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REVIEW ARTICLE

UNDERSTANDING RETAIL – A BIRDS EYE VIEW

Understanding Retail – A Birds Eye View

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INTRODUCTION

The retailing as a process is least understood in India. For a start-up, it is important to have a comprehensive view of what retailing means and where he wants to focus on. Most of the world player like Wal Mart-Mart, Circuit city, Sears have developed in house expertise in each of these processes like The Retail design group, various trading houses etc. many have out-sourced these due to lack of expertise. The Indian organized sector needs to understand how to manage each of these processes and success will be contingent upon mastering them.

The following is the process involved in starting a retail outlet:

- **SITE SELECTION:** Market selection, site selection, site acquisition, store design, store construction and store upgrading and remodelling.
- **ASSORTMENT PLANNING:** Choice of target assortment, product development, vendor management, outsourcing merchandise management.
- **MANUFACTURING AND SOURCING:** Buying raw material, Manufacturing Buying finished goods, arranging delivery, payments.
- **LOGISTICS AND DISTRIBUTION:** Ordering and allocation, freight forwarding, warehousing, distribution, inventory management and replenishment.
- **MARKETING AND BRANDING:** Marketing definition research, brand strategy, pricing, developing advertising strategy, organizing support events, marketing monitoring.
- **IN STORE OPERATION:** Creating store environment, recruiting, training labour, Managing store operation, selling to and serving customer, handling after sales services.

CLASSIFICATION OF RETAIL FORMATS

Broadly the organized retail sector can be divided into two segments, In-store retailers, who operate through

fixed point of sale outlets and designed to attract a high volume of walk-in customers, as referred to as the brick-and-mortar formats, and the Non-store Retailers, who reach out to the customers at their homes or offices through direct selling, telemarketing and E-commerce.

The common formats of brick-and-mortar retailing can be summarized as follows:

FORMATS	DESCRIPTION	VALUE PROPOSITION
SPECIALTY STORE (Multi-Brands)	Focus on a specific product category, Medium sized layout in strategic location	Greater choice to the consumer, Comparison between brands possible
EXCLUSIVE BRAND Or COMPANY OUTLET	Exclusive store owned/managed or franchised out by a given brand or manufacturer; Can be Exclusive Single-brand store	Complete range available for a specific brand or manufacturer with certified product quality
DEPARTMENT STORE (Multi-product/Multi Brands)	Large store having a variety of products, Organized into different departments such as clothing, house ware etc; skewed towards apparel	One-stop shop catering to varied consumer needs, Service as differentiator
CONVENIENCE STORE	Small self-service formats located in crowded urban areas	Convenient, multi-functional, extended operating hours
DISCOUNT STORE	Stores offering discounts on the retail price through selling high volume and reaping the economies of scale	Low-prices
SUPERMARKETS	Large multiple & cohesive self-service retail outlets, catering to varied customer needs, located in residential high streets	One-stop family shop in food & household categories
CATEGORY KILLER (Multi-Brands)	Very large store with focus on a specific products category, located in busy marketplace in Metros and large cities	Consumer get extremely wide choice of brands in a specific product category
HYPERMARKET	Huge multi-divisional layout with a warehouse-like appearance, generally located in remote parts of a city	Low-price, vast choice, including service; value drivers
MALLS	A huge enclosure housing different formats of retailers, Form ideal shopping destination in Metros, large cities and easily accessible urban outskirts/rural setting	Variety of shop available close to each other, all under a common roofs & uniforms shopping environment; ideal hangouts

POPULAR RETAIL FORMATS IN INDIA

Exclusive Outlets

- **Exclusive Band Outlets** are either company owned or franchised. There are different levels of control of the company on the store manager or franchised outlet manager.
- **Company Owned:** Management of the manufacturer controls company outlets and pays for all administrative expenses. They have to work on lower gross margins because expenses are paid for.

With malls and quality space being created such outlets seems to have a promising future and should lead to subsequent growth of the brands.

FRANCHISE

Management of the franchised outlet controls and pays for administrative expenses. They can work on higher gross margins because expenses are not paid for. Franchisee Outlets receive support from the manufacturer in various forms like training (sometime recruitment) of staff, visual merchandising, designing store layout (interiors) etc. There are already new established brands from abroad coming into India and quality retail space available all across the nation, as long as key considerations of right location, right product at right price and right time are systematically enforced there is a commanding future for such type of outlets with promising returns.

