through the use of Web-based vendor management and CPFR systems.It is necessary to assess the current IT infrastructure and consider future requirements in order to fulfill the expanding demands of the future. The evolution of IT as an organization's strategic enabler will be necessary in the future.

Retailers need to examine their internal processes and procedures carefully because the country's poor economic status is causing a decline in business, which is affecting sales and productivity. It is necessary to eliminate non-value-adding operations and swap them out with effective processes and systems. Retailers might specify the effective functionality needed going forward with the use of this activity. Retailers must comprehend how information technology, including computer systems, hardware, software, and networking, will enable the effective execution of the updated methods and procedures when the functionality has been established. Retailers also need to know how the IT systems will be networked and integrated throughout the nation's locations and the company headquarters.

Retail ERP packages

It will be necessary to assess in the future whether retail ERP programs like Retek, SAP IS Retail, and JDA are appropriate for Indian businesses. These solutions offer a comprehensive solution for supply chain management, merchandising, replenishments, and demand forecasts. The majority of these packages come with supply chain management systems, OLAP tools, CRM, and collaborative planning capabilities that are closely linked with the merchandising and forecasting features. On the other hand, although these packages are pricey, the return on investment is delayed, and India is gradually developing the knowledge needed to execute the systems. Therefore, it would be wise to assess these packages, make a cost-benefit analysis, and, if at all feasible, purchase the software from a single vendor that can meet all of the functional criteria.

Due to a shortage of skilled ERP package implementers, India has had difficulty deploying retail ERPs. As a result, the cost of implementation has increased due to the need to hire package experts from overseas. However, this is true for any ERP implementation in India, regardless of whether it's in the manufacturing or retail industries. Manufacturing companies previously encountered challenges while attempting to deploy ERP packages designed expressly for their sector. However, as experience with the packages and their implementation grew inside India, the success rates of these implementations rose. As a result, throughout the following two to three years, Retail ERP knowledge will increase and be able to meet the demands of Indian retailers, who
would have moved up the information technology advantages learning curve in that amount of time.

Business optimisation software

(a.) Product pricing software

One of the biggest problems that merchants with thousands of SKUs must deal with on a daily basis is "pricing"—the capacity to consistently and nearly perfectly price every product so that even single sales

result in a net profit. With the development of advanced revenue management and price optimization strategies, there are many opportunities to increase profitability.
Two US-based software product manufacturers, DemandTech and Khimetrics, have developed tools that assist merchants in optimizing the prices of their merchandise. These businesses have been using select US merchants as beta testers for their software product.
The advent of pricing decision support techniques for the retail industry has opened up different options for the merchants. Retailers in India must comprehend the benefits of these products and how they can support them in setting prices, even if it will take some time for them to arrive.
(a). Software for merchandise optimization Retailers are still having trouble making sure that the needs of their customers are met. When customers visit the stores, they frequently discover that the things they are looking for are not available. From the standpoint of a store, it seems like there are more occasions when products are offered at reduced costs. A new suite of software programs has now been created that properly predicts future supply and demand patterns at the item and store level by using advanced data processing techniques to current inventory and sales data. In terms of utilization, these kinds of company optimization tools are still in their infancy. However, a lot of retail businesses will adopt these software programs in the future years.

Mobile computing

Retailers have been able to cut expenses by using mobile computing to optimize inventory and supply chain efficiencies. Mobile phones and handheld PDAs (personal digital assistants) with WAP (Wireless Application Protocol) capabilities are becoming more and more crucial for retail operations. Inventory positions of actual stock that is on hand at the stores can be input into mobile portable devices using mobile computing, and the information can then be sent to the back-office computers for stock verification. Similar to this, ordering goods via WAP-enabled PDAs can improve supply chain efficiency by shortening the time it takes for stock to arrive.

