

Emerging Trends in Modern Retail Formats & Customer Shopping Behavior in Indian Scenario: A Meta Analysis & Review

"If at first the Idea is not absurd, then there is no hope for it."

-Albert

Einstein

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Abstract

The Indian retail sector is going through a transformation and this emerging market is witnessing a significant change in its growth and investment pattern. Both existing and new players are experimenting with new retail formats. Currently two popular formats hypermarkets and supermarkets are growing at a rapid pace. Apart from the brick –mortar formats, brick -click and click-click formats are also increasingly functional on the Indian retail landscape. Consumer dynamics in India is also changing and the retailers need to take note of this and formulate their strategies and tactics to deliver the exact expected value to the customer. In the backdrop of all these developments the present paper makes an attempt to:

- *Explain the emerging trends in the development of Modern Retail formats in Indian Context and Highlights the emerging Rural Retail Landscape and also,*
- *Reveals the Consumer Shopping Behavior (Across the Country) among the Modern Retail Formats with special reference to Delhi & NCR.*

The empirical data has been collected with the help of Primary as well as secondary resources.

Key Words: Hypermarket, Convenience Store, Retailing, Malls, Shoppers

Introduction

India has witnessed a frenetic pace of retail development over the past five years. Goldman Sachs has estimated that the Indian Economic growth could actually exceed that of China by 2015. It is believed that the Country has potential to deliver the faster growth over the next 50 years. (1)

As we all know that India has been a nation of Dukandars, having – approximately 12 million retailers. Obviously retailing is in our blood – either as a shopkeeper or as a shopper. The Indian Retail market is estimated to grow from the current US \$ 330 billion to US \$ 427 billion by 2010 & U. S. \$ 637 by 2015. Retail which contributes 10% of our GDP is the largest source of employment after agriculture. (**Annexure: 10**)

In the year 2004, ratio of organized-Unorganized retail was 3:97 which is expected to be 9:91 by 2010. (*Annexure: 9* It is not just the global players like Wal-Mart, Tesco and Metro group are eyeing to capture a pie of this galloping market but also the domestic corporate behemoths like Reliance, NeelKamal, KK Modi, Aditya Birla group, and Bharti group too are at the same stage of retail development...

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1. India's Economic Growth May Beat China by 2015: Goldman Sachs, Asia Pulse, February 7, 2005.

There is increased sophistication in the shopping pattern of customers, which has resulted to the emergence of big retail chains in most metros; mini metros and towns being the next target. Customer taste and preferences are changing leading to radical transformation in lifestyles and spending patterns which in turn is giving rise to new business opportunities.

The generic growth is likely to be driven by changing lifestyles and by strong surge in income, which in turn will be supported by favorable demographic patterns.

Development of mega malls in India is adding new dimensions to the booming retail sector. There is significant development in retail landscape not only in the metros but also in the smaller cities. Even ITC went one step ahead to revolutionize rural retail by developing '**Choupal Sagar**'; a rural mall, for the Rural India. On one hand there are groups of visionary corporate working constantly to improve upon urban shopping experience and on the other hand some companies are trying to infuse innovative retail experience into the rural Set up. Given the situation we can say that Indian Retailing is at boom.

The Macro Picture:

Retailer inspired by the wall-mart story of growth in small town America, are tempted to focus on smaller towns and villages in India. However, a careful analysis of the town strata-wise population, population growth, migration trends of customer spending analysis reveals a very different picture of India

As per the NCAER estimates,(*Annexure 7& 8*) the share of the 35 towns with a present population of greater than 1 million in India's total population would grow much faster than their smaller counterparts, from 10.2 % today to reach 14.4 % by 2025.

Simultaneously, the share of these towns in retail market would grow from 21 % today to **40 % by 2025**. Within these top 35 towns, an estimated 70 to 80 % of retail trade would be in the organized sector. This is similar to the experience in China where in cities like Sanghai and Beijing, the organized sector accounts for 70 to 80 % of overall retails trade in certain categories. Retailers should therefore focus on top 37 towns in the next decade, as the opportunity in smaller towns and rural India would be smaller and more fragmented as compared to the larger towns. But again this is the one side of the coin. only.

Classification of India (Customers) on the basis of Research: Research Conducted by Future Group future group² research classifies Indian Customers into three sets and provides a base to the retailers in segmenting the Indian market. The research shows that serving class consists of approximately 55% of the population, the major one & only 14% are in the upper middle class, regarded as consuming class.

2. Future Group Research, Published in “It Happened in India” by Kishore Biyani, 2007

It indicates that retailers should target this segment (India 2) rather than focusing on India one only, and should formulate their strategies according to the needs and expectations of serving class, to flourish in the market

Classification of Customers

India 1	India 2	India 3
Consuming Class	Serving Class	Struggling class
<ul style="list-style-type: none"> • Constitutes only 14 % of the country’s population • Most of these customers have a substantial disposable income and they form part of usually called as the upper middle and the lower middle class 	<ul style="list-style-type: none"> • Includes people like drivers, house hold helpers, office peons, liftmen, washer man etc. • These people make life easier and more comfortable for the consuming class or India 1. • Research indicates that for every India one at least three India Twos are there, making up approx. 55 % of the population but due to low income they have a very little disposable income to spend on buying aspirational goods & services . 	<ul style="list-style-type: none"> • It lives hand-to-mouth existence, so can not afford to even aspire for good living. • Unfortunately this segment will continue to be on the peripheries of the consumption cycle in India, in years to come.

