

## **CHAPTER-1**

### **INTRODUCTION TO RETAIL INDUSTRY**

## 1.1 MEANING OF RETAIL

Retail comes from the French word *retailer*, which refers to "cutting off, clip and divide" in terms of tailoring (1365). It first was recorded as a noun with the meaning of a "sale in small quantities" in 1433 (French). Its literal meaning for retail was to "cut off, shred, paring". Retail is the final stage of any economic activity. By virtue of this fact, retail occupies an important place in the world economy. According to Philip Kotler, Retailing includes all the activities involved in selling goods or services to the final consumers for personal, non-business use. A retailer or retail store is any business enterprise whose sale volume comes primarily from retailing. These are the final business entities in a distribution channel that links manufacturers to customers. Manufacturers typically make products and sell them to retailers or wholesalers. Wholesalers resell these products to the retailers and finally, retailers resell these products to the ultimate consumers.

Any organization selling to final consumers whether it is a manufacturer, wholesaler or retailer-is doing retailing. It does not matter how the goods or services are sold (by person, mail, telephone, vending machine, or internet or where they are sold-in a store, on the street, or in the consumer's home). A Retailer thus, provides value creating functions like assortment of products and services to the consumers, breaking bulk, holding inventory and provides services to consumers, manufacturers and wholesalers.

Retailing broadly involves:

1. Understanding the consumers' needs
2. Developing good merchandise assortment and
3. Display the merchandise in an effective manner so that shoppers find it easy and attractive to buy.

**Retailing** thus, may be understood as the final step in the distribution of merchandise, for consumption by the end consumers. Put simply, any firm that sells products to the final consumer is performing the function of retailing. It thus consists of all activities involved in the marketing of goods and services directly to the consumers, for their personal, family or

household use. In an age where customer is the king and marketers are focusing on customer delight, *retail may be redefined as the first point of customer contact.*

The distribution of finished products begins with the producer and ends at the ultimate consumer. Between two of them there is a middleman – the retailer. Retailing is the set of business activities that adds value to the product and services sold to the consumers for their personal or family use. Often retailing is being thought of as the sale of products in the stores, but retailing also involves the sales of services: overnight lodging in a hotel, a haircut, a car rental, or home delivery of Pizza. Retailing encompasses selling through the mail, the internet, and door-to-door visits – any channel that could be used to approach the consumer. Retailing is responsible for matching individual demands of consumer with supplies of all the manufacturers.

Retailing has become such an intrinsic part of our everyday lives that it is often taken for granted. The nations that have enjoyed the greatest economic and social progress have been those with a strong retail sector. The world over retail business is dominated by small family run chains and regionally targeted stores. Gradually more and more markets in the Western world are being taken over by billion-dollar multinational conglomerates, such as Wal-Mart, McDonald's, Marks and Spencers, etc. The larger retailers have set up huge supply/distribution chains, inventory management systems, financing pacts, and wide scale marketing plans which have allowed them to provide better services at competitive prices by achieving economies of scale.

### **Retail Concept**

The retailing concept is essentially a customer oriented, company-wide approach to developing and implementing a marketing strategy. It provides guidelines which must be followed by all retailers irrespective of their size, channel design, and medium of selling. The retailing concept covers the following four broad areas:

**1. Customer orientation**

The retailer makes a careful study of the needs of the customer and attempts to satisfy those needs.

**2. Goal orientation**

The retailer has clear cut goals and devises strategies to achieve those goals.

**3. Value driven approach**

The retailer offers good value to the customer with merchandise keeping the price and quality appropriate for the target market.

**4. Coordinated effort**

Every activity of the firm is aligned to the goal and is designed to maximize its efficiency and deliver value to the customer.

**Characteristics of Retailing**

Retailing can be distinguished in various ways from other business activities. It has following characteristics:

- There is a direct end-user interaction in retailing.
- It is the only point in the value chain to provide platform for promotions.
- Sales at the retail level are generally in small unit sizes.
- Location is a critical factor in retail business.
- In most retail business, services are as important as core products.
- There are a larger number of retail units compared to other members of the value chain. This occurs primarily to meet the requirements of geographical coverage and population density.

A retailer is a person, agent, agency, company, or organization, which is instrumental in reaching the goods, merchandise, or services to the ultimate consumer. They are the final business in a distribution channel that links manufacturer to consumers. Retailers perform specific activities such as anticipating consumers' wants, developing assortments of products, acquiring market information, and financing. A retailer performs certain value creating functions as:

### **1. Providing an assortment of products and services**

All retailers offer assortment of products, but they specialize in the assortments they offer. Supermarkets provide assortments of food, health and beauty care, and household products, while Abercrombie & Fitch provides assortments of clothing and accessories. Supermarkets typically carry 20,000 to 30,000 different items made by over 500 companies. Offering an assortment enables their customers choose from a wide selection of brands, designs, sizes, colors, and prices at one location.

### **2. Breaking Bulk**

Breaking bulk means physical repackaging of the products by retailers in small unit sizes according to customers' convenience and stocking requirements. Normally retailers receive large quantities of sacks and cases of merchandise from suppliers to reduce their transportation costs. In order to meet customer requirements retailers have to break or arrange the bulk into convenient units. The entire function adds value to the offerings not only for the end consumers but also for the suppliers in the value chain.

### **3. Holding Inventory**

To ensure the regular availability of their offerings, retailers maintain appropriate levels of inventory. Consumers normally depend on the retailers directly to replenish their stock at home. Therefore, retailers on periodic basis, maintain the required level of inventory to meet the regular or seasonal fluctuations in demand. They need to maintain equilibrium between the range, or variety carried and sales which it gives rise to.

### **4. Extending services**

Retailers provide multiple services to immediate customers and other members of value chain. They offer credit so customer can have a product now and pay for it later. They display products so consumers can see and test them before buying. Some retailers have sales people in the store or use their websites to answer questions and provide additional information about products.

## 1.2 EVOLUTION OF RETAIL IN INDIA

The origin of retailing in India can be traced back to the emergence of Kirana stores and mom-and-pop stores. These stores used to cater to the local people. Eventually the government supported the rural retail and many indigenous franchise stores came up with the help of Khadi & Village Industries Commission. The economy began to open up in the 1980s resulting in the change of retailing. The first few companies to come up with retail chains were in textile sector, for example, Bombay Dyeing, S Kumar's, Raymonds, etc. Later Titan launched retail showrooms in the organized retail sector. With the passage of time new entrants moved on from manufacturing to pure retailing. The evolution of retailing in India can be better understood as:

### ■ Early Eighties

- 'Retailing' in India was synonymous with peddlers, vegetable vendors, neighborhood kirana stores (small grocery stores) or sole clothing and consumer durable stores in a nearby town.
- These retailers operated in a highly unstructured and fragmented market. Very few retailers operated in more than one city.

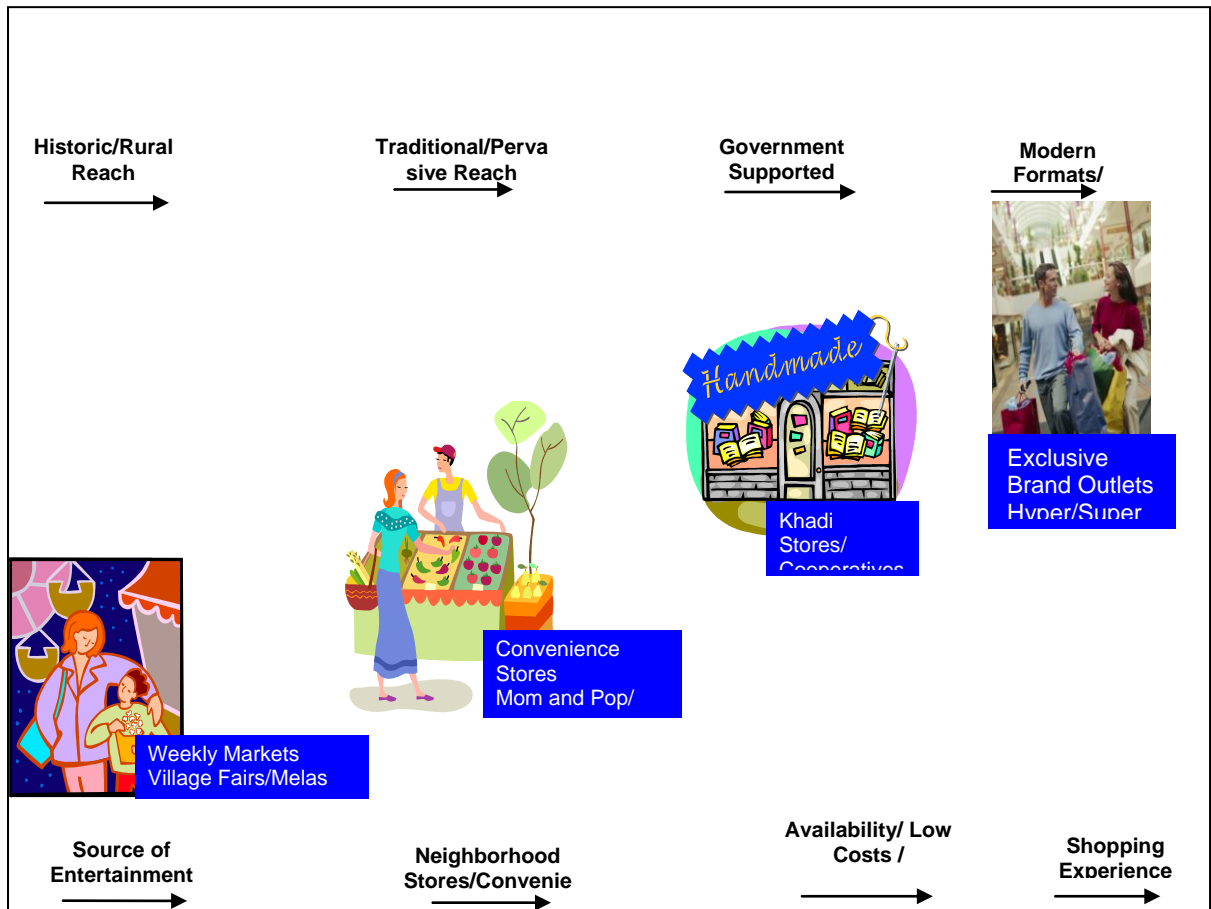
### ■ Before 1990

- Organized retailing in India was led by few manufacturer owned retail outlets, mainly from the textile industry, Ex: Bombay Dyeing, Raymonds, S Kumar's, and Grasim.
- Later, Titan successfully created an organized retailing concept and established a series of showrooms for its premium watches

### ■ Nineties:

- Liberalization of the Indian economy led to the dilution of stringent restrictions.
- Entry of few multi-national players like Nanz into the Indian market.
- Changing profile of the Indian consumers,
- Increasing wages of the employees working in Greenfield sectors with higher purchasing power.
- Setting up of retail chains by domestic retailers like Cotton World (Mumbai), Nirula's (Delhi) and the Viveks and Nilgiris in the South.