B2C

The main reason B2C retailing has not taken off in India is because consumers are concerned about the efficiency of the supply chain and the security of the payment methods. The customer is worried that because of inefficiencies in the logistics of getting the product to his home or workplace, the articles he ordered might not arrive. These inefficiencies will also eventually be eliminated, and merchants will need to provide more for this channel over the course of the next two to three years. The IT infrastructure would have to be started in order to facilitate these kinds of online transactions.

Retail exchanges

In the US and Europe, numerous retail exchanges have been established. One of them is the World-Wide Retail Exchange, which facilitates business-to-business exchanges between retailers and sellers. These kinds of exchanges assist in lowering transaction costs. They must also be established in India. Ultimately, to meet their information needs, Indian retailers should consider an integrated IT support system in the long run. Indian shops would need to factor these upcoming advancements into their IT requirements while planning. They must begin now in order to be ready for when business picks up in the upcoming months.

Recipe for Success

Prioritize the customer: It's evident that customers have evolved and are seeking new experiences. Any store that wants to succeed must first understand their customers' changing demands, goals, and lifestyles. Access, experience, and service should be prioritized, with product and pricing coming in second. An attempt should be made to enhance customer service through better-trained salespeople, more product availability, and small but significant perks like delivery of items to homes or cars. Then, collaborative marketing and promotion can complete this endeavor.

†Create a brand for the store: a well-branded store will draw in more customers and boost sales. In a retail climate that is becoming more and more difficult, branding is essential to preserving competitive difference. Nonetheless, the buyer must receive a clear message about the brand.

Create a private label brand: - Private labels serve as revenue producers, boosting sales volume by projecting a higher perceived value to customers. Over time, they also give the stores more negotiating leverage with national brand suppliers.

By offering unique items, private labels foster consumer loyalty and contribute to a differentiation strategy that retailers highly value.

(1) In terms of geography some entrepreneurs should put efforts in creating custom-developed solutions for tapping the rural and semi-urban spending potential. Even in non-metro urban centres, there are very good opportunities in looking at starting or expanding operations. Some cities that should see greater organised retail action in the future would be Ludhiana, Chandigarh, Lucknow, Nagpur, Ahmedabad, Surat, Pune, Kochi, Thiruvananthapuram, Guwahati and Bhubaneshwar.

(2) Malls have a long-term competitive advantage over other formats in terms of format. Traditional markets are losing ground to malls in the preferences of consumers. Retailers also like to be situated in malls due to changes in consumer behavior; they anticipate more foot traffic and a growing number of customers choose "All Under One Roof" destinations for dining, entertainment, and shopping. All of these results point to a great potential for a mall with the following characteristics:

1. a superior well-managed leisure experience
2. targeted at all members of the household
3. comprising of shopping, dining and entertainment, all under one roof
4. a wide range of products and services
5. proximity to hom

An Emerging middle-class: Great prospects

Classification (Annual household income)	Population 2001-02 (millions)	Percentage 2001-02	Population 2006-07 (millions)	Percentage 2006-07
Very Rich (More than INR 360,001)	2.6	1.5	5.2	2.7
Consuming Class (INR 80,001-360,000)	46.4	25.9	75.5	39.5
Climbers (INR 40,001-80,000)	74.4	41.9	81.7	43.1
Aspirants (INR 28,001-40,000)	33.1	18.8	20.2	10.7
Destitutes (Less than INR 28,000)	24.1	13.7	16.5	8.7