Both these type of outlets can be present in the High Street shopping areas or inside a mall wherein they have their own set of advantage and disadvantages. While stores in the malls attract traffic, many of them are browsers or prospective future consumer. As more malls come up in the near future, we expect a large number of such stores to come up and drive overall branded apparel sales. Stores in high streets attract brand loyal clientele which often has pre-set positive disposition towards the brands.

MULTI-BRAND OUTLETS

Multi-Brand Outlets are the ones which stock merchandise of more than one brand. They can be a small formats store (300-1500 sq. ft) present in the high streets, malls or local market area. While they offer a set of brands to choose from, they often offer limited range constrained by available space. They usually buy goods on an outright basis and hence have greater margins. But, at the same time, they are at a greater risk of being left with unsold stock.

There is also large format multi brand outlet (b/w 1500-5000sq.ft), which are often city specific. They thus have a loyal consumer base, but due to their bigger size they often fail to get good returns on capital employed, often on account of inherent inefficiencies that the un-organized set up faces.

Key characterized of multi brands outlets includes a large covered area with many brands on offer, with a complete range of products across different brands. They have fewer walk-ins than department stores but more than exclusive outlets or specialty stores. These stores try and offer lower price than in an exclusive brand outlet or specialty store.

DEPARTMENT STORES

The third format that sells a number of brands under one roof is that of department stores. These can be b/w 3000-5000sq.ft or can extend up to 20,000sq.ft or

beyond, depending upon the company, city in which the store is present and the location within the city. Key characteristics of department stores are that they have largest covered area (among all retail formats) with a number of categories and brands on offer. They attract the highest of walk-ins per day and are often service oriented, with a knowledgeable sales staff and a systematic, organized set up behind them. Department stores try to offer an enjoyable shopping environment that may lead to increased time spent within the store, and hence, more sales.

Department stores are generally located in Destination towns, metros and mega metros. These stores have a large layout, which often enables free access of merchandise. The merchandise mix is usually of cohesive category, i.e. cluster/brands, skewed towards garments etc, and their merchandise range is generally focused towards addressing a wider audience with service as a main differentiating factor.

Large Department stores such as Shopper's Stop, Pantaloon, Lifestyle, Globus and Westside etc that primarily deal in clothing, fashion accessories and home décor products are the main anchors in most of the malls and their number will continue to grow due to ongoing upsurge in Malls and development of quality retail space.

SPECIALITY STORES

Specialty Stores are strategically located with a medium focus and an interactive layout. They are generally single-category focused and have individual, group cluster of same class with high loyalty categories of product. Typical examples of such kind of retail formats are BATA, Planet M, etc. Their general business strategy is the merchandise value proposition, which is driven and clearly differentiated from other brands.

Specialty Stores also need to know their customer thoroughly as the merchandise collection is specific, making customers visit again and again. According to the American Express Retail Index on shopper loyalty, 56% of specialty store shopper says that they have been loyal to the same store for more than five years in the United States. The take out from this simple. It is necessary for specialty store to have a robust customer loyalty program. Many of the branded specialty stores in India are yet to get into the process of having an organized customer loyalty program. This is necessary as product and services tend to be similar in nature in the competing stores.

Chains such as Bangalore based Kids Kemp, the Mumbai based book retailer Crossword, RPG's Music World and the Times Group's music chain planet M, are focusing on specific market segment and have established themselves strongly in their sectors. More recent developments in this field are the specialty malls like Gold Souk, Auto Mall, The Homeland and the likes.

SUPERMARKETS

Supermarkets as their name suggests are typically located in busy market or residential localities of the metros and other large cities. They are generally large in size and their typical layout enables free access of merchandise. They generally have not only household categories but also have food as an integral parts of their store formats. Typical example are Quality Bazaar, Foodworld, Food Bazaar etc. these stores are generally catchments focused and relationship driven with variety, quality and service as their key drivers.

HYPERMARKETS

The Hypermarkets format is the latest and most appealing concept that has hit the Indian consumer. This format is generally a drive-away destination and is normally very large in size as compared to the other store formats. Hypermarkets offer various divisions of product and services, often in bulk quantities, high is more akin to wholesale format. Except in some cases like the Cash & Carry model of Metros, the hypermarkets are normally family oriented and the bulk buyers are mostly their loyal customers.