Source: Future Group Research, Published in the Book “It Happened in India” by Kishore Biyani, 2007 issue.

Emerging Trends in Consumers’ Income & Consumption Pattern: NCAER study and some other data published by different research & consulting sources indicate the following trend in Consumer income and put the following projections about the Indian retailing:

1) Growing Prosperity: Making Indian Consumers Great: As per **India's Marketing White book (2006)**³ by Business world, India has around 192 million households. Of these, only a little over six million are '**affluent**' – that is, with household income in excess of INR215, 000. Another 75 million households are in the category of '**well off**' immediately below the affluent, earning between INR45, 000 and INR 2, 15,000. This is a sizable proportion which offers excellent opportunity for organized retailers to serve.

3. Marketing White book, 2006, Business World, pp.114-15

2) Increase in the Sizable Disposable Income: Business communities believe that sizable disposable income in India is concentrated in the urban areas and well off and affluent classes; income distribution in India is unequal compared to other Asian economies. In fact, the 20 million middle class home in rural **India equals** the number in urban **India**⁴ and thus have the same purchasing power.

Therefore, there is significant and considerable opportunity for organized retailers in the rural areas as well. There is no denying that the rural market holds immense promise for the organized retail but companies ponder over, how to serve that market profitably. Unlike the urban market, it is less developed in terms of infrastructural facilities.

3) Place is no more important: The Major issue is to find out a suitable business model and retail format to fit local taste and preferences. Of course, cost of doing business in rural market would be lesser, as compared to urban market but reaching out to the mass is a concern. For example the most successful and the largest incorporation, Wal-Mart started in the rural market where as competition started in the urban market. This retailer has proved that it is important to understand how do you operate your business model rather than where you do it. Given the increasing urban exposure of rural India, the urban and the rural upper-income groups can form an interesting continuum market, giving it a scale of 23 million households, or **115 million consumers**.

4) Increasing Potential in Rural Markets: NCAER data shows that for 1998-99, for a basket of 22 FMCG products it tracks, a total of over Rs 91,500 crore was spent. Of this, 37% was spent by the two lowest-income groups in rural India, and only about 20% by the top two income groups in urban areas.

This is, perhaps, the best and only statement of the structure and potential of the Indian market. Hence, marketers have to worry about purchasing power of consumers not where do they reside. For example there are nearly **42,000 rural haats**, average number of sales outlets per **haat is 300** and average sales per outlet is INR 900 and average foot fall in a **haat is about 4,500**. In rural India there are 50 million

Kisan Credit Card (KCC) holders. These are some of the indicators how rural India is performing well & coming up.

5) As per NCAER data no. of Household having income of < 90,000 per annum in 2005-06 was 1,32,249 (000) is projected to come down to 1,14,394 by 2009-10 which indicates that middle class is growing and they are emerging as real customers.(Annexure:1,2,3,4)

6) Higher Proportionate Rural Expenditure: While an average City-dweller may be spending almost twice than his counter-part in rural areas but in terms of allocation of his budget to key segments, the villager has sprung a few surprises. According to the latest data on household Consumption expenditure, rural India is allocating almost 10% of the monthly household Budget for fuel & Lighting while an average urban household spends 9% under the same head. (Annexure: 11) **.Still it remains attractive because of intense competition in Urban India.**

4. NCAER Research on Indian Consumers, The Great Indian Consumer, 2005,

In value terms, however there is a sharp difference with rural Indian households earmarking Rs. 60 a month as consumption expenditure, compared to Rs.110 in cities and towns. After all, at Rs.19 a day or Rs. 625 a month, the average consumption spending too is low in rural areas, compared to Rs. 39 a day or Rs.1171 a month in urban India.

The rapid rise in incomes will lead to an even faster increase in demand for consumer durables and expendables. Result by; the ownership of goods will also go up significantly by getting empowered through rise in the size of the great Indian middle class. (Annexure-5, 6, 7)

7) Young Population: By 2010 almost half of our citizens will be in the working age group of 20-24 years. A youthful, exuberant generation, bred on success will not drive the productivity but also set a spiraling effect on consumption & generation of income. Currently the country has a population of over one billion, 60% of which is under 30 years of age. This means majority of the population is young and working class with higher purchasing power. The low median age of population means a higher current consumption rate which augurs well for the retail sector. Consumer spending in India has grown at over 12 percent since mid-1990s and 64 per cent of Indian GDP is accounted for by private consumption. Over the last decade, the average Indian spending has gone up from INR 5,745 in 1992-93 to INR 16,457 in 2003-04 and is expected to grow around its trend rate of 12 per cent per annum.