- The latter half of the 1990s saw a fresh wave of entrants with a shift from Manufactures to Pure Retailers. For e.g. Food World, Subhiksha and Nilgiris in food and FMCG; Planet M and Music World in music; Crossword and Fountainhead in books.
- 1995 onwards saw an emergence of shopping centers, mainly in urban areas, with facilities like car parking targeted to provide a complete destination experience for all segments of society
- Emergence of hyper and super markets trying to provide customer with 3 V's - Value, Variety and Volume.



**Fig: 1.1** Evolution of Retailing in India

Source: ICICI Bank Presentation at FICCI on FDI in Retail, February 23, 2004.

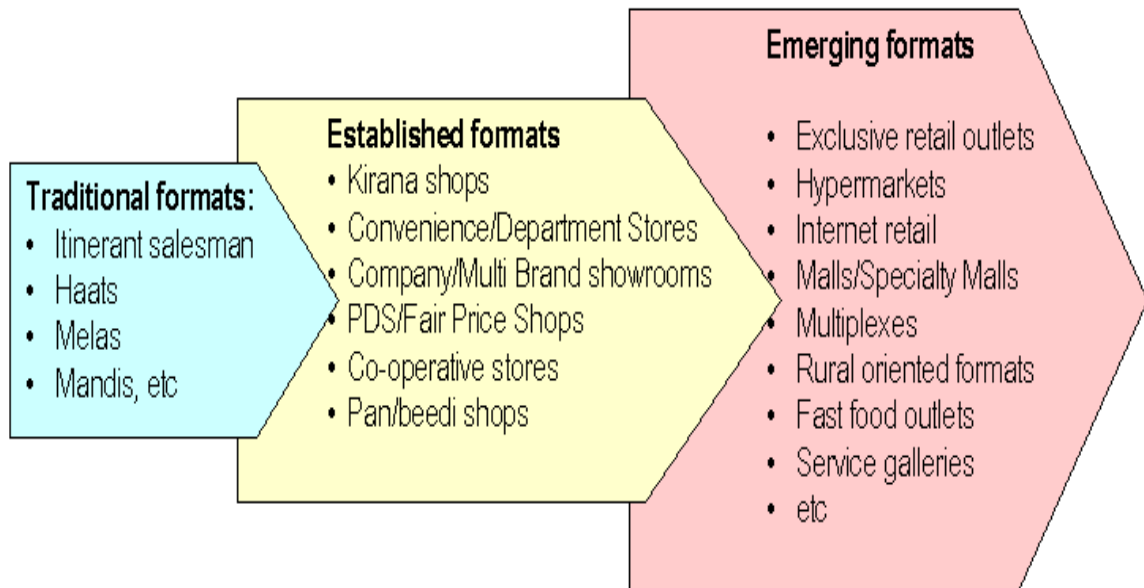


Fig. 1.2 Formats of retail in India

Source: Pradhan Swapna, Retailing Management p.28

The concept of retail as entertainment came to India with the advent of Shopping malls. Shopping malls emerged in the urban areas giving a world-class experience to the customers. Eventually hypermarkets and supermarkets emerged. The evolution of the sector includes the continuous improvement in the supply chain management, distribution channels, technology, back-end operations, etc. this would finally lead to more of consolidation, mergers and acquisitions and huge investments.



## **1.3 ORGANIZED V/S UNORGANIZED RETAILING**

### **1.3.1 Unorganized retailing/traditional retailing**

According to the National Accounts statistics of India ‘the unorganized sector includes units whose activity is not regulated by any statute or legal provision, and/or those, which do not maintain regular accounts. In the context of retail sector, it could therefore be said to cover those forms of trade which sell an assortment of products and services ranging from fruits and vegetables to shoe repair. These products or services may be sold or offered out of a fixed or mobile location and the number of people employed could range between 10-20 people. Thus, the traditional formats of low-cost retailing, for example, the neighborhood baniya, the local kirana shop, owner manned general stores, provision stores, flea (Thadi) markets, hand cart and pavement vendors, the vegetable, fruit vendor, Mom and Pop Stores, local sabji mandi, weekly haats, general readymade garment shop or a footwear shop, general electronic shop etc. the, the paanwala, the cobbler, etc. would be termed as the unorganized sector.

### **1.3.2 Organized or modern retailing**

Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, departmental store, discount stores, drug stores, factory outlets, and also the privately owned large retail businesses.

The organized retail stores are characterized by professionally managed stores or large chain of stores, providing goods and services that appeal to customers, in an ambience that is encouraging for shopping and agreeable to customers. For example: Vishal Mega Mart, Big Bazaar, Wills Lifestyle, Shoppers Stop, Reliance Trends, Spencers, Reebok, Nike, Catmos, Lilliput, McDonald’s, Pizza Hut, Barista, Cafe Coffee Day, Koutons, Cotton County, Peter England, Titan, Raymonds, Sony, Samsung, Next, LG, Apollo Pharmacy, etc.

## **1.4 BUSINESS MODELS IN RETAIL**

India is a country dominated by local and traditional retailers and business models specific to Indian context are bound to emerge. This section discusses some of the retail business models that have emerged and which are peculiar to the Indian landscape. These are as:

### **STORE BASED RETAILERS-**

These operate at fixed point of sale locations. Their stores are located and designed to attract a high volume of walk-in customers. In general, store based retailers offer a wide variety of merchandise and use mass media advertising to attract customers. These can be further classified on the basis of various parameters like:

- I. Ownership
- II. Strategy-mix
- III. Service vs. Goods retail mix.

### **I. OWNERSHIP BASED RETAILERS–**

Depending on the ownership pattern, stores can be divided into six categories as:

#### **1. Independent Stores**

- i. Owned by a single retailer-
- ii. Low entry barriers
- iii. Low initial investments
- iv. Simple licensing procedures
- v. Owner holds the right to decisions
- vi. Can act as specialized stores

## **2. Chain stores**

- i. Have two or more retail outlets
- ii. Common ownership & control
- iii. Centralized purchase & merchandising.
- iv. Sell similar lines of merchandise
- v. Bulk purchaser, high bargaining power
- vi. E.g.: Bata, Liberty, Kodak, Archies, Titan, Raymonds, LG, McDonald's, Barista etc

## **3. Franchise stores**

- i. Store based on contractual agreement between a Franchiser (manufacturer) & a Franchisee, which allows the franchisee to conduct a given form of business under an established name & according to a given pattern of business.
- ii. Franchisee gets well known brands.
- iii. Exclusive rights to sell.
- iv. Benefit of the nationwide promotional activities.
- v. Exposure to standard operating procedures.
- vi. E.g.- Aptech, McDonald's, Monte Carlo, Koutons, Pizza-Hut,etc.

## **4. Leased Departmental store**

- i. A department in a retail store that is rented to an outside party.
- ii. The lessee is accountable for all activities of the leased department.
- iii. Adds variety to the merchandise offered by the store.
- iv. No cannibalizing of sales of existing product lines of the stores.
- v. Reduced cost of establishment.
- vi. Increased customer traffic.

### **5. Vertical Marketing system**

- i. A distribution system in which the producers, wholesalers, & retailers act in a unified manner to facilitate the smooth flow of goods & services to the end-user.
- ii. One channel member owns the other or has contracts with them.

### **6. Consumer Cooperatives**

- i. Retail operations owned & managed by its customer members.
- ii. A group of customers invest in the retail operations in return of stock certificates, which entitle them to a share in the profits of the retail store.

## **II. STRATEGY-MIX BASED RETAILERS –**

Depending on the strategic mix retailers adopt, they can be classified into two groups:

### **A. Food oriented Retailers-**

#### **1. Convenience stores-**

- i. Small stores located near residential areas.
- ii. Open long hours, seven days a week, & carry a variety of products with limited assortment of merchandise.
- iii. Operate in 3000-8000 sq.ft. area.

#### **2. Conventional supermarkets-**

- i. Similar to departmental stores.
- ii. Focus on food & household maintenance products.
- iii. Self-service operations
- iv. Variety of merchandise with deep assortments.

**3. Food-based supermarket-**

- i. Larger & more diversified than a conventional supermarket.
- ii. Operates in 25,000-50,000 sq.ft. area.
- iii. Range includes- grocery items, garden supplies, flowers, & small household appliances.

**4. Combination Stores-**

- i. A Blend of a supermarket & general merchandise (>40%) store.
- ii. Maintains identity of both food store & drug store
- iii. One stop shopping experience.
- iv. Operate in 30,000-100,000 sq.ft. area.

**5. Box (Limited-line) store-**

- i. Food based discount store that concentrates on a small selection of goods.
- ii. Limited- shopping hours, service & stocks.
- iii. Refrigerated perishable goods are not available.
- iv. Prices are displayed on the shelf/overhead signs. Priced 20-30% below market price.
- v. Self-service.