In India, the prime example of such formats is Spencer's (formerly giant) have RPG group and Big Bazaar of Pantaloon retail, and Walmart the international giant.

Of the recent entrants to this format of retailing in India, and serious ones at that, are the Germans retail major Metro Cash & South Africa Shoprite. Metro, though a B2B model has opened two of its outlets in Bangalore. Shoprite has opened shop in Mumbai. These hypermarkets are a class apart since they offer variety and price advantage as their key value drivers to gain footfalls and conversions.

POWER RETAILING & CATEGORY KILLERS

Both these terms are similar in connotation. The first talks of how a retailer can leverage the intrinsic advantage of his business to create a winning cocktail while the latter highlights how some retailers have been able to use their strengths to 'kill' competition in the category they service. The main difference is that the former has been used more in the context of brick and mortar stores while the latter has been used more in discussions and to describe internet companies.

The format has not as yet gained popularity in India, perhaps because even the largest retailer in India is yet to attain the width and depth enjoyed by a full-blown department store in the West. Thus, while you have a Spencer's, Trent, Big Bazaar and Home Store beginning to happen in the hyper market space, our retailers are yet to reach the stage and dimensions of JC penny, Macy's or even Abdullah's of Singapore.

While some of big retailers might be stocking 300400 units, a retailer abroad of the dimensions we are talking about would stock between 1000-1500 units. But new research is beginning to throw up the possibility of extending the concept of power retailing to smaller retail outlets. A prime example of category killing is "The Loft", a footwear store in Powai, Mumbai, and measuring 18,000 sq.ft.

DISCOUNT STORE

Discounting is not a dominant format of Retailing in India as compared to international standards where around 60 percent of the business comes from this format. Internationally, the largest retailer in the world, Wal-Mart, is a discounter. These discounters have advantages of price, assortment dominance, and quality assurance, and have the ability to quickly build scale and pass on the benefits to their customers.

Indian retailers have lagged behind in this field mainly because, unlike their Western counterparts, they have much less bargaining power vis-à-vis the manufacturers. However, the scenario is now changing. Increased investments and the entry of big business houses in retailing is leading to the emergence of big retailers who can both bargain with the suppliers, as well as reap the benefits of economics of scale.

KIOSKS, CORNERS, SHOP-IN-SHOPS AND CONVENIENCE STORES

Kiosks, Corners, Shop-in-Shops and Convenience Stores are some of the other retail formats that are fast gaining popularity in India. The Kiosk and Corner stores are popularity in India. The Kiosk and Corner stores are generally found in busy market places and are quite small in comparison to the regular stores found in marketplace. They normally have fast moving consumer goods (FMCG's), mostly edible items such as biscuits, beverages etc. the buying is mostly impulse drive, they can be easily found along high streets, market places etc. e.g. the Pepsi fountain shop, which also sells biscuits, minerals water, chewing gum etc. these Kiosks are generally attractive looking to lure customers and are readily available in India across regions.

The Shop-in-Shops are located with the large department stores whereas the Convenience stores are now getting popular at fuel stations where people can avail of the regular shopping while their vehicles get refuelled.

RETAILING IN INDIA

Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP¹. The Indian retail market is estimated to be [US\\$ 450 billion](#) and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail market in the world, with 1.2 billion people².

India's retailing industry is essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3% of Indian population).

Until 2011, Indian central government denied foreign direct investment (FDI) in multi-brand retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Even single-brand retail was limited to 51% ownership and a bureaucratic process.

In November 2011, India's central government announced retail reforms for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovation and competition with multi-brand retailers such as [Walmart](#), [Carrefour](#) and [Tesco](#), as well single brand majors such as [IKEA](#), [Nike](#), and [Apple](#)³. The announcement sparked intense activism, both in opposition and in support of the reforms. In December 2011, under pressure from the opposition, Indian government placed the retail reforms on hold till it reaches a consensus⁴.

In January 2012, India approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership, but imposed the requirement that the single brand retailer source 30 percent of its goods from India. Indian government continues the hold on retail reforms for multi-brand stores⁵.

In June 2012, IKEA announced it has applied for permission to invest \$1.9 billion in India and set up 25 retail stores. Fitch believes that the 30 percent requirement is likely to significantly delay if not prevent most single brand majors from Europe, USA and

Japan from opening stores and creating associated jobs in India⁶.