8) Fundamental Changes in Indian Economy: There are fundamental but significant changes underway in our economy. In January 2006, the government announced that foreign companies can own up to 51 percent of a single brand retail company, such as Nike or Adidas. This decision would certainly encourage retailers such as Zara⁵ and Gap⁶ to enter this market. Tesco is planning to enter the market through a partnership with Home Care Retail Mart Pvt Ltd and expects to open 50 stores by 2010.⁷

Research Design: In order to fulfill the objectives of the study primary as well as secondary data have been collected to analyze the trends in modern retail formats meticulously. *To analyze the emerging trends in shoppers' behavior 30 shop keepers from 6 Malls operating in Delhi & NCR were interviewed during November 2007-Jan 2008. Since the study is focused on country analysis, hence, for the rest part of the country secondary data published by different research institutions like TSMG, CSSO, Future Group, NCAER etc have been considered to draw the key inferences.*

The Logic behind selecting the area of Delhi & NCR for primary data collection can be justified by the argument that due to high migration rate from different states of the country to the Delhi & NCR makes it almost representative of the entire country. Since there are very few studies in the field of retail which focus on country-analysis, so, it forced the researcher to pursue meta-analysis & review. The research design can be understood as follows:

5. Leading Spanish fashion retail chain operates the eight store formats: Zara, Berschka, Massimo Dutti, Pull & Bear , Stradivarius, Kiddy's, class, Oysho and Zara Home.

6. Gap Inc., is one of the World's largest specialty retailers with more than 3000 stores offering clothing, accessories & personal care products for men , women, children & babies under the Gap.

7. The Global Retail Development Index,(2006) , AT Kearney.

Research Design

<p>Secondary Research Conducted by NCAER, CSSO, TSMG, ICRIER, and FICCI India Retail Report was referred to analyze the Emerging trends in Modern Retail Formats in Indian scenario.</p>	<p>Primary data was collected from 30 shopkeepers operating in different malls of Delhi & NCR to analyse the Customer shopping Behavior in Modern Retail Formats.</p>
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Meta Analysis & Review :

Emerging Trends in Modern Retail Formats:

It is difficult to fit a successful international format directly and expect a similar performance in India. The lessons from multinationals expanding to new geographies also point to this. For example, Wal-Mart is highly successful in USA but the story is different in Asian countries like China. Therefore, it is important for a retailer to look at

local conditions and insights into the local buying behavior before shaping the format choice. Considering the diversity in terms of taste and preferences prevailing in India, the retailers may go for experimentation to identify the winning format suited to different geographies and segments. For example, the taste in south is different from that in north and this brings challenges to the retailers. Therefore, most of grocery retailers are region centric at this point in time. The available research findings on retail indicate the following trends in Modern Retail formats:

- 1) **Trial & Error:** Now a number of retailers are in a mode of experimentation and trying several formats which are essentially the representation of retailing concepts to fit into the consumer mind space. Apart from geography even rural and urban divide poses different kind of challenge to the retailer. Pantaloon Retail India is experimenting with several retail formats to cater to a wide segment of consumers in the market. Some of the new formats are Fashion Station (popular fashion), Blue Sky (fashion accessories), aLL (fashion apparel for plus-size individuals), Collection i (home furnishings), Depot (books & music) and E-Zone (Consumer electronics).
- 2) **Emergence of Wholesale Clubs:** Since retailers are trying to segment the market with the help of formats, they developed another new format in the form of Wholesale Club to sell a segment of consumers, who purchase on bulk and look out for substantial discounts and offers. The new format is going to be a kind of wholesale club which is likely to be located close to Food Bazaar. Consumers who are interested to purchase on bulk can take benefit from this format. Similarly the Land mark group also operates multiple formats such as hypermarket (Max), departmental store (Lifestyle), Shoe mart and Funcity⁸ etc. Such experimentation and identification of an appropriate format for the local conditions would separate winners from losers in India, possibly implying multiple formats could be the reality in the long run. Pantaloon Retail India Ltd is a live example of that in Indian scenario.

8. Family Entertainment Centre which offers excellent opportunity for Kid to learn and have fun.

- 3) **Increasing Acceptance of Rural Markets:** Mall-mania is phenomenal in India and is spreading fast and entering even the second tier cities in India. Real estate developers are jumping very fast to take this further from Metro cities to smaller cities and corporate houses like ITC and Sriram group are making steady progress to make this phenomena feasible in rural markets as well. There is no denying that the top notch cities like Mumbai, Delhi, Bangalore, Hyderabad, Kolkata, Chennai and

Pune are leading the way but the second tier cities like Ludhiana, Chandigarh, Nagpur and Surat are also catching the eye of all retailers. Retail developers are in such a mood that they may over ride the requirement in a specific city.