**6. Warehouse stores-**

- i. Discount food retailers, offer low price deals.
- ii. Average size of 100,000 sq. ft.
- iii. Merchandise is displayed in cut boxes or shipping pallets & services are limited.
- iv. Lack consistency of products available as they warehouse retailers buy goods only when a manufacturer or a wholesaler offers deep price or quantity discount.

## **B. General Merchandise retailers-**

### **1. Variety store-**

- i. Offer deep assortment of inexpensive & popular goods like stationary, gift items, woman's accessories, house wares etc.
- ii. Also called as 5 and 10-cent stores.

### **2. Department store-**

- i. Large retail units offering wide variety and a deep assortment of goods & services.
- ii. Separate depts. for separate types of merchandise
- iii. One-stop shopping experience.
- iv. Offers clothing, shoes, cosmetics, gifts, luggage, jewelry & other household items.
- v. E.g.- Shopper's stop, Westside, Lifestyle & Pantaloons etc.

According to U.S. Bureau of Census, a store should specify the following four criteria to be considered as department store:

- 1) A department store should employ a minimum of fifty people.
- 2) The store should generate at least 20 percent of its total revenue from the sale of apparel and soft goods.
- 3) The store should have the following product lines: furniture and home furnishings; appliances, radio and T.V. sets; a general line of apparel for the family' household products and dry goods.
- 4) The annual sales of the department store should be under \$10 million, where no single product line should contribute more than 80 percent of the total sales.

### **3. Off-price Retailer-**

- i. Offer an inconsistent assortment of branded fashion-oriented soft goods at low prices.
- ii. Purchase goods from manufacturers who have excess inventory.
- iii. Purchase in bulk & sell at off-prices.

### **4. Membership club-**

- i. Customer has to pay annual fee to become the members of the club.
- ii. Membership allows them to purchase goods at low price.
- iii. Purchases directly from manufacturers.

### **5. Flea Market (Outdoor Bazaar)-**

- i. An outdoor or indoor facility that rent out space to vendors who offer merchandise, services & other goods.
- ii. Many retail vendors offering a variety of products at discount prices at places where there is high concentration of people.

## **III. SERVICES Vs GOODS RETAIL MIX BASED**

### **Service Retailing-**

The retail entities primarily selling services rather than products are in retailing of services. Services also play a significance role in the retail merchandise mix of the retail organization selling merchandise as a core product. The main differences between retailing of products and retailing of services are on account of the intangibility, simultaneous production and consumption, perishability and inconsistency.

- i. Sale or rental of an intangible activity, which usually can not be stored or transported, but satisfies the needs of the user.
- ii. Service can be along with goods or pure service.
- iii. E.g. - Hospitals, banks, beauty saloons, entertainment firms etc.

## **NON-STORE RETAILERS**

### **A. Traditional-**

#### **1. Direct Marketing-**

- i. Customer is informed about the product through non personal medias like TV, radio, magazine, newspaper, internet etc.
- ii. The customer places an order through mail or phone.
- iii. Less investment as compared to store based retailing.
- iv. Wide geographic area is covered.

#### **2. Direct selling-**

- i. Door-to-door selling
- ii. Person-to-person selling (Eureka Forbes)
- iii. Multilevel (network) marketing (Amway, Japan Life)

#### **3. Vending machines-**

- i. Involves coin or card operated dispensing of goods & services.
- ii. Round the clock sales
- iii. Machines are placed at the most convenient places for the customers
- iv. Soft drinks vending machines, ATMs, coffee vending machines etc.

#### **4. Catalog marketing-**

- i. Sales made through catalogs mailed to a select list of customers or made available in a store.
- ii. Delivery or order can be through mail, express service, and parcel post.

#### **5. Tele-Marketing-**

- i. Telephone as a media for sales.
- ii. Informing customers about new merchandise & upcoming sales events.



## **6. TV home shopping-**

- i. Shop – by- TV, demonstration of the product, its features, benefits etc (Asian sky shop, tele-shopping etc.)

## **B. Nontraditional –**

### **1. e-tailing or World Wide Web-**

- i. Internet as a medium for promoting their products.
- ii. People access information about products using the web address of the retailer's homepage.
- iii. Retailers' website allows customers to order with a click of mouse.

### **2. Video kiosk-**

Freestanding interactive computer terminal that displays product & related information on a video screen, are often touch screen.

### **3. Video catalog-**

A retail catalog on a CD-ROM disk, to be viewed on a computer monitor.

## **Some other types of Retail business models**

**Mom-and-pop stores:** These are generally family-owned businesses catering to small sections of society. They are small, individually run and handled retail outlets.

**Category Specialists / killers:** These are big box discount stores that offer a narrow but deep assortment of merchandise. These retailers are basically discount specialty stores. By offering a complete assortment at low prices, category specialists can “kill” a category of merchandise for other retailers and thus are frequently called category killers.

For example, Office Depot, electronics (Best Buy) and sporting goods (Sport Authority), The Home Store, Landmark, Music World etc. are some of the category specialists.

**Malls:** These are the largest form of retail formats. They provide an ideal shopping experience by providing a mix of all kinds of products and services, food and entertainment under one roof. Examples are Sahara Mall, TDI Mall, MGF Metropolitan, Great India Place, Pacific Mall, Galaxy Mall, Shipra Mall etc. in Delhi and NCR regions.

**Specialty Stores:** The retail chains, which deal in specific categories and provide deep assortment in them are specialty stores. Examples are RPG's Music World, Mumbai's bookstore Crossword, etc.

**Discount stores:** These are the stores or factory outlets that provide discount on the MRP items. They focus on mass selling and reaching economies of scale or selling the stock left after the season is over.

**Supermarkets:** A predominantly self-service format offering a full line of groceries, meat, and produce with limited sales of non-food items, such as health and beauty aids and general merchandise. Perishables like meat and produce account for 44 percent of supermarket sales and typically have higher margins than packaged goods. It operates between 5,000 to 30,000 square feet of total selling area. These stores typically carry approximately 30,000 SKUs. The largest supermarket chains of US are Kroger, Albertson's, Safeway, Ahold USA, and Publix. Although, there is no standardization on the parameters of what makes a supermarket in India, it is one of the fastest growing business formats in the country. Nilgiri's, Foodworld, Subhiksha, Food Bazaar and Vitan are some of the Supermarkets in India.

**Supercenters:** The fastest growing retail category, are large stores (150,000-220,000 Sq. ft.) that combine a supermarket with a full-line discount store. By offering broad assortments of grocery and general merchandise products under one roof, supercenters provide a one-stop shopping experience. Supercenters offer larger percentage of non-food items and focus more on dry groceries such as breakfast cereal and canned goods, instead of fresh items. Wal-Mart, Meijer, Kmart, Fred Meyer (a division of Kroger) etc. are some of the major supercenters of the world.

**Hypermarkets:** A very large retail unit that offers products at a low price. It is a combination of a general merchandise store and the supermarket. These are characterized by large store size, low operating costs and margins, low prices and comprehensive range of merchandise. Hypermarket operates in over 50,000 sq. ft. area and offers over 50,000 different items for sale. Hypermarkets carry a larger proportion of food items than supercenters with a greater emphasis on perishables-produce, meat, fish and bakery. They offer an expanded selection of non-food items, including health and beauty products and general merchandise at low prices. Typically between a third to two-thirds of the mix in a hypermarket is from “food”. These are generally large self-service outlets, offering a variety of categories with deep assortments. Hypermarkets generally, own spacious parking facility exclusively for their customers and employees. Some popular hypermarkets in Indian market include Pantaloon’s Big Bazaar, Spencer’s, FoodWorld, Vishal Mega Mart etc.

**Full-Line Discount Stores:** these are retailers that offer a broad variety of merchandise, limited service and low prices. Discount stores offer both private labels and national brands, but these brands are typically less fashion oriented than the brands in the department stores. The big three full-line discount store chains are Wal-Mart, Kmart, and Target, which account for 84 percent of the sales in this retail format.

**Drugstores:** These are specialty stores that concentrate on health and personal grooming merchandise. Pharmaceuticals often represent over 50 percent of drugstore sales and even greater percentage of their profits. The largest drugstore chains in the United States are Walgreen, CVS, Rite Aid and Albertson’s.

**Extreme Value Retailers:** These are small, full-line discount stores that offer a limited merchandise assortment at very low prices. The largest extreme value retailers are Dollar General and Family Dollar Stores.