On 14 September 2012, the government of India announced the opening of FDI in multi-brand retail, subject to approvals by individual states.⁷ This decision has been welcomed by economists and the markets, however has caused protests and an upheaval in India's central government's political coalition structure. On 20 September 2012, the Government of India formally notified the FDI reforms for single and multi brand retail, thereby making it effective under Indian law⁸.

On 7 December 2012, the Federal Government of India allowed 51% FDI in multi-brand retail in India. The Feds managed to get the approval of multi-brand retail in the parliament despite heavy uproar from the opposition. Some states will allow foreign supermarkets like Walmart, Tesco and Carrefour to open while other states will not Growth over 1997-2010.

India in 1997 allowed foreign direct investment (FDI) in cash and carry wholesale. Then, it required government approval. The approval requirement was relaxed, and automatic permission was granted in 2006. Between 2000 to 2010, Indian retail attracted about \$1.8 billion in foreign direct investment, representing a very small 1.5% of total investment flow into India.⁹

Single brand retailing attracted 94 proposals between 2006 and 2010, of which 57 were approved and implemented. For a country of 1.2 billion people, this is a very small number. Some claim one of the primary restraints inhibiting better participation was that India required single brand retailers to limit their ownership in Indian outlets to 51%. China in contrast allows 100% ownership by foreign companies in both single brand and multi-brand retail presence.

Indian retail has experienced limited growth, and its spoilage of food harvest is amongst the highest in the world, because of very limited integrated cold-chain and other infrastructure. India has only 5386 stand-alone cold storages, having a total capacity of 23.6 million metric tons. However, 80 percent of this storage

¹ "The Bird of Gold - The Rise of India's Consumer Market". McKinsey and Company. May 2007.

² Anand Dikshit (August 12, 2011). "The Uneasy Compromise - Indian Retail". The Wall Street Journal.

³ "Winning the Indian consumer". McKinsey & Company. 2005.
⁴ Majumder, Sanjoy (25 November 2011). "Changing the way Indians shop". BBC News.

⁵ "Retailing in India Unshackling the chain stores". The Economist. 29 May 2008

⁶ Agarwal, Vibhuti; Bahree, Megha (7 December 2011). "India puts retail reforms on hold". The Wall Street Journal.

⁷ Sharma, Amol; Sahu, Prasanta (11 January 2012). "India Lifts Some Limits on Foreign Retailers". The Wall Street Journal.

⁸ Amol Sharma (24 June 2012). "IKEA Knocks on India's Door". The Wall Street Journal.

⁹ "Ikea shelves Indian retail market move". The Financial Times. 22 January 2012.

¹⁰ Times of India Newsreport".

¹¹ "Department of Industrial Policy & Promotion (FC-I Section), Press Note No.5 (2012 Series) - multi-brand retail". Ministry of Commerce & Industry, Government of India. 20 September 2012.

¹² "Department of Industrial Policy & Promotion, Press Note No.4 (2012 Series) - Single brand retail". Ministry of Commerce & Industry, Government of India. 20 September 2012.

¹³ "FDI in multi-brand retail comes into effect; way clear for Walmart". The Economic Times. 20 September 2012.

¹⁴ "FDI IN MULTI-BRAND RETAIL TRADING". KPMG. 2010.

is used only for potatoes. The remaining infrastructure capacity is less than 1% of the annual farm output of India, and grossly inadequate during peak harvest seasons. This leads to about 30% losses in certain perishable agricultural output in India, on average, every year.¹⁰

Indian laws already allow foreign direct investment in cold-chain infrastructure to the extent of 100 percent. There has been no interest in foreign direct investment in cold storage infrastructure build out. Experts claim that cold storage infrastructure will become economically viable only when there is strong and contractually binding demand from organized retail. The risk of cold storing perishable food, without an assured way to move and sell it, puts the economic viability of expensive cold storage in doubt. In the absence of organized retail competition and with a ban on foreign direct investment in multi-brand retailers, foreign direct investments are unlikely to begin in cold storage and farm logistics infrastructure.

Until 2010, intermediaries and middlemen in India have dominated the value chain. Due to a number of intermediaries involved in the traditional Indian retail chain, norms are flouted and pricing lacks transparency. Small Indian farmers realize only 1/3rd of the total price paid by the final Indian consumer, as against 2/3rd by farmers in nations with a higher share of organized retail.¹⁹ The 60%+ margins for middlemen and traditional retail shops have limited growth and prevented innovation in Indian retail industry.