- 4) **Govt. is also promoting the Development of Modern Retail Formats:** Large format malls are increasingly getting prominence with adequate retail space allocated to leisure and entertainment. Some states like Punjab have lifted entertainment tax on multiplexes till 2009. This boosted the confidence of the mall developers to accommodate entertainment players like PVR, Waves, Adlab and Fun Republic in large malls.
- 5) **Efficient Buying: Increasing Importance of Supermarkets & Discount Stores:** Such a format provides the greatest selection of any general merchandize and very often serves as the anchor store in shopping mall or shopping centre. In India, the number of department stores is less as compared to other retail formats such as supermarkets and discount stores. Shoppers' Stop is the first one to open a department store in the early 1990s and currently operates 19 stores in 10 different cities in India .The store strongly focuses on lifestyle retailing and mainly divides into five departments such as apparel, accessories, home décor, gift ideas and other services. Shopper's Stop is getting stronger and stronger year after year. It attracts more than 12 million shoppers every year with a conversion rate of 38 per cent. In the end of FY2000 this retailer had 5 stores and is in the process of reaching 39 stores with retail space of 2,502,747 sq ft by FY08.

Another operator Lifestyle India began operations in 1998 with its first store in Chennai in 1999 and in March 2006 it opened one of the largest department stores in the same city. The store spreads over 75,000 sq. ft and store provides customers a great shopping experience with three floors of apparel, footwear, products for children, household furniture and decor, health and beauty products.

- 6) **Hypermarkets: The Biggest Crowd Puller:** Hypermarkets have emerged as the biggest crowd pullers due to the fact that regular repeat purchases are a norm at such outlets. Hypermarkets not only offer consumers the most extensive merchandise mix, product and brand choices under one roof, but also create superior value for money advantages of hypermarket shopping. With product categories on offer ranging from fresh produce and FMCG products to electronics, value apparels, house ware, do it yourself (DIY) and outdoor products, the hypermarkets are emerging as one of the popular formats in India.. Number of players operating hypermarket format are increasing day by day. One of the leading players in this format is

Pantaloon Retail India Limited which operates 32 Big Bazaars in twenty cities. In early 2006, the K. Raheja Corp (C.L. Raheja Group) has introduced its value retail concept hyper city which is the country's largest hypermarket at 118000 sq ft. hyper city Retail plans to open 55 hypermarkets by 2015. As the market is expanding and consumers are in a mood to accept changes, hypermarkets are getting overwhelming response from consumer. Currently there are about 40 odd hypermarkets in India but this format holds a great potential for growth.

- 7) **Customers still rely on traditional concepts:** A super market normally sells grocery, fresh, cut vegetables, fruits, frozen foods, toiletries, cosmetics, small utensils, cutlery, stationery and Gift items. In India Food World, Food Bazaar, Nilgiri (30 plus stores), and Adani are the leading super market operators .One of the biggest super market operators in the western India is Adani Retail Limited which operates Adani super market plans to continue its journey to reach total 19 cities with the store strength of 60 plus in the state of Gujarat. ARL also plans to expand its operation in the neighboring states of Rajasthan, Madhya Pradesh, Maharashtra and Chhattisgarh.

Subhiksha is one of the leading super market operators, who largely operates in the **southern part of India** is expanding to **western India**. One more retailer Reliance Retail is on the move and this retailer opened its Reliance Fresh-a super market chain with 11 stores in Hyderabad in November 2006 and is planning to enter 70 more cities within 2 years.

- 8) **Emergence of Private-Label Brands:** The private labels are offering flexibility to both the retailer and the consumer on price front. The objective of the store is to offer variety at affordable price in each category. Food Bazaar have made the transition from just a grocery retailer to developing emotional bonding with shoppers by providing some value added services to the shoppers. Some of these initiatives include : **(Jo Dikhta Hai wo hi Bikta Hai)**

Live chakki: which allows customers to buy fresh wheat and have it grinded there at the store

Fresh Juice counter: This provides customer to have fresh juices.

Live dairy: This provides customers with fresh milk and milk products.

Live kitchen: Customers have the option of buying vegetables, getting them chopped, cooked fully or partly. Soups, salads and sandwiches are also available at live kitchen.

- 9) **Ease of Shopping & Customized Services: Order of the Day: To activate it a new format has emerged in the name**

of Convenience Store. A Convenience store offers locational advantage to the shoppers and provides ease of shopping and customized service to the shoppers. It charges average to above average prices, depending on the product category and carries a moderate number of stock keeping units (SKUs). Normally it remains open for long hours and shoppers use it for buying fill-in merchandise and emergency purchases. In India, Convenience stores occupied 23 thousand sq. meter of retail space with sales of about Rs 1347 million in 2005 and are expected occupy 85 thousand square meter of selling space by 2010 .