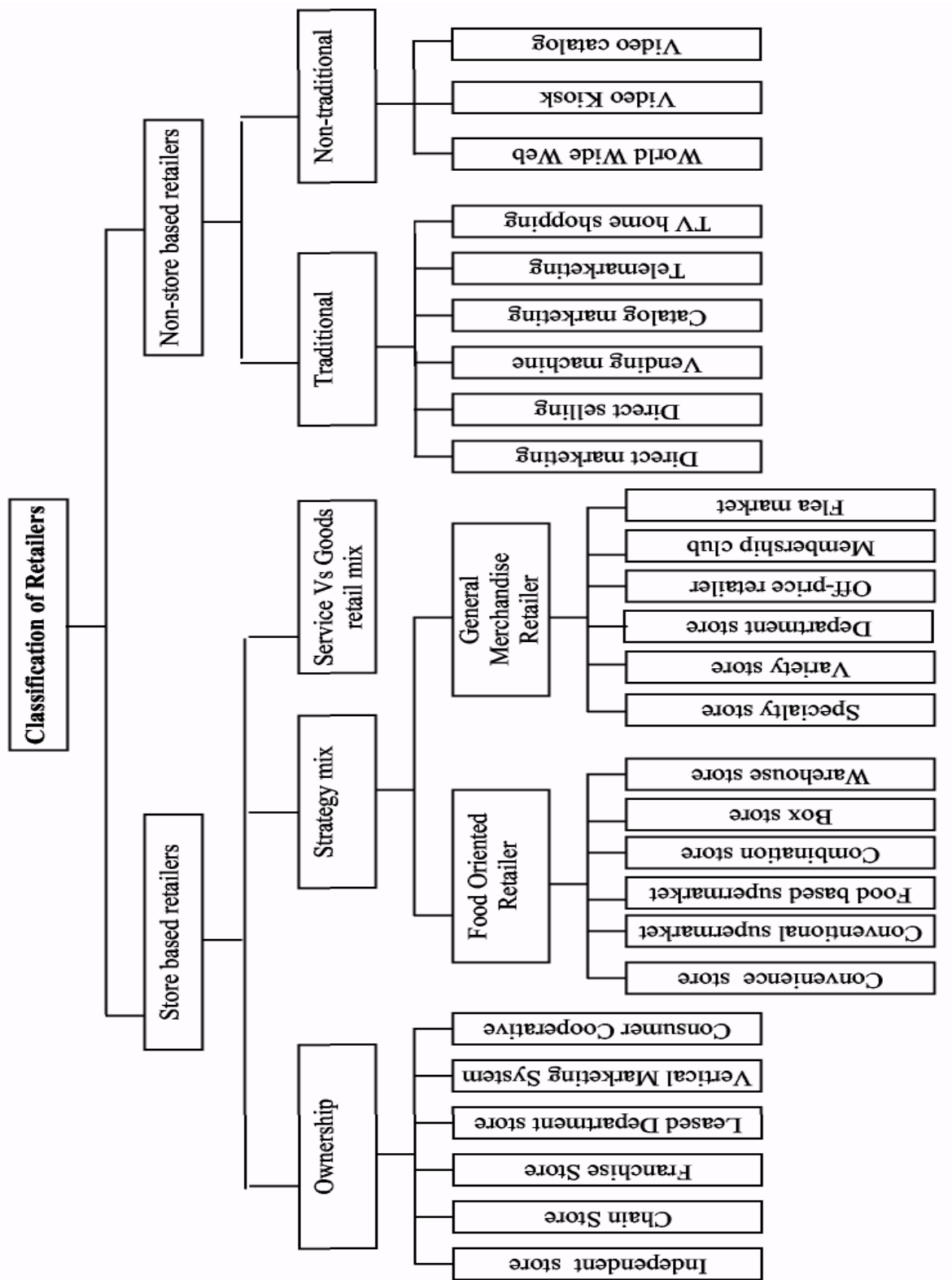
**Franchising:** It is a contractual agreement between a franchisor and a franchisee that allows the franchisee to operate a retail outlet using a name and format developed and supported by the franchisor. In a franchise contract, the franchisee pays a lump sum plus a royalty on all sales for the right to operate a store in a specific location. The franchisee also agrees to operate the outlet in accordance with procedures prescribed by the franchisor. The franchisor provides assistance in locating and building the store, developing the products or services sold, training managers, and advertising. To maintain each franchisee's reputation, the franchisor also makes sure that all outlets provide the same quality of products and services. Some of the retail stores using franchise model are Haldiram, Baskin Robins, Domino's Pizza, D'dmas, Lilliput, Ebony, Air Hostess Academy, VLCC etc.

**Cash and Carry:** The term cash and Carry means that customers do their own order picking, pay in cash and carry the merchandise away. The cash and carry is a wholesale format that aids small retailers and businessmen. Metro AG, Germany and Shoprite of South Africa, Bharti-Wal-Mart etc are some of the major players in Cash and Carry format.

**Airport Retailing:** In the present era airports are focusing on retail to convert airports into exciting, energized business and retail/entertainment centers-as well as transportation hubs. Airports in many cities of the western world, the Far East and Middle East serve as mini shopping Plazas for the traveler, the trend is catching up in India. Across the globe, major airports that are upgrading or adding terminals are equipping them with copious amounts of retail and restaurant space.

**The Public Distribution System:** PDS in India is more than half a century old as rationing was first introduced in 1939 in Bombay, by the British Government, as a measure to ensure equitable distribution of food grains to urban consumers in the face of rising prices. The PDS, as understood today, is a means for the distribution of essential commodities to a large number of people, through a network of Fair Price Shops (FPS), on a recurring basis. The commodities include Wheat, Rice, Sugar, Kerosene etc.

Fig. 1.3 Types of Retail Formats



(Source: ICFAI Text Book on Retail Management)

## 1.5 RETAIL INDUSTRY IN INDIA

The Indian retail industry is the fifth largest in the world. Comprising of organized and unorganized sectors, India retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially, the retail industry in India was mostly unorganized, however with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organized as well. With growing market demand, the industry is expected to grow at a pace of 25-30% annually. The India retail industry is expected to grow from Rs. 35,000 crore in 2004-05 to Rs. 109,000 crore by the year 2010.

As per the *The India Retail Report 2009* compiled by Images F&R Research are:

- The Indian Retail market stood at Rs.1,330,000 crores in 2007 with annual growth of about 10.8 per cent. Of this, the share of organized Retail in 2007 was estimated to be only 5.9 per cent, which was Rs.78,300 crores. But this modern retail segment grew at the rate of 42.4 per cent in 2007, and is expected to maintain a faster growth rate over the next three years, especially in view of the fact that major global players and Indian corporate houses are seen entering the fray in a big way.
- Even at the going rate, the Indian retail industry is expected to touch Rs 18,10,000 crores (US\$395bn) and organized retail is expected to touch Rs.2,30,000 cr (at constant prices) by 2010, constituting roughly 13 per cent of the total retail market.
- Food and grocery dominates the retail segment with 59.5 percent share valued at Rs 7,92,000 crores.
- This is followed by clothing and accessories with a 9.9 percent share at Rs 1, 31,300 crores.
- Out-of-home food (catering) services at Rs 71,300 crore has overtaken jewelry Rs 69,400 crores as the third-largest retail category, with a 5.4% market share.
- Consumer durable at Rs 57,500 crore is the fifth-largest retail category.
- At sixth place is health and pharmaceuticals at Rs 48,800 crore.
- At seventh place is entertainment at Rs 45,600 crore.
- At eighth place is furniture, furnishings and kitchenware at Rs 45,500 crore.

- This is followed by mobiles and accessories at Rs 27,200 crore.
- Leisure retail at Rs 16,400 crore.
- Footwear at Rs 16,000 crore.
- Health and beauty care services at Rs 4,600 crore.
- Watches and eyewear at Rs 4,400 crore.

The report is based on rising economic growth rate of 8-9 percent and a hike in average salaries by about 15 percent, which is expected to increase the rate of consumption.

INDIA RETAIL MARKET (at prevailing market prices)						
Retail Segments	INDIAN RETAIL MARKET (Rs. Crore)			ORGANISED RETAIL (Rs. Crore)		
	2006	2007	Growth 2007 > 2006 (%)	2006	2007	Growth 2007 > 2006 (%)
Clothing, Textiles & Fashion Accessories	113,500	131,300	15.7	21,400	29,800	39.3
Jewellery	60,200	69,400	15.3	1,680	2,300	36.9
Watches	3,950	4,400	11.4	1,800	2,150	19.4
Footwear	13,750	16,000	16.4	5,200	7,750	49.0
Health & Beauty Care Services	3,800	4,600	21.1	400	660	65.0
Pharmaceuticals	42,200	48,800	15.8	1,100	1,540	40.0
Consumer Durables, Home Appliances/equipments	48,100	57,500	19.5	5,000	7,100	42.0
Mobile handsets, Accessories & Services	21,650	27,200	25.6	1,740	2,700	55.2
Furnishings, Utensils, Furniture-Home & Office	40,650	45,500	11.9	3,700	5,000	35.1
Food & Grocery	743,900	792,000	6.5	5,800	9,000	55.2
Out-of-Home Food (Catering) Services	57,000	71,300	25.1	3,940	5,700	44.7
Books, Music & Gifts	13,300	16,400	23.3	1,680	2,200	30.9
Entertainment	38,000	45,600	20.0	1,560	2,400	53.8
<b>TOTAL</b>	<b>1,200,000</b>	<b>1,330,000</b>	<b>10.8</b>	<b>55,000</b>	<b>78,300</b>	<b>42.4</b>
© IMAGES F&R Research						

