PROBLEMS FACED BY ORGANISED RETAIL: WITH SPECIAL REFERENCE TO SHOPPING MALLS

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Abstract
Modern retailing has entered India in form of malls and huge complexes offering shopping, entertainment, leisure to the consumer as the retailers experiment with a variety of formats, from discount stores to supermarkets to hypermarkets to specialty chains. India, Russia, China and Vietnam top the list of the most attractive emerging markets for retailers' investment in 2007, While India and Russia have held the top two spots since 2004, China's booming consumer spending, together with retailers moving into second-tier cities, helped it rise to No. 3 from its No. 5 spot last year, according to the 2007 Global Retail Development Index from management consultant firm A.T. Kearney. The largest form of organized retailing today. Located mainly in metro cities, in proximity to urban outskirts. Ranges from 60,000 sq ft to 7,00,000 sq ft and above. They lend an ideal shopping experience with an amalgamation of product, service and entertainment, all under a common roof. Examples include Shoppers Stop, Pyramid, Pantaloon.

Key words- shopping mall, organized retailing, and problems of organized retailing.

Introduction :

India is a nation of shopkeepers. We can see more than 12 million retail outlets in India, and India has highest density of retail outlets in the world. Retail Industry in India is at present estimated to be more than US $ 250 billion. On that part of organized retailing is estimated 3.5% i.e. $ 7.47 billion. In future by the year 2010 the vision of Industry is to attain the goal which is estimated US $ 23 billion in organized retail.

The growth of retail as the sector is phenomenal, in Indian market, the journey of retail from the super stores to hyper market is acknowledged just in 5 years. Initially, the major factor, come up as a constrained in the growth of organized retailing was the availability of space in market place. The simultaneous growth of the real state addressed the issue of floor space availability for retail out lets. What happened first is difficult envisage but simultaneous growth of retail & real state sectors proved complimentary to each other.

History of Indian Retailing :

In the early 1980s manufacturer's retail chains like Binny, S Kumars, Vimal, Bombay Dying, HMT, Allwyn, etc started making their appearance in bigger cities. Later in 1990s Branded retail outlets like Food world, Nilgris and local retail outlets like Trinetra super market, Apna Bazaar, came into existence. Now big players like Reliance, Bharti, Tatas, ITC and other reputed companies are entering into organized retail businesses. And the big multinational retailers are waiting to enter India in the form of direct entrance eg: - Nike, Reebok, Metro etc or Joint Ventures eg: - Bharti with Wal Mart and Tatas with Tesco.

In India, it can evidently noticed that there are Mandis/Bazaars (place where vegetables and groceries are sold) in county side, some daily and some weekly, but most people recognize them as weekly mandis only where in all house hold and vegetables are sold and later small stores came up at corners of the streets or residential locality which were called as Kirana stores now referred as Mom and Pop Stores,

The increase in the land value and number of real

estate companies investing in this field has also helped power the boom as financing is made easier, one can see that software companies like satyam has marked their presence in reality and infrastructure and the reality company, k Raheja group has stretched their wings to retail. The noted swift growth in reality industry is of significance and this is changing the evolution and the spectrum of whole marketing of FMCG, farm and diary products.

Factors Affecting the Growth of Retail In India:

With the upcoming concept of organized retailing, now for last few years, the Indian market is witnessing the organized retail giants, capturing the major space even in urban and rural markets. The paradigm shift was caused due to following causes:

- **Demographic factors-** The increase in the population and specially in the age group of 20-40 years and they have a tremendous purchasing capacities.
- **Life styles-**The change in the life style in life of Indians have shifted to western values and culture.
- **Literacy-**The advent of new literacy programmes and the increase in educational and literary values have made changes in the buying behaviour.
- **Better disposable income of the customers-**The increase in GDP and increase in Income of the consumers has paved the path for the development of new shopping malls.

Facts About the Organised Retail Markets :

According to study carried out by Assocham, a whooping Rs. 1, 31,804 crore has been invested in organised retailing in last 6 months alone. Some of the other related highlights of that study are:

- Real estate companies like Unitech and DLF draw up plans that cater to growing demand of shopping malls; capex of Rs65,000 planned to be invested in real estate development for retail space in next four to five years; food and grocery is next big retail segment with investment plan of Rs22,100 crore.
- Hyper marts will soon dot the Indian retail space with investment announcements of Rs29, 154 crore expected to set them up.
- With big retail malls in the pipeline, real estate development for organized retail sector attracts maximum investment announcements, amounting to Rs65, 000 crore.

Unitech with capex of Rs20, 000 crore, DLF with outlay of Rs16, 000 crore and 5,000 crore by Parsvnath Developers will strengthen construction of mega retail stores.

Big Players:

The Pantaloon and the Big Bazaar or the Vishal Mega Mart is the few players, which are taking a market beyond limit. The retailing concept is booming. The companies qualifying with their more customers and sells of their products in India. The Rahjeja group, RPG, Priamals, Shopper's Stop, Lifestyle, Globus, Will's Lifestyle, Westside, Subhiksha, Vivek's Nilgiris, Crossroads, Tata, Godrej, Hero, Reliance, are the few upcoming players at national level.