- 10) **Magnetic Effect: Discounters not Shopkeepers:** Wal-Mart, the largest retailer in the world is a discounter. Practically the discounters offer several advantages such as lower price, wider assortment and quality assurance. The discounters like Wal-Mart and Aldi were able to quickly build scale and pass on the benefits to the consumer. However, in the long run success depends on the operational efficiency and consistent value delivery to the consumer. The same retailer Wal-Mart struggles in Asian countries like China but extremely successful in USA. It is believed that the average Indian consumer is highly price-sensitive and looks for savings in term of money in their grocery purchase. So price-value equation is a critical component in most of the grocery purchases.
- 11) **Category Killer: A New Concept imported from U.S.:** The category killer concept originated in the U.S. due to abundance of cheap land and the dominant car culture. Category Killer is a kind of discount specialty store that offers less variety but deep assortment of merchandise. By offering a deep assortment in a category at comparative low prices, category specialist can be able to “kill” that specific category of merchandise for other retailers. Generally such kind of retailers uses a self service approach. They use their buying power to negotiate low prices, excellent terms and assured supply when items are scarce. In India this kind of retail stores are not prevalent at this point of time. But there is scope for such kind of format. In India, Mega-Mart is one sort of category killer which sells apparel products.
- 12) **Dollar Stores:** Dollar stores have their roots in America's homey five-and- dimes, the general stores that offered a range of products at low prices. But modern dollar-store retailers are having more sophisticated operations; leveraging their growing buying power to strike special deals with vendors and continuously striving for unique advantage of both convenience and price. Some chains sell all their goods at \$1 or less. Others offer selected items at higher prices. Most sell a combination of paper products, health and beauty supplies, cleaning products, paper and stationery, household goods, toys, food and

sometimes clothing. Both private-label and brand-name goods fill the shelves. They are looking for employing technology to manage large distribution networks. Store 99 is the example of it in Indian Scenario.

13) Retail Development in Rural India: A Market with Silver lining: Chennai based market research firm Francis Kanoi estimated the size of the rural market to be INR 1, 08,000 crore annually. During the survey in 2002 the firm took into account four categories - FMCG, durables, agri-inputs, and two- and four-wheelers for their estimation. Rural incomes are growing steadily as well. NCAER data shows while the number of middle-class households (with annual income between Rs 45,000 and Rs 2.15 lakh) is at 16.4 million in urban India, the figure stands at 15.6 million¹⁸ in the rural areas, data from. Largely this rural market is untapped and there is huge opportunity for retailers.

Recent Developments in Rural Retailing: Therefore, in recent times rural retailing is witnessing explorations by both corporate houses and entrepreneurs – *ITC's Choupal Sagar*, *HLL's project Shakthi and Mahamaza* are some of the models being tried out. At this juncture there is no conclusive evidence of winning rural retail formats available. However, corporate forays into rural retail are expected to bring more experimentation and innovation in term of retail format. The *Godrej Adhaar*, the rural retail initiative of Godrej Agrovet Ltd operates a chain of 18 stores providing a host of services to farmers and their families and is planning to set up at least 1,000 stores¹⁹ across rural India in the next five years. Apart from *Godrej Adhar and Choupal Sagar* other formats operating successfully in the rural area are, M & M Shubh Labh stores, Escorts rural stores, Tata Kisan Sansar, and Warnabazaar, Maharashtra (annual sale Rs 40 crore).

DSCL Haryali Kisan Bazaar

Hariyali stores keep wide range of product assortments such as fertilizers, pesticides, farm implements, seeds, animal feed and irrigation equipment among other agriculture related products. They also have officers who offer free advices to farmers regarding best agriculture practices. Offering insurance and financial services to farmers is part of the business. So far, 22 "Hariyali" Stores have been operational in different states across North India. Farmer response has been extremely encouraging. A centre is attracting 150 - 200 farmers a day. Hariyali Kisaan Bazaar has plans to rapidly scale up the operations & create a national footprint covering all the major agricultural markets of the country. **Mahindra & Mahindra Shubh Labh**

This is the rural initiative taken by Mahindra & Mahindra group to provide complete package of products and services related to firm productivity. One of the basic objectives is to establish market linkage

and optimize farm produce supply chain. There are about franchised Shub Labh store established in ten states in India.

14: e-Retailing: The importance of internet retailing is growing all over the world. Some internet retailers such as e Bay and rediff.com are providing a platform to vendors to sell their products online and they do not take the responsibility of delivering the product to buyer. They provide virtual shopping space to the vendors. On the other hand online retailers like amazon.com and walmart.com have to maintain their warehouse to stock products and take the responsibility of delivering products to the buyer. So, most of the brick and mortar stores are entering into online retailing as they have physical infrastructure and they can use that to capture additional consumer wallet. All the big retailers like Target, Sears and Kmart are operating online shop and some manufactures also operate online.

For example Apple Inc. operates through apple.com and Dell Inc. sells its products online

Through dell.com.

In India internet retailing is growing by 29% CAGR and Euro-monitor report estimates that the a CAGR 48 per cent and in value term it going to touch INR 27 billion by 2010 from INR 4 billion in 2005. The report also predicts that the contribution of internet retailing to non-store retailing to is likely to be 46 per cent by 2010.

Emerging recent developments in the Indian Mall Development scenario include the coming up of so called Gen X Malls and Central which is a Seamless Mall. Gen X Malls have been defined Chesterton Megharaj as greater than 5, 00,000 sq.ft and incorporate large entertainment area with enough space for parking and excellent infrastructural benefit that shall be passed on to the retailer . The target audience for the Gen X malls is tourist /out of town visitor and the person from the city looking for entertainment options. So, we can say that we are moving from a nation of Dukandars to a Nation that loves to shop.