Fig. 1.4

Source: The India Retail Report 2009 © IMAGES F&R Research

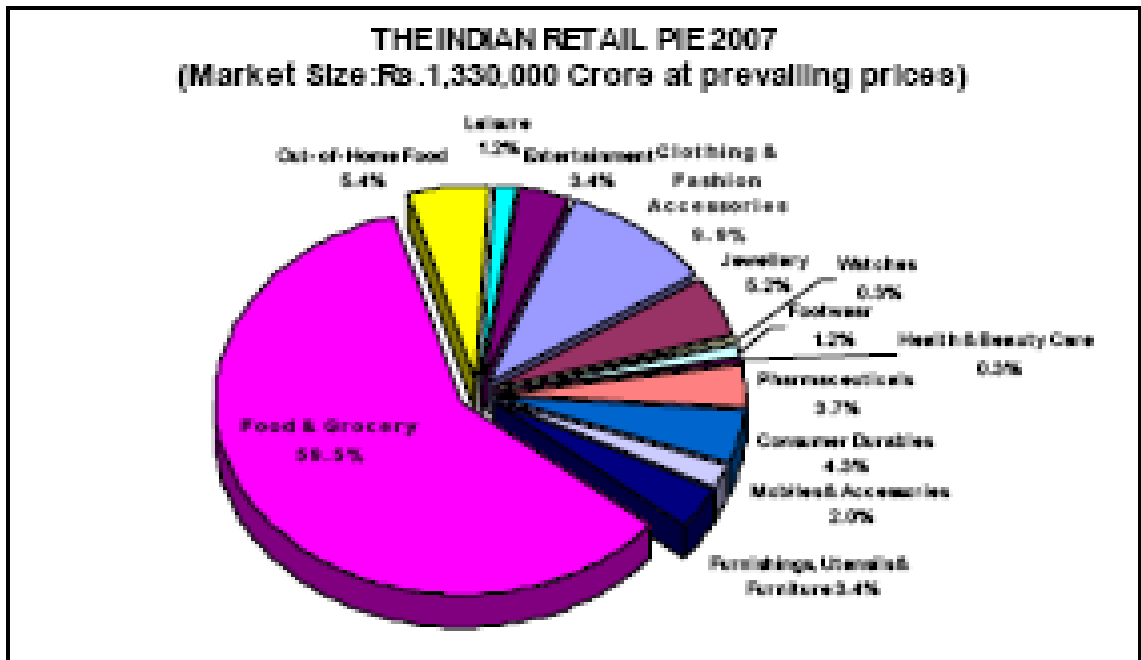
SHARE OF ORGANISED RETAIL TO TOTAL MARKET				
Retail Segments	% Organised			
	2004	2005	2006	2007
Clothing, Textiles & Fashion Accessories	13.6%	15.8%	18.9%	22.7%
Jewellery	2.0%	2.3%	2.8%	3.3%
Watches	39.6%	43.5%	45.6%	48.9%
Footwear	25.0%	30.3%	37.8%	48.4%
Health & Beauty Care Services	6.0%	7.6%	10.6%	14.3%
Pharmaceuticals	1.8%	2.2%	2.6%	3.2%
Consumer Durables, Home Appliances/equipments	7.6%	8.8%	10.4%	12.3%
Mobile handsets, Accessories & Services	6.5%	7.0%	8.0%	9.9%
Furnishings, Utensils, Furniture-Home & Office	6.7%	7.6%	9.1%	11.0%
Food & Grocery	0.5%	0.6%	0.8%	1.1%
Out-of-Home Food (Catering) Services	5.7%	5.8%	6.9%	8.0%
Books, Music & Gifts	9.8%	11.7%	12.6%	13.4%
Entertainment	2.6%	3.3%	4.1%	5.3%
<b>TOTAL</b>	<b>3.0%</b>	<b>3.6%</b>	<b>4.6%</b>	<b>5.9%</b>
© IMAGES F&R Research				

Fig. 1.5

Source: The India Retail Report 2009© IMAGES F&amp;R Research



Fig1.6



Source: The India Retail Report 2009© IMAGES F&R Research

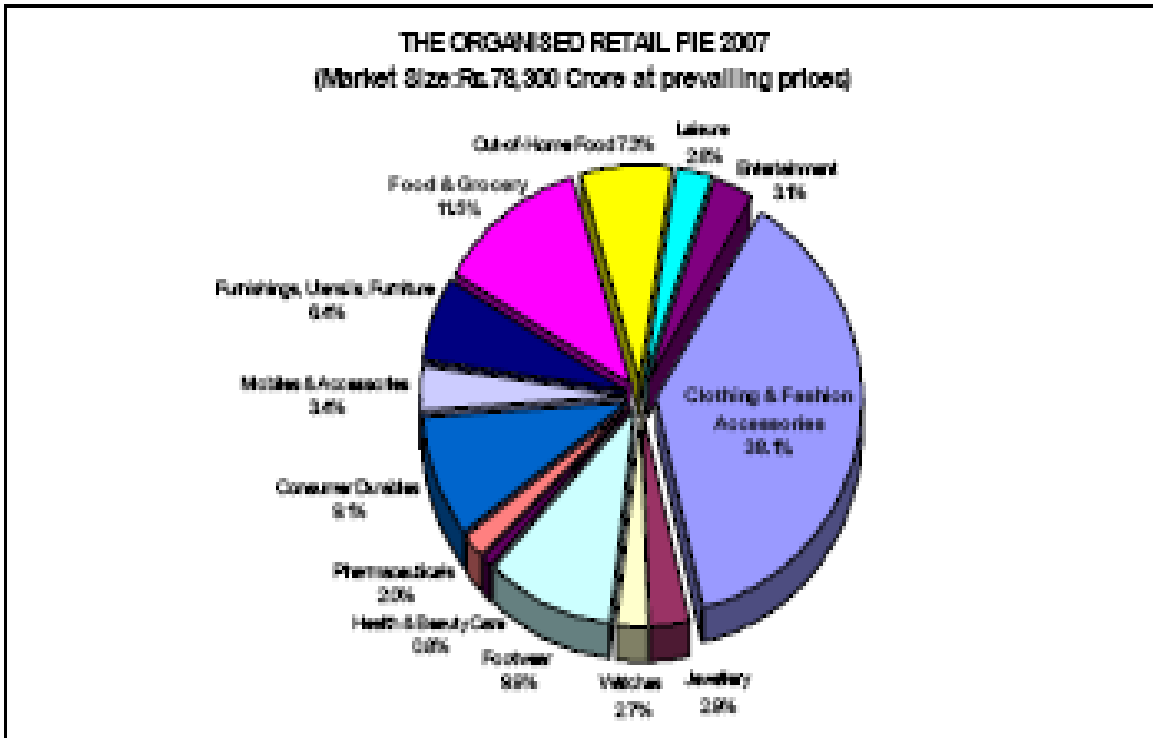


Fig. 1.7

Source: The India Retail Report 2009© IMAGES F&R Research

### **1.5.1 Major Organized Retailers in Indian market**

#### **1. Pantaloon Retail**

The flagship company of Future Group, Pantaloons Retail operates over 16 million square feet of retail space, has over 1000 stores across 73 cities in India and employs over 30,000 people. It can boast of launching the first hypermarket Big Bazaar in India in 2001. The companies also operates in other retail segments such as - Food & grocery (*Big bazaar, Food bazaar*), Home solutions (*Hometown, furniture bazaar, collection-i*), consumer electronics (*e-zone*), shoes (*shoe factory*), Books: music & gifts (*Depot*), Health & Beauty care services (*Star, Sitara* and *Health* village in the pipeline), e-tailing (*Futurbazaar.com*), entertainment (*Bowling co.*) The turnover this year was 12500 crores.

#### **2. K. Raheja Group**

They forayed into retail with Shopper's Stop, India's first departmental store in 2001. It is the only retailer from India to become a member of the prestigious Intercontinental Group of Departmental Stores (IGDS). They have signed a 50:50 joint venture with the Nuance Group for Airport Retailing. Shoppers Stop has a national presence, with over 2.05 million square feet area across 39 stores in 17 cities. It has also introduced new formats in the market viz HomeStop – the exclusive home furnishings, décor as well as furniture store and HyperCity– a premium shopping destination for Foods, Homeware, Home Entertainment, Hi-Tech Appliances, Furniture, Sports, Toys & Fashion. Other format of the company includes -- Crossword Book Store, Mothercare & Early Learning Centre (ELC), Estee Lauder group, Airport Retailing, TimeZone Entertainment. The turnover this year (2010-11) was 1570 crores.

#### **3. Tata group**

Established in 1998, Trent - one of the subsidiaries of Tata Group - operates Westside, a lifestyle retail chain and Star India Bazaar - a hypermarket with a large assortment of products at the lowest prices. In 2005, it acquired Landmark, India's largest book and music retailer. Tata's has also formed a subsidiary named Infiniti retail which consists of

Croma, a consumer electronics chain. Another subsidiary, Titan Industries, owns brands like “Titan”, the watch of India and Tanishq, the jewelry brand. Sales turnover was 197.13 crores in December 2010.

#### **4. RPG group**

One of the first entrants into organized food & grocery retail with Foodworld stores in 1996 and then formed an alliance with Dairy farm International and launched health & glow (pharmacy & beauty care) outlets. Now the alliance has dissolved and RPG has Spencer’s Hyper, Super, Daily and Express formats and Music World stores across the country.

#### **5. Landmark group**

Landmark Group was launched in 1998 in India; currently owning 100 stores across various retail formats. The retail ventures of Landmark Group includes - Home Centre, Centrepoint, Babyshop, Splash, Shoe Mart, Lifestyle, Max, Lifestyle Department Stores, SPAR hypermarkets, Foodmark, Fun City, Fitness First, Citymax India etc. It is a 3.8 billion dollar company.

#### **6. Bharti-Walmart**

Bharti have signed a 50:50 percent joint venture agreement with Walmart’ in which Wal-Mart will be taking care of cash & carry and Bharti will do the front-end. Further they plan to invest US\$ 7 bn in creating retail network in the country including 100 hypermarkets and several hundred small stores.

#### **7. Reliance**

Reliance Retail is the retail business wing of the Reliance business. It has many brands into retailing business like Reliance Fresh, Reliance Footprint, Reliance Time Out, Reliance Digital Store, Reliance Wellness, Reliance Trendz, Reliance Autozone, Reliance Super, Reliance Mart, Reliance iStore, Reliance Home Kitchens, Reliance Market (Cash n Carry) and Reliance Jewel

The company owns more than 560 Reliance Fresh stores and recently it has also launched Reliance Mart Hypermart. The company further plans to launch its Hypermart in Delhi / NCR, Hyderabad, Vijaywada, Pune and Ludhiana region.

### **8. AV Birla Group's**

Madura garments is a subsidiary of Aditya Birla Nuvo Ltd. and own brands such as Louis Philippe, Van Heusen, Allen Solly, Peter England, Trouser town. The recently acquired food and grocery chain of south, Trineth, has further increased their number of store to 400 stores in the country. The company also own 'More' supermarkets and hypermarkets. Currently it runs 600 supermarket and nine hypermarkets across India. The turnover this year was 1700 crores.

### **9. Metro**

Metro Cash & Carry, the first company to introduce cash and carry business, started its operations in India in 2003 with two Distribution Centers in Bangalore. Metro offers assortment of over 18000 articles across food and non food at the best wholesale prices. Currently Metro operates six cash and carry centers in Bangalore, Hyderabad, Kolkata and Mumbai.

### **10. Viveks Ltd**

Vivek Limited is the largest consumer electronics and home appliances retail chain in India, with 44 stores in south, covering a retail space area of over 1, 75, 000 sq. ft and a turnover of over Rs. 400 crore. Its brand, Viveks, is now a household name. The company plans to set up 50 more showrooms in South India.