India has had years of debate and discussions on the risks and prudence of allowing innovation and competition within its retail industry.¹¹ Numerous economists repeatedly recommended to the Government of India that legal restrictions on organized retail must be removed, and the retail industry in India must be opened to competition. For example, in an invited address to the Indian parliament in December 2010, [Jagdish Bhagwati](#), Professor of Economics and Law at the Columbia University analysed the relationship between growth and poverty reduction, then urged the Indian parliament to extend economic reforms by freeing up of the retail sector, further liberalization of trade in all sectors, and introducing labor market reforms. Such reforms Professor Bhagwati argued will accelerate economic

growth and make a sustainable difference in the life of India are poorest.¹²

A 2007 report noted that an increasing number of people in India are turning to the services sector for employment due to the relative low compensation offered by the traditional agriculture and manufacturing sectors. The organized retail market is growing at 35 percent annually while growth of unorganized retail sector is pegged at 6 percent.¹³

The Retail Business in India is currently at the point of inflection. As of 2008, rapid change with investments to the tune of US \$ 25 billion were being planned by several Indian and [multinational companies](#) in the next 5 years. It is a huge industry in terms of size and according to India Brand Equity Foundation (IBEF), it is valued at about US\$ 395.96 billion. Organised retail is expected to garner about 16-18 percent of the total retail market (US \$ 65-75 billion) in the next 5 years.

India has topped the [A.T. Kearney's](#) annual Global Retail Development Index (GRDI) for the third consecutive year, maintaining its position as the most attractive market for retail investment. The Indian economy has registered a growth of 8% for 2007. The prediction for 2008 is 7.9%¹⁴. The enormous growth of the retail industry has created a huge demand for real estate. Property developers are creating retail real estate at an aggressive pace and by 2010, 300 malls are estimated to be operational in the country.¹⁵

Although prior to Jan 24, 2006, FDI was not authorised in retailing, most general players had been operating in the country. Some of entrance routes used by them have been discussed in sum as below:-

1. Franchise Agreements

It is an easiest track to come in the Indian market. In franchising and commission agents' services, FDI (unless otherwise prohibited) is allowed with the approval of the Reserve Bank of India (RBI) under the Foreign Exchange Management Act. This is a most usual mode for entrance of quick food bondage opposite a world. Apart from quick food bondage identical to Pizza Hut, players such as Lacoste,

¹⁰ "FDI IN MULTI-BRAND RETAIL TRADING". KPMG. 2010.

¹¹ Mukherjee et al., Arpita (2006). *FDI in Retail Sector: INDIA, A Report by ICRIER*. Academic Foundation. ISBN 978-81-7188-480-3.

²¹ Mehta and Chatterjee (June 2011). "Growth and Poverty - the great debate", [cutsInternational.org.pdf](#)
[Jagdish Bhagwati \(14 December 2010\). "Hiren Mukerjee Memorial Parliamentary Lecture: Parliament of India". Columbia University, Parliament of India.](#)

¹³ [India again tops global retail index.](#) indiafmcg.blogspot.com,22 /6/ 2007.

¹⁴ [Economic and financial indicators](#) , 3 indiafmcg.blogspot.comjuly 2008.

¹⁵ [Indian Retail story from Myths to Mall."](#) ,indiafmcg.blogspot.com,11 August 2007.

Mango, Nike as good as Marks as good as Spencer, have entered Indian marketplace by this route.

2. Cash And Carry Wholesale Trading

100% FDI is allowed in wholesale trading which involves building of a large distribution infrastructure to assist local manufacturers. The wholesaler deals only with smaller retailers and not Consumers. Metro AG of Germany was the first significant global player to enter India through this route.

3. Strategic Licensing Agreements

Some foreign brands give exclusive licences and distribution rights to Indian companies. Through these rights, Indian companies can either sell it through their own stores, or enter into shop-in-shop arrangements or distribute the brands to franchisees. Mango, the Spanish apparel brand has entered India through this route with an agreement with Piramyd, Mumbai, SPAR entered into a similar agreement with Radhakrishna Foodlands Pvt. Ltd

4. Manufacturing and Wholly Owned Subsidiaries.

The foreign brands such as Nike, Reebok, Adidas, etc. that have wholly-owned subsidiaries in manufacturing are treated as Indian companies and are, therefore, allowed to do retail. These companies have been authorised to sell products to Indian consumers by franchising, internal distributors, existent Indian retailers, own outlets, etc. For instance, Nike entered through an exclusive licensing agreement with Sierra Enterprises but now has a wholly owned subsidiary, Nike India Private Limited.