The income distribution of households has also undergone a sea change in recent years. The consolidated purchasing power of the country has gone up, and the trend is projected to continue. A significant share of population will move up the affordability and affluence ladder by 2006 - 07.
Large retail players find India's 40 cities with a population of one million or more to be highly appealing. Consumer expenditure and disposable incomes are both increasing. These are the fundamentals that are causing the retail industry in India to evolve. There are a ton of potential for retailers, developers, institutions, and investors as organized retailing grows.
In 2002, the organized retail industry in India made over Rs. 20,000 cr, or just 2% of overall retail sales. It is anticipated that by 2006–2007, when the industry is anticipated to generate over Rs. 40,000 cr, this will increase to 6%. Ninety-five percent of organized retail commerce is located in the top ten cities, and over 80 percent is located in the top six. By 2007, it is anticipated that organized retailing in the top six cities will contribute approximately 25 million square feet to the total demand for real estate. It is anticipated that mall developments will make up more than 80% of this opportunity. There are other elements to blame for India's sluggish adoption of organized retailing. Among these are the gradual spread of retail brands, the unorganized sector's tax benefits, the dearth of many appealing catchments, and the real estate markets' general lack of structure and organization. We might develop a unique retail real estate sector with cheap rental rates and a high degree of product innovation if these variables are properly balanced.
In India, food and clothing have so far dominated organized selling. In the next three to four years, the majority of current participants intend to double or triple their investments. Organized retailing has seen a large influx of corporate companies, and more are predicted to follow in the years to come. These are mostly national players. Up until now, foreign merchants have joined the market through franchising. The increasing preference of some of the world's major retailers for India as their sourcing base is pushing up the learning curve for manufacturers and increasing the number of products available on the market. This would be a crucial consideration for big foreign merchants planning their entry into the Indian market. Even though there has been a lot of growth and player entry during the last three years When it comes to retailing, the top five-six cities continue to see the majority of activity. There will be an increasing number of opportunities in the second tier urban clusters as the marketplaces within the top cities develop. Additionally, there are chances for a unique retail play in smaller communities.
The majority of planned retail developments in the top cities happened when there was a surplus of demand over supply for retail space. We may see a situation in the future where the market is initially filled with very unique real estate offerings, which will drive up demand for space. This will be particularly true in the underserved catchments within top-tier cities and in the underserved second-tier markets.
Consequently, site analysis and current market data on the type of space needed, consumption trends, etc. will be crucial, particularly in the underserved retail markets.
Newer formats will be seen in upscale retail venues that now exist. Retailers and landlords could form joint ventures to share risks, so lowering the latter's. Rentals of real estate may be correlated with sales volume or some other common measure. However, as retail markets develop and mall developers compete with one another to capture a bigger portion of the retail market, this pattern will take shape.
The majority of mall developments are scheduled in response to verified demand from significant anchors and sub-anchors. Additionally, because of shifting demographics, specialty shops are entering the market at an accelerated rate. Developers and retailers will benefit from the correction of the

markets, even though certain areas in the major cities may become overserved and experience a price decline. A correction in rental rates brought on by competition might lead to a more organized real estate market, giving retailers a larger profit margin on their real estate holdings and facilitating their faster growth. The comparatively overserved cities may experience increased activity when the cost of real estate decreases. As a result, the break-even period for merchants. Currently, it takes three to four years to see a good return on investment, and the break-even time is around two years. In the future, very unique retail venues will be created in these markets.
A mall's success will depend on its capacity to draw anchors and sub-anchors; the more, the better. However, what would happen to the developer's profit margin if anchor tenants paid submarket rentals for the majority of the space?Malls in major cities will need to set themselves apart in terms of size, offer the often-underappreciated parking infrastructure, and so forth, in order to prevent this.
There may be a rush of retail development projects in underserved locations, including greenfield and brownfield site renovation. The retailer may be able to make up for lost margins in well-known metropolitan locations by offering sufficient margins in certain underserved markets. In the next three to four years, there will be more interest in underserved regions, particularly tier 2 cities, as they are developing areas with prospects for merchants, developers, and investors.
What has to happen in order to guarantee that the rate of retail activity in these two marketplaces keeps up? Many topics, including the streamlining of real estate markets, the reduction of entertainment taxes, the expansion of real estate finance sources, the acceptance of FDI, the modification of import regulations, and the standardization of taxes for Attention is needed for both the structured and unorganized sectors.
Retailers, on the other hand, must exercise extreme flexibility. They have to choose a business plan and store format that are most appropriate for the local market, as well as time their arrival well. Retailers' long-term financial performance will be largely determined by the number of their stores and the rate at which they expand.
A lot will rely on how well-performing the malls that are already in place and ones that enter the market in the following two years perform. Numerous variables, including proper placement, design, tenant mix, upkeep, and real estate costs and quality, may affect how well these malls work. The expansion of the organized retail sector will be directly impacted by the operational and financial performance of running malls.
With everything else being equal, it will be interesting to observe the extent to which real estate reforms and the cost of retail rentals decrease in the upcoming years in order to facilitate the anticipated growth of organized retail. As many foreign retailers wait for FDI rules to loosen before joining the Indian market, allowing FDI in the retail sector will significantly help the industry.