### **1.5.2 Recent Trends in Indian Retail**

The BMI (Business Monitor International) India Retail Report for the second-quarter of 2012 forecasts total retail sales will grow from INR22.53trn (US\$489.80bn) in 2012 to INR27.73trn (US\$739.56bn) by 2016. Strong underlying economic growth, population expansion, the increasing wealth of individuals and the rapid construction of organized retail infrastructure are key factors behind the forecast growth. As well as an expanding middle and upper class consumer base, there will also be opportunities in India's second- and third-tier cities. The greater availability of personal credit and a growing vehicle population providing improved mobility also contribute to a trend of 6.9% annual retail sales growth. Tourism is also a major contributor to the Indian retail sector. Tourist arrivals rose by 8% in 2010 to 5.40mn, from 4.99mn in 2009. Foreign exchange earnings from tourism during 2010 were US\$13.24bn, up 9.55% from US\$12.08bn the year before.

Mass grocery retail (MGR) sales in India are expected to undergo enormous growth over the forecast period. BMI predicts that sales through MGR outlets will increase by 111% to reach US\$69.23bn by 2016. This is a consequence of India's dramatic, rapid shift from small independent retailers to large, modern outlets, although it must also be noted that this growth is forecast to come from a very low starting point.

Retail sales for the BMI grouping of Asian countries in 2012 are a forecast US\$3.78trn. China and India are predicted to account for nearly 92% of regional retail sales in 2012, and by 2016 their share of the regional market is expected to be more than 92%. Growth in regional retail sales for 2012-2016 is forecast by BMI at 31.2%, an annual average 9.0%. India should experience the most rapid rate of growth, followed by Singapore. India's forecast market share of 13.0% in 2012 is expected to increase to 14.9% by 2015.

According to the 10th Annual (2011) Global Retail Development Index (GRDI) of AT Kearney, India retail industry is the most promising emerging market for investment offering a favorable retail environment. With Organized retail accounting for 7 percent of India's roughly \$435 billion retail market and is expected to reach 20 percent by 2020. India spots at the 4th position in the GRDI.

**Fig. 1.8 A.T. Kearney Global Retail Development Index, 2011**

Country	2011 Rank	2010 Rank	Change
Brazil	1	5	+4
Uruguay	2	8	+6
Chile	3	6	+3
India	4	3	-1
Kuwait	5	2	-3
China	6	1	-5
Saudi Arabia	7	4	-3
Peru	8	9	+1
U.A.E.	9	7	-2
Turkey	10	18	+8

*Source: A.T. Kearney Global Retail Development Index, 2011*

According to the report, smaller countries such as Brazil, Uruguay, Chile and Kuwait offer attractive expansion opportunities for retailers. The GRDI has been in publication since 2002, and ranks retail expansion attractiveness of emerging countries based on 25 variables.

India, last year's GRDI destination (third), fell to fourth (Fig.1.3) still India remains a hot market for retailers. Foreign direct investment (FDI) regulations opening up to 100% in single-brand retail may help India to gear up its retail growth. Government policy-change discussions on multi-brand retailing intensified recently, but whether or not there will be new rules remains uncertain.

According to the report 'Strong and Steady 2011' released by global consultancy and research firm PricewaterhouseCoopers (PwC), India's retail sector, which is currently estimated at about US\$ 500 billion, is expected to grow to about US\$ 900 billion by 2014.

According to a market research report published in June 2008 by RNCOS titled, 'Booming Retail Sector in India', organized retail market in India is expected to reach US\$ 50 billion by 2011.

Organized retail in India is expected to increase from 5 per cent of the total market in 2008 to 14-18 per cent and reach US\$ 450 billion by 2015, according to a McKinsey & Company report titled 'The Great Indian Bazaar: Organized Retail Comes of Age in India'.

By 2012, around 55 million square feet of retail space will be ready in the national capital region (NCR), Kolkata, Mumbai, Chennai, Bangalore, Hyderabad and Pune. The organized retail real estate stock will therefore grow from the existing 41 million sq ft to 95 million square feet. (Source: India Organized Retail Market 2010 by Knight Frank India)

According to a report by KPMG, food retail sector in India is set to more than double to by 2025 to US\$ 150 Billion (Rs 6750 Billion). This would be driven by growth of organized report coupled with changing consumer habits.

Foreign direct investment (FDI) inflows between April 2000 and January 2011, in single-brand retail trading, stood at US\$ 128.34 million, according to the Department of Industrial Policy and Promotion (DIPP).

The latest Nielsen study, authored by Adrian Terron and Shrikant Kulkarni, reveals that modern retail stores are beginning to gain an edge in major Indian cities. After the slowdown and resultant closure of stores in 2009-2010, modern retailers are again expanding with new store launches, which have altered the shopping habits of the consumer. As per the study across 17 major Indian cities, the sale of home, personal care and food products in modern retail outlets has gone up by nearly 1/3 of traditional retail, a significant shift. The shopper was now using the traditional stores small or quick purchases, while the large store were preferred for their better shopping experience, attractive deals, better quality and wider choices of products. The trend of trading up, where shoppers preferred modern stores to buy better quality product, even if more expensive, was observed as a positive.

The report confirms the rapid growth in consumer spending in tier 2 cities. Its findings revealed that in 2011, the modern trade sector grew 28% nationwide, but leapfrogged with 40% growth in Jaipur, 39% in Indore and 27% growth in Surat. As per Nielsen, the trend is seen to gain momentum, and its share of the total Indian market has increased by 1% point to 9.2%.



### 1.5.3 Growth drivers of retail in India

Retail is India's largest industry, accounting for over 10 per cent of the country's GDP and around eight per cent of the employment. Retail in India has emerged as one of the most dynamic and fast paced industries with a large number of players entering the market. Although majority of the Indian Retail industry is still unorganized but in the last few years organized retail have observed a rapid growth in India. With the Indian big corporate houses like Pantaloons, Aditya Birla group, RPG, Reliance, ITC etc and the foreign players like Adidas, KFC, Zara, Tommy Hilfiger, Levis, Reebok, McDonalds, the Indian Organized retailing eyes for a bigger market share in India's total retail pie.

There are many factors that contributing to the growth of retail sector in India as:

- **Very Low share of organized retailing in India** – According to the 10th Annual (2011) Global Retail Development Index (GRDI) of AT Kearney, Organized retail accounts for only 7 percent of India's roughly \$435 billion retail market. this act as an opportunity for the corporate giants to tap this market and this offers encouraging prospects for the modern retail.
- **Changing consumption patterns-** With the rising income levels as more earnings being brought home by both the working partners, the Indian middle class spending has increased substantially in the past few years. Rise in the nuclear families and hefty pay packages led to high disposable income and ultimately high consumer aspirations. People are now quality and brand conscious and are smart shoppers.
- **Increasing awareness of Indian consumers-** With the technological advancements, use of internet, increasing literacy, global exposure, satellite television, foreign magazines etc. there is a significant increase in consumer awareness among the Indians. Today more and more consumers are selective with regards to the quality of the products/services.

- **Rise in young urban population** – Majority of the Indian population is below 30 years of age. Thus, India has the largest ‘young’ population in terms of sheer size and this young segment is the major driver of consumption as they have the ability (disposable income) and willingness to spend.
- **Increased credit friendliness-** There has been a drastic change in the Indian consumers’ attitude regarding credit. The use of plastic money (credit and debit cards) has increased significantly in the last 3-4 years. In fact the ease of payments (ability to spend without cash) due to the use of credit and debit cards, has also led to an increase in total spending on shopping and eating out. With the acceptance of and the increase in the number of electronic data converter machines installed in retailing outlets, credit and debit cards will provide further boost to organized retail.
- **The untouched Rural markets-** As majority of India lives in villages and this huge market is still untapped and the Indian retail companies are realizing this fact. Retailers like ITC introduced Chaupal Sagar, DCM Sriram has come up with Hariyali Bazaar and Tata entered in rural market as Kisan sansar. This paved the way for other players in retail to enter into the rural markets.
- **The Retail reforms-** The government has allowed 100 percent FDI in the cash and carry format and the recent approval of 100 percent FDI in single brand retailing has raised hopes for the organized retail sector in India. Although, 51 percent FDI in multi-brand retailing is kept on hold because of the opposition by several political parties. The International players can now have their wholly owned outlets in India. This will eventually lead to the growth of organized retailing in India.

#### **1.5.4 Foreign Direct Investment in Retailing in India**

Foreign Direct Investment (FDI) is one of the major sources of investments for a developing country like India wherein it expects investments from Multinational companies to improve the countries growth rate, create jobs, share their expertise, and research and development in the host country.

Indian government denied foreign direct investment (FDI) in multi-brand Indian retail until 2011, stopping foreign retailers from any ownership in Indian retail sector like supermarkets, specialty stores, discount stores, convenience stores or any retail outlets, to sell multiple products from different brands directly to Indian consumers.

FDI in single brand retail was permitted to the extent of 51% in 2006, while FDI in multi-brand retail In India remained prohibited till recently. In July 2010, the Department of Industrial Policy and Promotion (DIPP) had put up a discussion paper proposing FDI in multi-brand retail. In July 2011, a Committee of Secretaries (CoS) had cleared the proposal to allow FDI up to 51% in multi-brand retail, which has been approved by the Union Cabinet in November 2011, albeit with a few riders. The Union Cabinet has also approved increasing the FDI limit in single brand retail to 100% with government approval. While no parliamentary approval is required for the decision, State Governments have the right to prohibit the same in their respective states.

Opposition and several other political parties along with State Governments have raised their voice against the effective implementation of the key reform measures in Indian retail sector. This has led to the postponement of implementation of the reform in FDI in Indian retail.

Anand Sharma, Minister of Commerce and Industry, after a meeting of all political parties on December 7, 2011 said, "The decision to allow foreign direct investment in retail is suspended till consensus is reached with all stakeholders. Where as, on January 11, 2012, by allowing 100% FDI in single-brand retail India approved increased competition and innovation in retail sector.