Growth after 2011 before 2011, India had prevented innovation and organized competition in its consumer retail industry. Several studies claim that the lack of infrastructure and competitive retail industry is a key cause of India's persistently high inflation. Furthermore, because of unorganized retail, in a nation where malnutrition remains a serious problem, food waste is rife. Well over 30% of food staples and perishable goods produced in India spoils because poor infrastructure and small retail outlets prevent hygienic storage and movement of the goods from the farmer to the consumer.¹⁶

One report estimates the 2011 Indian retail market as generating sales of about \$470 billion a year, of which a minuscule \$27 billion comes from organized retail such as supermarkets, chain stores with centralized operations and shops in malls. The opening of retail industry to free market competition, some claim will enable rapid growth in retail sector of Indian economy. Others believe the growth of Indian retail industry will

take time, with organized retail possibly needing a decade to grow to a 25% share.¹⁷ A 25% market share, given the expected growth of Indian retail industry through 2021, is estimated to be over \$250 billion a year: a revenue equal to the 2009 revenue share from Japan for the world's 250 largest retailers.¹⁸

The Economist forecasts that Indian retail will nearly double in economic value, expanding by about \$400 billion by 2020¹⁹. The projected increase alone is equivalent to the current retail market size of France.

In 2011, food accounted for 70% of Indian retail, but was under-represented by organized retail. [A.T. Kearney](#) estimates India's organized retail had a 31% share in clothing and apparel, while the home supplies retail was growing between 20% to 30% per year.²⁰ These data correspond to retail prospects prior to November announcement of the retail reform. The Indian market offers endless possibilities for investors.²¹

It might be true that India has the largest number of shops per inhabitant. However we (locatus) have detailed figures for Belgium, the Netherlands and Luxemburg. In Belgium, the number of outlets is approximately 8 per 1,000 and in the Netherlands it is 6. So the Indian number must be far higher.

INDIAN RETAIL MARKET

Indian market has high complexities in terms of a wide geographic spread and distinct consumer preferences varying by each region necessitating a need for localization even within the geographic zones. India has highest number of outlets per person (7 per thousand) Indian retail space per capita at 2 sq ft (0.19 m²) / person is lowest in the world Indian retail density of 6 percent is highest in the world.²² 1.8 million households in India have an annual income of over ₹45 lakh (US\$81,900).²³

While India presents a large market opportunity given the number and increasing purchasing power of consumers, there are significant challenges as well given that over 90% of trade is conducted through

¹⁷ "Indian retail: The supermarket's last frontier". The Economist. 3 December 2011.

¹⁸ "INDIAN RETAIL INDUSTRY: A Report". CARE Research. March 2011.

¹⁹ "Global Powers of Retailing 2011". Deloitte. 2011.

²⁰ "India's retail reform: No massive rush". The Economist. 2 December 2011.

²¹ "Reasons to Invest in India". Engineeringfromindia.com.

²² "Retail Global Expansion: A Portfolio of Opportunities". AT Kearney. 2011.

²³ "Fashion meets tech as handsets get sleek expensive", www.ksa-technopak.com

²⁴ "LCD televisions, laptops are flying off the shelves.", www.ksa-technopak.com

¹⁶ Bahree, Megha (November 25, 2011). "India Unlocks Door for Global Retailers". The Wall Street Journal.
"Wal-Mart Waits With Carrefour as India Wins Instant Gain: Retail". Bloomberg BusinessWeek. 30 November 2011.

independent local stores. Challenges include: Geographically dispersed population, small ticket sizes, complex distribution network, little use of IT systems, limitations of mass media and existence of counterfeit goods.²⁴

MAJOR INDIAN RETAILORS

Indian apparel retailers are increasing their brand presence overseas, particularly in developed markets. While most have identified a gap in countries in West Asia and [Africa](#), some majors are also looking at the [US](#) and [Europe](#). Arvind Brands, Madura Garments, Spykar Lifestyle and Royal Classic Polo are busy chalking out foreign expansion plans through the distribution route and standalone stores as well. Another denim wear brand, Spykar, which is now moving towards becoming a casualwear lifestyle brand, has launched its store in Melbourne recently. It plans to open three stores in London by 2008-end.²⁵

The low-intensity entry of the diversified Mahindra Group into retail is unique because it plans to focus on lifestyle products. The [Mahindra Group](#) is the fourth largest Indian business group to enter the business of retail after [Reliance Industries Ltd](#), the [Aditya Birla Group](#), and [Bharti Enterprises Ltd](#). The other three groups are focusing either on perishables and groceries, or a range of products, or both.