Conclusion & Recommendations

To begin with, these retailers should be spending a lot more to get more precise market intelligence and data on nearly real-time client buying behavior. The merchants must also commit significant resources to learning and gaining sophisticated knowledge in order to create demand forecasting models that are more precise and grounded in science.
The next item on their agenda should be the reengineering of product-sourcing philosophy, with a focus on collaborative planning and replenishment. Thus, the advice to the current small- and medium-sized independent retailers is to pay close attention to the changes occurring in the surrounding and determine

whether the market they are in now presents a chance for the area to be redeveloped into a more contemporary destination with a variety of options. If it does, and the majority of India's commercial regions actually have this capability, it would be extremely To begin with, these retailers should be spending a lot more to get more precise market intelligence and data on nearly real-time client buying behavior. The merchants must also commit significant resources to learning and gaining sophisticated knowledge in order to create demand forecasting models that are more precise and grounded in science. It would be beneficial to organize a group of similar small retailers in the area and take the initiative to combine resources and upgrade the infrastructure as a whole. The next step would be to persuade retailers to spend in enhancing the interiors of their individual stores in order to give customers a more pleasurable shopping experience.

The retail industry in India is the second largest employment after agriculture, despite being extremely fragmented and made up primarily of tiny, independently owned businesses.India has more than 12 million retail locations, and as of September 2005, the value of the organized retail sector was approximately Rs. 12,90,000 crore. The nation is currently experiencing a boom in retail sales, primarily due to a steady rise in middle-class and upper-middle-class households' disposable income. A growing number of corporate entities, including major real estate firms, are entering the retail space either directly or indirectly as mall and shopping center managers and builders.

Novel forms

like super markets and huge department, discount, and bargain stores have begun to influence the conventional designs of bookshops, furniture stores, and pharmacies. In addition to bringing about broad, positive improvements in the standard of living in India's larger towns and metropolises, the retail revolution is gradually altering the way of life in the country's smaller towns. The gap in spending between consumers in bigger metro areas and those in smaller towns has decreased as a result of increased media exposure, increased availability, and increased penetration of a variety of consumer items into the interior of the nation.

Nonetheless, the availability of high-quality real estate would be crucial in accelerating the retail industry's future expansion in India.

Better and more reasonably priced retail space would allow merchants to provide customers with more high-quality goods and services, which would boost supply chain costs while improving operational efficiencies. Owing to a great deal of variance and irregularity in both market practice and regulatory standards, India has one of the most complicated real estate markets globally. To alleviate current obstacles, the federal and state governments must work together to implement suitable zoning regulations, provide ownership clarity, and make loans for retail land available.

The problem of "industry status" in relation to retail in India has to be resolved quickly. Acknowledgment would simplify financing options and harmonize and standardize industry taxation. Aligning the retail and tourist sectors might further establish India as a global destination for shopping. The rise of organized retailing needs to become a national phenomena in order for the retail industry to see further growth. Leading consultancy firm KSA Technopak projects that by 2005, the organized sector will have grown to over Rs. 30,000 crores, or 6% of the entire retail market. Sixty-six percent of organized retailing will be concentrated in the top six cities. While many global companies and merchants still view India as too challenging, they would welcome the chance to establish a suitable joint venture, should they believe India was in danger. The country's organized retail sector is expected to flourish, creating thousands of new employment, raising living standards and income levels, improving goods and services, improving the shopping environment, and fostering more social interactions.

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