Below table depicts the associate riders aimed at protecting the interests of small unorganized retailers and farmers in the proposed FDI policy.

<b>Parameters</b>	<b>Multi-brand Retail</b>	<b>Single Brand Retail</b>
Ownership requirement	Minimum investment of US\$ 100 million by the foreign investor	The foreign investor should be an owner of the brand
Investment towards back-end infrastructure	At least 50% of the investment by the foreign company to be in back-end infrastructure <sup>1</sup>	-
Location of stores	Stores to be restricted to cities with a population of one million or more (53 cities as per 2011 Census); given constraints around real estate, retailers are allowed to set up stores within 10 km of such cities	-
Sourcing	At least 30% of manufactured items procured should be through domestic small and medium enterprises (SMEs)	In respect of proposals involving FDI beyond 51%, 30% sourcing would mandatorily have to be done from domestic SMEs and cottage industries artisans and craftsmen
Sales		Products to be sold should be of a 'single brand' (only those brands which are branded during manufacturing) only; sold under the same brand name internationally
Approval of State Governments required		While the proposals on FDI will be sanctioned by the Centre, approvals from each State Government would be required

**Fig.1.9** Source: Press Information Bureau, ICRA

### **1.5.5 Opportunities in Indian Retail**

Retailing in India is growing and large number of big Indian players like Ambanis, Tatas, Birlas, Sunil Bharti Mittal, K Raheja, RPG, Kishore Biyani and many more are competing with each other and with the government's positive nod on liberalizing FDI norms for foreign players the competition in Indian retail is going to be intense in the near future. This growing scenario in the retail market will surely open the doors for opportunities in various aspects.

To cope with a highly competitive and challenging environment, retailers in Indian market are offering opportunities for new hiring, and promotion of their existing human resource with wide range of skills and interests. Retailing will thus create good employment opportunities by offering large number of jobs to the fresh candidates in retail and marketing as well as huge growth prospects for the experienced people in retail. Retailers purchase products and services; develop and manage accounting and management information systems to control retail operations; raise capital from banks and other financial institutions; develop and maintain warehouse and distribution systems; design and develop new products and services, use latest technology, and undertake marketing activities like marketing research, vendor management, promotions, advertising and sales force management and development. Thus, retailers employ people with expertise and interest in buying, finance, accounting, operations management, computer systems, human resource management and marketing.

Retail segment is a lucrative sector offering good employment opportunities presently and in the years to come. Retailing also provides opportunities for entrepreneurial ventures. Some of the world's richest people are retailing entrepreneurs. India being a huge retail market with growing and high population statistics can be a good entrepreneurial venture in retail. Retailing examines the life of one of the world's greatest entrepreneurs like Sam Walton (Wal-Mart), Kishore Biyani (Future group), Jeff Bezos (Amazon.com), Donald Fisher (The Gap) and Dave Thomas (Wendy's). Thus, retailing in India has a wide scope for the people who wish to start their own business

## 1.6 RETAIL IN RAJASTHAN

Rajasthan means the *Land of the Kings*, is the largest state of the Republic of India by area. It is located in the northwest of India. Rajasthan covers 10.4% of India, an area of 342,269 square kilometers. Rajasthan's economy is primarily agricultural and pastoral. Wheat and barley are cultivated over large areas, as are pulses, sugarcane, and oilseeds. Cotton and tobacco are the state's cash crops. Rajasthan is among the largest producers of edible oils in India and the second largest producer of oilseeds. Rajasthan is also the biggest wool-producing state in India and the main opium producer and consumer. There are mainly two crop seasons. The water for irrigation comes from wells and tanks. The Indira Gandhi Canal irrigates northwestern Rajasthan.

Rajasthan had a literacy rate of 67.06% (80.51% male and 52.66% female). Although Rajasthan's literacy rate is below the national average of 74.04% and although its female literacy rate is the lowest in the country (closely followed by Bihar at 53.33%), the state has been praised for its efforts and achievements in raising both male and female literacy rates. Population of Rajasthan is 68.6 million (2011 Census) and it encompasses 222 Cities and Towns.

Rajasthan is famous for its majestic forts, intricately carved temples, and decorated havelis, which were built by Rajput kings in pre-Muslim era Rajasthan

The main industries are mineral based, agriculture based, and textiles. Rajasthan is the second largest producer of polyester fibre in India. Rajasthan is now the preferred destination for IT companies and North India's largest integrated IT park is located in Jaipur and is named as Mahindra World City Jaipur covering nearly 3,000 acres (12 km<sup>2</sup>) of land. Some of the companies operating in Rajasthan include Infosys, Genpact, Wipro, Truworth, Deutsche Bank, NEI, MICO, Honda Siel Cars, Coca Cola and Procter & Gamble.

Rajasthan is often called a shopper's paradise. Rajasthan is famous for textiles, semi-precious stones and handicrafts. The attractive designs of jewelry and clothes are eye-catching and invite shoppers. Rajasthani furniture has intricate carvings and bright colors.

Rajsthani handicrafts are in demand due to the intricate work on them. Above all, Rajasthan's shopping appeals to both tourists and people from other parts of India due to its cheap prices for quality goods.

Retail sector in Rajasthan shows similar growth trend as of India. With growing purchasing power, the State is showing a tremendous opportunity. Although, retailing in Rajasthan is at a nascent stage but with the emerging cities and overall economic boom have attracted top retail brands and chain stores to Rajasthan. This shows a very high potential and growth prospects for organized retail sector to flourish in Rajasthan. Jaipur the Capital city of the state is the major hub of the modern retail in Rajasthan almost every brand is available in the city and the mall culture is in a boom. Other major cities like Jodhpur, Ajmer, Udaipur, Bikaner, Sriganganagar, Kota etc. also show a growth trend in terms of retailing opportunities. Almost all the major players in retail present in India are trying to enter and establish themselves in the Royal state of India.

### **1.6.1 Major Retailers in Rajasthan**

#### **Reliance**

Reliance is one of the biggest players in Rajasthan retail industry. More than 50 Reliance Fresh stores and Reliance Mart have been started in last 5years or less.

#### **AV Birla Group**

AV Birla Group has a strong presence in Rajasthan apparel retailing. The brands like Louis Phillipe, Allen Solly, Van Heusen, Peter England are quite popular. It's also investing in other segments of retail.

#### **Future Group**

Future Group, led by its founder and Group CEO, Mr. Kishore Biyani, is one of India's leading business houses with multiple businesses spanning across the consumption space. The brands like Big Bazaar, Future Bazaar, and Pantaloon are popular in various cities of Rajasthan.

In addition, Vishal Mega mart, Hypercity, Spencer's, Tanishq, Titan, and many franchise stores of various multinational retailers like Addidas, Nike, Zara, Tommy Hilfiger, Levis, McDonalds, KFC, have their presence in Rajasthan.

### **1.6.2 Retail scenario in Jaipur**

Jaipur is one of the finest planned cities of India, located in the semi-desert lands of Rajasthan. The city which once had been the capital of the royalty now is the capital city of Rajasthan. In the 2008 Conde Nast Traveller Readers Choice Survey, Jaipur was ranked the 7th best place to visit in Asia and in another poll it was ranked third among twelve major Indian cities.

As of 2011, Jaipur district had a population of 6,663,971 (contributing 9.71% towards state population) with 26.91% increase in population since 2001. Jaipur district is a centre for both traditional and modern industries. It is famous as largest exporter of gold, diamond and stone jewelry in Asia and the only city finishing blue diamond, or tanzanite, in the world.

Jaipur is a major business centre of Rajasthan with all the requisites of a metropolitan city that includes planned development, transport facilities, profiles and high income levels of the residents. "Jaipur is an upcoming city which is at the cusp of modernization. The lifestyle of the residents is changing and they are increasingly becoming brand conscious. The modern infrastructural facilities are developing fast in the city, and in many cases surpass those of larger cities and even the metros.

#### **1.6.2.1 Shopping Malls in Jaipur**

Jaipur has been known as a shoppers' paradise for its traditional handicraft, jewellery and rich textiles. In traditional markets, the prominent joints are Jauhari Bazar, Bapu Bazar, Nehru Bazar, Chaura Rasta, Tripolia Bazar and M.I. Road. The city is showing a soaring graph of modern retail and shopping centre development. Many large shopping malls have been opened in Jaipur in the last few years which include:



**Crystal Palm**, a Rs 30-crore project with a total built up area of 2,25,000 square feet, commenced operations in May 2007. One of the most ‘happening’ malls in the city, it houses a three-screen Inox multiplex, multiple kiosks placed across the mall and one complete floor dedicated for entertainment, specialty restaurants, coffee shops and children’s amusement. The mall’s key retail tenants include Adidas, Allen Cooper, Wrangler, Monte Carlo, The Mobile Store, Cantabil, Catmoss, McDonald’s, Costa Coffee, iStore, Archies, Blackberrys, M&B Footwear, Pizza Hut, and Sahib Sindh Sultan.

**Crystal Court**, a Rs 20 crore project with a total built up area of 3,10,000 square feet in Malviya Nagar, started operations in February 2006.

**The Crystal Mall** is a Rs 16 crore project with a total built up area of 1,02,200 square feet located at Bani Park, the thriving commercial heart of the city. This property began operations in August 2003.

**Triton Mega mall**, located near Bani Park, features a total built up area of 4,50,000 square feet, and is spread over four floors. It contains 25,000 feet of a centrally air conditioned atrium (with all shops facing the atrium) and a hi-tech virtual gaming zone, apart from a food court and a four-screen multiplex. Anchor tenants include HyperCity, Shoppers Stop, Globus, Liberty and Fun Cinemas. Among the vanilla tenants prominent retail brands are Allen Solly, Levi’s, Tommy, Playlife, United Colors of Benetton, Van Heusen, Wills Lifestyle, Puma, Reebok, Peter England and Jumbo Electronics making a bouquet of more than 20 lifestyle showrooms for elite customers of Jaipur.