Primary Research revealed the following results:

Malls Selected for the Collection of Data

Name of the Mall	No. of Shopkeepers Interviewed	Reason for selecting the Mall
Ansal Plaza, Near Anand Vihar	04	Known as poor cousin of the original Ansal Plaza in South

		Delhi. It is essentially a complex of Discount store
EDM , East Kaushambi Delhi	08	Very crowded (no doubt because of the big Big Bazaar located in it), and fairly okay to spend time. Has movies and eating joints, along with cloth shopping.
Metro Walk, Rohini, Delhi	06	The mall has an 220,000 sq.ft. outdoor shopping area which houses outlets of many leading national and international brands There is also a large lake that acts as the separator between the mall building and the amusement park .
Centerstage Mall, Noida	04	Basically Known as a most preferred place for shopping in that area.
MMX Mall, Mohan Nagar, Ghaziabad	03	MMX's modern facilities would not only draw the seven-lakh population of the area but also lure audiences from Noida and East Delhi
City Square Mall, Shivaji Place, Rajouri Garden, West Delhi	05	The main feature of this mall is a large Lifestyle Department Store. The mall also includes a Nike store, and a KFC
Total	30	-----

Source: Generated from the Questionnaire and Research Design

Driving forces determining shopping behavior of Indian Customers: A Meta-Analysis of Indian Customers indicate the following factors as the driving force determining the shopping behavior & attitude of the Indian customers:

Factors affecting shoppers' behavior	Shopping behavior
Greed	<ul style="list-style-type: none"> • Drives a customer to purchase more than what he or she need. • A wide range of options, better products, and lower prices generate the increased desire to purchase.
Fear to loose opportunity	<ul style="list-style-type: none"> • Higher purchase is driven by the fear that current price offer may not be available for long-time and thus the product has to be purchased at once.
Envy or Demonstration Effect	<ul style="list-style-type: none"> • Envy sets in when a customer sees others buying and making the best out of deal.
Price-value Equation	<ul style="list-style-type: none"> • It is believed that Average Indian customer is highly Price-Sensitive and looks for savings in terms of money in their grocery purchase.
Private-Label Brands	<ul style="list-style-type: none"> • In India the concept of Private-Label Brand is in its nascent stage and customers still rely on branded product
Live culture	<ul style="list-style-type: none"> • <i>Jo Dikhta Hai, Wo hi Bikta hai</i>

Source: Generated from the Primary and secondary research published by Future Group.

Key Observations: The primary data collected from the respondents, led to the following key observations about customers' shopping behaviour in Indian scenario among the modern retail formats:

1. Master and serving class employee, never shop at the same store, though lower middle class visits hyper markets and discount stores, the upper middle class frequents department stores, specialty chains and super market.
2. For India two, the clean and shiny environment of modern retail stores creates the perception that such stores are too expensive and exclusive, so they are not meant for them. India two tends to feel alienated in environment, frequent by India one.
3. India two moves and finds lot of comfort in crowds, so they normally hesitate in visiting the stores having broader area coverage.
4. It is observed during the research that given the right environment and a correct emotional connect with customers, anything is possible , as Big Bazaar did by celebrating *Sabse Sasta Din* , on 26th January 2007 and attracted the unexpected crowd.
5. *Research indicated that Customers feel conservative to buy fruits & Vegetable from air-conditioned supermarkets. They still prefer to buy these kind of products either from the local mobile vegetables sellers or from the nearest sabji Market. Probably this is working as deterrent factor for the growth of*

- Supermarkets in India in a sense that they are able to attract visitors rather customers.*
6. *It was observed that customers looked into Price-Value equation. Most of the retailers reported that customers were very much conscious for the value, and they usually compared the value sacrificed & received. It played a very key role in their buying decision process.*
 7. *It was also observed on the basis of primary as well as secondary research, that retailers often overlook the schemes & offerings expected by the customers and tried to impose their own offerings upon customers which ultimately cause the dissatisfaction.*
 8. Shopkeepers dealing in apparels, accessories, & other items reported that they were able to attract the Customers but conversion rate is not more than 30-40% which is again very alarming and a matter of high concern.
 9. Shopkeepers dealing in food items & Vegetables reported that :
 - a) Customers for food items always expect hyper discounts & offers.
 - b) Where as customers for vegetables still believe in the past notion that vegetables sold in the open market are fresh.
 10. Shopkeepers dealing in jewellery items reported that in case of unbranded jewellery items Indian customers still rely on their traditional jewellery merchant only.
 11. All the shopkeepers (interviewed) in every category reported that female customers proved to be great bargainers than their male counterparts.

Conclusions & Implications:

After conducting the Meta -Analysis for the Indian retailing market, it can be concluded that:

- 1) Retailers need to think about shoppers not just about a format as understanding the shoppers' dynamics holds the key to such a business. Retailers would have to create new delivery formats that can cater to the huge mass of consumers.
- 2) Retailers must understand what value shopper is looking for and how the retailers can deliver that desired value to the customer. However, most retailers look for what they are offering and how shoppers can fit into retailer's scheme of offerings.
- 3) In the long run such strategies may not be viable. Sam Walton and Jack Welch share a same line of thinking that consumer is the source of competitive advantage and one of leading UK based retailers Tesco Inc. has shown how understanding consumer can be a source of redefining business and gaining sustainable advantage.