Organized retailing is bound to grow tremendously provided the right marketing strategies are adopted. Retail businesses have broken rank and seem poised to surge ahead with renewed vigour, optimism, confidence and capability.

Problems in Retail Stores :

The following are the obstacles in the path of a ideal retail outlet-

1. Inventory cost of assorted products
2. Financial Budgets
3. Floor space for assorted product
4. Variety & Availability of product.

- Floor space requirement in the store and proper utilization of the space provided: The managers while deciding floor space requirement for a retail store, should critically examine the following factors and only then they should make a choice between the various issues:

1. Foot Fall of customer
2. Store location
3. Product variety & display
4. Fixture, and item on-shelf allocation
5. Product assortment (high & low profit)
6. Sales forecast (slow & fast moving products)
7. Inventory of assorted products
8. Forecasted demand from trade area
9. Profit potential for the retail.
10. Convenience of customers to reach to the product displays

- **Increase in optimization of profits :** The optimization of profit for Retail outlet may be developed by taking the strategic decisions on the following maximizing factors:

1. Minimizing the per square feet cost of the retail floor.
2. Product categorization (Destination, Routine, Convenience, Seasonal)

3. Category assessment using Product Category Using Gross Margins return on Investment (GMROI)
4. Allocation of more space to fast moving products with high profit margins.
5. Allocation of more space to fast moving products with low profit margins.
6. Estimating the right demand for slow moving but high profit margins products, to reduce the inventory cost.
7. Decisions to keep or not, the slow moving products with low profit margins.
8. Trade off between Variety, Assortment and Product availability.
9. Vertical & Horizontal Display of Products
10. Customer Relation ship Management

Problems in Organised Retailing :

The obstacles that are hindering the path of development of Retail outlets are being described as follows-

1. The organized retail industry in India is faced with stiff competition from the unorganized sector.
2. There is a shortage of quality real estate and infrastructure requirements in our country.
3. Opposition to Foreign Direct Investment from small traders affects retail industry.
4. Very high stamp duties on transfer of property affects the industry.
5. Shortage of retail space in central and downtown locations also hinders the growth of retail industry.
6. Presence of strong Pro-tenancy laws makes it difficult to evict tenants and this is posing problems.
7. Land-use conversion is time consuming and becoming complex.
8. For settling property disputes, it consumes lot of time.
9. Rigid building laws makes procurement of retail space difficult.
10. Non residents are not allowed to own property except they are of Indian origin.
11. Prohibition of Foreign investment in real estate business.
12. Customs duties are levied on import of goods in India.

Suggestion for Retailer to Success In Organized Retailing :

1. Maintaining low cost of operations because these ultimately leads to high prices.
2. Focusing on customer services, service quality and maintain customer loyalty.
3. Making arrangements for adequate capital investments.
4. Human resource should be efficiently trained and proper retention should be maintained.
5. Reducing shrinkage and pilferage.
6. Investing updated and cost-effective technology.
7. Building a reliable supply chain and logistics systems and maintaining good relationship within various distribution channels.
8. Effective positioning and segmentation of the retail outlets targeting in properly searched location.
9. Creating and promoting private label brands as they increase in revenues of shopping malls.

Conclusion :

The debate over the future of India's retail sector has arisen because people are questioning whether the public land used for these malls, the ultimate symbol of consumerism, is being put to good use. Critics argue they have done nothing to change many people's lives.

In fact, because the malls are offering attractive prices, they are squeezing out the small traders who can no longer afford to compete - thereby sharpening the divide between the rich and poor in India. By 2007 there will be 300, according to the International Council of Shopping Centres.

Economists say the boom is being driven by demand, the liberalisation in trade and because people in India have more spending power.

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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%

Types of Retail Outlets :

Format	**Description**	**The Value Proposition**
Branded Stores	Exclusive showrooms either owned or franchised out by a manufacturer.	Complete range available for a given brand, certified product quality
Specialty Stores	Focus on a specific consumer need, carry most of the brands available	Greater choice to the consumer, comparison between brands is possible
Department Stores	Large stores having a wide variety of products, organized into different departments such as clothing, house wares, furniture, appliances, toys, etc.	One stop shop catering to varied/ consumer needs.
Supermarkets	Extremely large self-service retail outlets	One stop shop catering to varied consumer needs
Discount Stores	Stores offering discounts on the retail price through selling high volumes and reaping economies of scale	Low Prices
Hyper- mart	Larger than a supermarket, sometimes with a warehouse appearance, generally located in quieter parts of the city	Low prices, vast choice available including services such as cafeterias.
Convenience stores	Small self-service formats located in crowded urban areas.	Convenient location and extended operating hours.
Shopping Malls	Enclosure having different formats of in-store retailers, all under one roof.	Variety of shops available to each other.