**Ganpati Plaza** located at M.I. road is the foremost luxurious shopping mall in Jaipur. Being one of the happening shopping joints especially for its tourist, this Jaipur shopping arena has a wide collection of items from traditional to modern apparels, confectionary to pizzas, electronics to toy and many more. Jaipur Saree Kendra, Rajan’s, Mogli’s Island, Rana Silk & Sarees, Jeypore Jewellers, Heritage Jewels, Villa Appearances, and Satguru Art ‘n’ Frames are some of the popular stores at the plaza.

**Gaurav Tower** located at Malviya Nagar spreading across 25,000 sq meters of area., Gaurav Towers is the perfect destination to shop and enjoy at the same time, with great ambiance, variety, space, and easy parking.

**MGF Metropolitan** located at C-scheme sprawls over 2,50,000 sq.ft. of area has epitomized retail revolution. The metropolitan houses some of the big and popular stores like Lifestyle, food courts, Big Bazaar, entertainment zones all under one single roof which has facilitated the shopping in Jaipur. Some of the famous brands that find place at the Metropolitan are Planet M, Osim, Bose, Levis, United Colors of Benetton, Dockers, Nike, Citizen, Reebok, Tag Heuer.

**Silver Square** at C-Scheme is the perfect destination that you can visit with your family and engage in a shopping spree coupled with playing and eating.

**The other malls in operation** -- Apex Mall, Mall 21, Golcha Trade Center, City Pulse, Vaibhav, and Sun N Moon are the major malls offering a sprawling retail space for the shoppers of Jaipur.

Positioning itself slowly as a lucrative stop for retail real estate development, Jaipur will soon see a host of new malls -- the Trinity Mall by Mahima Group, Jewel of India by Suncity Projects Ltd., City Square by S.G. Infrastructure Pvt. Ltd., Man Upasana Plaza at Sardar Patel Marg by Man Upasana Group, Kshitij Mall by Future Capital Real Estate and World Trade Park by R. F. Properties & Trading Limited.

### 1.6.3 Retail scenario in Ajmer

Ajmer has a population of 2,584,913 (2011 census), and is located 135 kilometres west of the Rajasthan state capital Jaipur, Ajmer is surrounded by the Aravalli Mountains. It is a popular Muslim pilgrim city for the shrine or Dargah of the Sufi Saint Khwaja Moinuddin Chishti. It is also the base for visiting Pushkar (11 km), an ancient Hindu pilgrim town for the temple of Brahma. Ajmer is regarded as a center of education in Rajasthan. In the education sector, Ajmer district have average literacy rate of 70.46 percent. Male literacy and female literacy were 83.93 and 56.42 percent respectively. In all, there were total 1,557,264 literates compared to 1,168,856 literates of 2001 census.

Ajmer is now a trade center for manufactured goods including cotton, wool textiles, leather, hosiery, shoes, soap, and pharmaceuticals. Poultry farming is a major source of income for the urban farmers. The nearby town of Kishangarh is one of the largest markets for marble and marble products. The Investment in marble units is of Rs. 400 Crore. This sector employed 7 thousand direct & indirect persons.

Retailing in Ajmer is more of traditional and Madar Gate, Chudi Bazaar, Naya Bazaar, Dargah Bazaar, and Kesarganj are among the popular markets. Although, organized form of retailing is also growing in the city as many big brands like Levis, United Colors of Benetton, Nike, Reebok, Titan, Van Heusen, Allen Solly, Louis Philip, Wranglar, Lilliput, Catmoss, Havmor and many more are available in the City. Ajmer also has fast food chains like Domino's and McDonald's. Ajmer has two Vishal Mega Marts, three Reliance Fresh stores and a V-Mart. Most of the authorized retail outlets of leading brands are located on Jaipur Road, in Vaishali Nagar, and at India Motor Circle.

Mall culture is also developing steadily in Ajmer City. The Vega Mall located at Soochna Kendra Chauraha is the first mall of Ajmer and has many good brands finding a place in the mall. Three new malls are under construction and are expected to start their operation in the year 2012. These include Miraz located at Anasagar Link Road, Bioscope Zee Cinemall at the Vaishali Nagar Road and Ansal Plaza. Thus, organized retailing in Ajmer is also growing at a decent pace.

#### **1.6.4 Retail scenario in Jodhpur**

Jodhpur is the second largest city in the Indian state of Rajasthan. It is located 335 kilometres (208 mi) west from the state capital, Jaipur. The city is known as the "Sun City" for the bright, sunny weather it enjoys all year. As per provisional reports of Census India, population of Jodhpur is 1,033,918 in 2011; of which male and female nearly constitute 52.62 percent and 47.38 percent respectively. Average literacy rate of Jodhpur city is 81.56 percent of which male and female literacy was 88.42 and 73.93 percent respectively.

The Handicrafts industry has in recent years eclipsed all other industries in the city. By some estimates, the furniture export segment is a \$200 million industry, directly or indirectly employing as many as 200,000 people. Other items manufactured include textiles, metal utensils, bicycles, ink and sporting goods. A flourishing cottage industry exists for the manufacture of such items as glass bangles, cutlery, carpets and marble products. After handicrafts, tourism is the second largest industry of Jodhpur. Jodhpur is fast becoming a major education hub for higher studies in India.

#### **Shopping Malls in Jodhpur**

Jodhpur also foresees growth opportunities for retail sector as most of the retailing practices in the city are still traditional. The shift in the lifestyle of the people in the city ensures a slow but steady growth of the modern retail. Retailing in the Sun city has seen a substantial change with good infrastructure development, increasing number of branded retail outlets and changing consumption patterns of the people of the city. Jodhpur today has quite good number of franchise stores of almost all the brands like Reebok, Nike, Tanishq, Café Coffee Day, VLCC, Ritu Dewra's Fashion boutique, Uncle Sam Pizza, Pizza Hut, McDonalds, Louis Phillip, Van Heusen, Allen Solly, Cantabill, Koutons, John Players, Titan, Levis, Pepe, Monte Carlo etc.

The Mall culture in Jodhpur was started by 'National Handloom' a hypermarket which has occupied almost all the consumer market of Jodhpur. There are 8 branches of National Handloom alone in the City. The brand has created a name in the city and is immensely

successful. The rapid growth of National Handloom in Jodhpur clearly shows that people of Jodhpur are accepting the modern form of retailing very well and thus the city has a lot of potential for the new retail formats. Satyam is another mall that is located at the heart of the city, Sojati gate and a couple of more malls are going to be operational in the coming year.

Future group's Big Bazaar is soon opening near railway station. The hypermarket is under construction and is expected to be operational by June 2012. Jodhpur has three Vishal Mega Mart showrooms, five to six Reliance Fresh outlets and an N-Mart store. These kind of outlets are well accepted in the city and thus offering a lucrative business opportunity for the other big players in retail to grab growing market.

### **1.6.5 Retail scenario in Bikaner**

Bikaner is located 330 kilometers northwest of the state capital, Jaipur and is the fourth largest city in Rajasthan. According to the 2011 India census, Bikaner had a population of 2,367,745. Males constituted 53% of the population and females 47%. Bikaner has an average literacy rate of 66%, higher than the national average of 59.5%; with male literacy of 74% and female literacy of 57%.

Bikaner has some industries like wool production and the mining of Gypsum, plaster of Paris and bentonite. Bikaner is famous for sweets and snacks ("Bikaneri Bhujia). Its camel research farm (NRCC), wool production and PATA culture (Wooden made big square size table which is laid upon the streets where localites sit at their leisure)

Bikaneri Bhujia is a spicy snack made from moth dal, spices and edible oil. Bikaner is also known for its handicrafts and leather articles, for its palaces and for having Asia's biggest camel farm. Bikaner was and is the centre for Usta Art, a generic term for the Manoti-Naqqashi (embossed and unembossed floral and geometric patterned objects layered with gold) media produced by Usta family master artists of Bikaner.

## **Bikaner Shopping**

Bikaner shopping destinations are a shopper's paradise. They have something to offer to everyone. The best time to shop in Bikaner is during the Camel Festival. You can ride on a camel and shop for the local crafts in the numerous stalls put there. Apart from that, the other famous shopping places in Bikaner, Rajasthan are Kote Gate and King Edward Memorial Road.

The most famous shopping items of Bikaner are the camel leather products consisting of camel leather shoes, camel leather chairs, camel fur rugs, camel leather belts, bags, wallets, miniature paintings on camel hides, etc. Apart from that other popular items of Bikaner are: Mojari (Bikaneri style), Rangi dupatta, Kundan work, Wooden antiques, Lacquer Bangles, Carpets, Beaded and sequined gorbands, Cotton fabrics with sangneri prints, Nokha Quilts (known for lightweight and good insulation), Paintings etc. Other exquisite works of Bikaner consist of arranging uncut stones, mainly diamonds, into gold as decoration for swords, sweet boxes, etc.

Bikaner has a rich shopping culture. Khajanchi market, Jain Market, Sahal Palace, Toliasar Bhairooji street, Panchshati circle, Rani Bazaar and Ambedkar circle are the key and the oldest places in Bikaner for shopping and leisure. These places have majority of traditional outlets and are all time crowded. In the recent few years organized retailing has also started growing with many brands entering in the market like Lilliput, Wrangler, John Players, Reebok, Sony, etc.

Bikaner has one Vishal Mega Mart located near railway station, which is doing good. The city has two malls which are not too big but they have initiated the mall culture in the traditional city. One is Silver Square located in Rani Bazaar, which has ICICI Bank, a restaurant, and some good retail outlets. The other one is the Heeralal Mall located opposite railway station also has some good branded franchise stores, a hotel Heera lal and some eating joints.

Thus, the growth of modern retail is somewhat slow in Bikaner but it holds a great potential and with the success of the present modern retail outlets and good acceptance level of the people of Bikaner the city promises good future business prospects for the organized retailers.