The retailer operates four different retail formats namely Express (546), Super store⁹ (446) Metro¹⁰ (160) and Extra¹¹ (100) to cater consumer need. The Group also has an additional 527 stores under the One Stop fascia. All the formats are profitable and each format is tailor made to fulfill customer need. It is the value offering which makes Tesco so

popular and profitable. Similarly in India Pantaloon Retail runs several formats and for value retailing Big Bazaar is receiving exceptional response from the customers.

9. Size of Super Store varies from 20,000 sq.ft. to 50,000 sq.ft.

10. Approximate Store size is 7000-15000 sq.ft.

11. Approximate store size is 60,000 sq.ft. Extra stores offer the widest range of food and non-food lines

- 4) Retailing in India is entirely different from western countries for that matter even from Asian counterparts. Studies show that upgraded Kirana stores are growing at the same rate as organized retailers.
- 5) It is also observed that in the changing retailing environment, understanding the psyche of customer is critical to success in retailing. Aggregate level picture may be misleading, as it averages the beats and the valleys. Hence, individual understanding is desirable.
- 6) Though, some Indians are behaving as sophisticated shoppers, tens of millions are still novice but no less avid consumers are joining the fray every year. So, retailers have to acknowledge this change and also stay a step a head of the evolution curve of the Indian market.
- 7) Finally, it is not the format that gives business sustainability rather it is one of the vehicles to deliver the value to the customer.
- 8) Indian consumers are still family-driven entities. Shopping, entertainment and eating out are family events. Since these decisions are normally group decisions, hence a marketer has to address family sensibilities more rigorously to woo Indian customers.
- 9) Indian customers have become more sensitive to quality, customer service and status. He/She is ready to pay, sometimes, astronomical sums provided their needs are satisfied. They are basically looking for an experience which is more of cognitive than physical. In brief, *Jo Dikhta Hai Wo Hi Bikta Hai*.

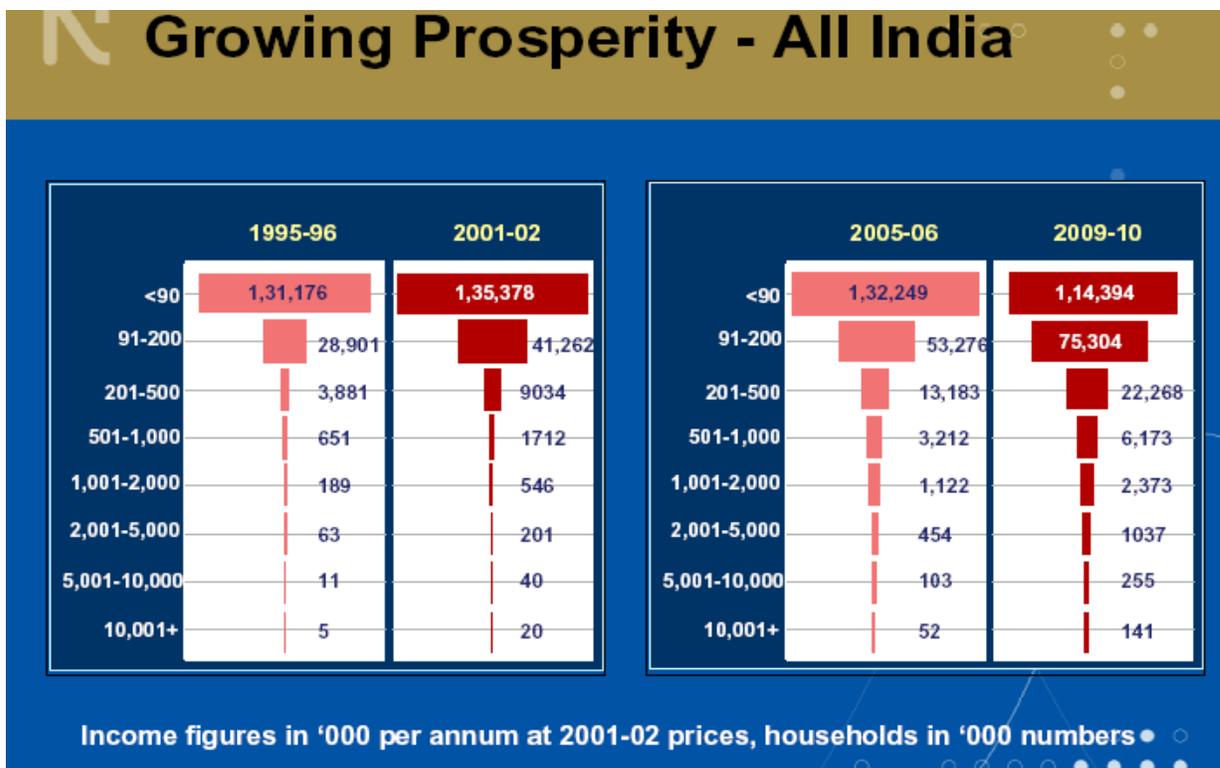
In some cases, few Kirana store owners find no competition because they understand what their customers want. So ultimately it can be said that for a retailer understanding the customers is just like **climbing the Greased Pole**.