- REI AGRO LTD Retail: 6TEN and 6TEN kirana stores
- Future Groups-Formats: Big Bazaar, Food Bazaar, Central, Fashion Station, Brand Factory, Home Town, E-Zone etc.
- Raymond Ltd.: Textiles, The Raymond Shop, Park Avenue, Park Avenue Woman, Parx, Colourplus, Neck Ties & More, Shirts & More etc.
- [Fabindia](#): Textiles, Home furnishings, handloom apparel, jewellery
- RP-Sanjiv Goenka Group Retail-Formats: Spencer's Hyper, Spencer's Daily, Music World, Au Bon Pain, Beverly Hills Polo Club
- The Tata Group-Formats: Westside, Star India Bazaar, Steeljunction, Landmark, Titan, Tanishq, Croma.
- Reliance Retail-Formats: Reliance MART, Reliance SUPER, Reliance FRESH, Reliance

Footprint, Reliance Living, Reliance Digital, Reliance Jewellery, Reliance Trends, Reliance Autozone, iStore

- K Raheja Corp Group-Formats: [Shoppers Stop](#), Crossword, Hyper City, [Inorbit Mall](#)
- Nilgiri's-Formats: Nilgiris' supermarket chain
- Shri Kannan Departmental Store (P) Ltd ., : Groceries, Clothing, Cosmetics [Western Tamil Nadu's Leading Retailer]
- Lifestyle International-Lifestyle, Home Centre, Max, Fun City and International Franchise brand stores.
- Pyramid Retail-Formats: Pyramid Megastore, TruMart
- Next retail India Ltd (Consumer Electronics)(www.next.co.in)
- Vivek Limited Retail Formats: Viveks, Jainsons, Viveks Service Centre, Viveks Safe Deposit Lockers
- PGC Retail -T-Mart India [\[4\]](#), Switcher, Respect India, Grand India Bazaar, etc.,
- Aditya Birla Group- Formats: more., acquired Pantaloon from Future group, acquired Trinetra (Fabmall and Fabcity)
- Vishal Retail Group-Formats: Vishal Mega Mart
- BPCL-Formats: In & Out
- Shoprite Holdings-Formats: Shoprite Hyper
- Paritala stores bazar: honey shine stores
- Kapas- Cotton garment outlets
- AaramShop - a platform which enables hybrid commerce for thousands of neighborhood stores.
- Gitanjali- Nakshatra, Gili, Asmi, D'damas, Gitanjali Jewels, Giantti, Gitanjali Gifts, etc.

ENTRY OF MNCS

The world's largest retailer by sales, [Wal-Mart](#) Stores Inc and Sunil Mittal's Bharti Enterprises have entered into a [joint venture](#) agreement and they are planning to open 10 to 15 cash-and-carry facilities over seven years. The first of the stores, which will sell groceries, consumer appliances and fruits and vegetables to

²⁴ [Traditional Retail Trade in India.](#) ,www.bostonanalytics.com,28 June 2009.

²⁵ ["Mahindra joins the retail bandwagon, to sell lifestyle products.](#) www.ksa-technopak/pressroom

retailers and small businesses, was open in north India at the end of 2008.²⁶ [Carrefour](#), the world's second largest retailer by sales, is planning to set up two business entities in the country one for its cash-and-carry business and the other a master franchisee which will lend its banner, technical services and know how to an Indian company for direct-to-consumer retail.²⁷

The world's fifth largest retailer by sales, [Costco Wholesale](#) Corp (Costco) known for its warehouse club model is also interested in coming to India and waiting for the right opportunity.²⁸

Tesco Plc., plans to set up shop in India with a wholesale cash-and-carry business and will help Indian conglomerate Tata group to grow its hypermarket business.

²⁶ [Bharti & Wal-Mart joint venture](#)", www.bharati.com

²⁷ [Carrerfour readies plan to enter India's retail industry](#)", www.indiaenews.com/business

²⁸ [Costco, US's fifth biggest, eying India?](#), www.indiretailbiz.ePress.com