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Annexure: 1



Source: The Great Indian Market, Results from the NCAER's Market Information Survey of Households, August 9, 2005

Annexure:2



Demand of Consumer Durables (Figures in '000)

	1995-96	2001-02	2005-06	2009-10
Cars	276	788	1,560	3,466
Motorcycles	760	2,599	4,663	8,369
CTV Regular	1,785	4,580	6,295	9,957
Refrigerators	1,850	3,006	4,335	6,774
White Goods	3,437	6,024	8,727	13,149

Source: The Great Indian Market, Results from the NCAER's Market Information Survey of Households, August 9, 2005

Annexure:3

Demand of Consumer Expendables (Figures in '000 tonnes)

	1995-96	2001-02	2005-06	2009-10
Edible Oil	4,582	6,977	8,514	10,586
Shampoos	7	21	33	50
Washing Powder	1,190	1,977	2,596	3,364

Source: The Great Indian Market, Results from the NCAER's Market Information Survey of Households, August 9, 2005

Annexure:4

Penetration of Consumer Durables (Number of households owning goods per '000 households)				
	1995-96	2001-02	2005-06	2009-10
Cars	16.1	30.0	50.2	91.4
Motorcycles	29.3	70.8	147.6	282.6
CTV Regular	72.0	145.6	213.0	314.0
Refrigerators	86.1	134.0	160.7	224.9
White Goods	149.4	247.1	319.1	451.7

Source: The Great Indian Market, Results from the NCAER's Market Information Survey of Households, August 9, 2005

Annexure:5

	1995-96	2001-02	2009-10
Consumer Durables			
Scooters	33.1	39.4	39.9
Motorcycles	47.3	39.8	48.3
Mopeds	52.7	58.2	57.7
Cars/Jeeps	2.1	8.0	10.9
Automotives	37.9	36.0	37.9
Television	54.0	54.5	44.2
White goods	23.8	23.9	23.7
Fans	50.0	56.9	56.7
Low cost items	58.1	60.1	61.3

Source: The Great Indian Market, Results from the NCAER's Market Information Survey of Households, August 9, 2005

Annexure:6

Rural Demand- Expendables (% of All India)

	1995-96	2001-02	2009-10
Consumer Expendables			
Edible oil	64.3	67.1	62.9
Health beverages	28.6	27.3	28.1
Packaged biscuits	36.0	42.8	30.3
Shampoos	27.2	31.9	33.0
Toilet soaps	49.8	52.5	54.7
Washing cakes	68.7	71.4	75.6
Washing powder	50.4	50.8	54.9

Source: The Great Indian Market, Results from the NCAER's Market Information Survey of Households, August 9, 2005

Urban-Rural Usage Pattern in Middle Income Group
(Per '000 Households)

Consumer Durables				
	Urban		Rural	
	2001-02	2009-10	2001-02	2009-10
Motorcycle	134.3	320.7	109.0	250.9
Television	942.8	1258.9	616.3	561.3
Car	31.4	52.2	1.6	3.5
Consumer Expendables				
	Urban		Rural	
	2001-02	2009-10	2001-02	2009-10
Edible Oil	1000.0	1000.0	1000.0	1000.0
Shampoos	827.8	1000.0	354.5	458.4
Washing Powder	904.7	1000.0	775.4	946.9

Source: The Great Indian Market, Results from the NCAER's Market Information Survey of Households, August 9, 2005

Organized Retail Market in India

	Population in Crores 2005 2025 (EST)		Proportion of the Total Retail Market (in %)			
	Metros of Mini Metros & Cities	6.7	13	15	13	25
			6	6	7	10
Top Cities (Pop: > 1mn) 27 cities	3.7	7.2	2	3	3	4
Large Cities (Pop: 0.5-1 mn) 32 Cities	2.4	4.5				
Rest of India 5500 Towns +6 lakh Villages	87.4	11.5	77	73	69	57
Total	100.2	140.0	2004	2010	2015	2025

Source: NCEAR, CSSO, TSMG Analysis

Annexure:9

Share of organized and un-organized Retail in India

Year	Organized	Unorganized
2004	3 %	97 %
2010	9 %	91 %
	100	100

Source: Indian Retail Report 2005,

Annexure:10

Share of Retailing in Total Employment

Country	Share of Retail in Total Employment
India	6-7 %
China	6 %
Poland	12 %
Brazil	15 %
USA	11.7 %
Korea	18 %
UK	11 %
Malaysia	7 %

Source: FDI in Retail Sector in India, Arpita Mukherjee, Nitisha Patel, ICRIER Publication Pg. 31

Annexure: 11

Rural-Urban Consumption Expenditure

Area of Allocation	Urban (% of Monthly Household)	Rural (% of Monthly Household)
Fuel & Lighting	9%	10%
Clothing (Including bedding & Footwear)	6%	7%
Medical Care	6%	7%
Sugar, Salt & Spices	3%	5%
Cereals	9%	17%

Source: The Times of India, New Delhi, February 1, 2008 Pg. 14