

Emerging trends in modern retail formats in india marketing essay



**ASSIGN
BUSTER**

The time has come for Indian retailing. The signals are there all over. The newspapers, business press, the governments, the Chief Executive Officers of large corporations, all talk about it day in day out. The Indian economy is likely to continue its steady growth with enhanced share in global trade and steady agricultural outputs. Booming employment opportunities, rising urban disposable income and credit card ownerships, changing lifestyles and demographic profiles all are showing a favorable skew towards a rising consumerism culture, boding well for retailing growth. Consumer spending is clearly set to accelerate its pace. In the view of the above said developments, 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 this paper makes an attempt to explain the emerging trends in the development of Modern Retail formats in Indian Context.

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

Introduction

Retailing in India is receiving global recognition and attention and this emerging market is witnessing a significant change in its growth and

<https://assignbuster.com/emerging-trends-in-modern-retail-formats-in-india-marketing-essay/>

investment pattern. It is not just the global players like Wal-Mart, Tesco and Metro group are eyeing to capture a pie of this market but also the domestic corporate behemoths like Reliance, KK Modi, Aditya Birla group, and Bharti group too are at some stage of retail development.

Reliance, announced that it will invest \$3.4 billion to become the country's largest modern retailer by establishing a chain of 1,575 stores by March 2007. The last couple of years have been rosy for real estate developers and the retailers are finding suitable retail space in prominent locations. The industry is buoyant about growth and the early starters are in expansion mood. There is increased sophistication in the shopping pattern of consumers, which has resulted in big retail chains coming up in most metros; mini metros and towns being the next target. Consumer taste and preferences are changing leading to radical alteration in lifestyles and spending patterns which in turn is giving rise to new business opportunities. Companies need to be dynamic and proactive while responding to the ever changing trends in consumer lifestyle and behavior.

Retailing in India is currently estimated to be a USD 200 billion industry, of which organized retailing makes up 3 percent or USD 6.4 billion. By 2010, organized retail is projected to reach USD 23 billion and in terms of market share it is expected to rise by 20 to 25 per cent. 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. Rapid growth in international quality retail space brings joy to shoppers and shopping malls are becoming increasingly common in large cities, and announced

development plans project at least 250 new shopping malls by 2010. The <https://assignbuster.com/emerging-trends-in-modern-retail-formats-in-india-marketing-essay/>

number of department stores is growing at a much faster pace than overall retail, at 24 per cent annually. Supermarkets have been taking an increasing share of general food and grocery trade over the last two decades.

Development of mega malls in India is adding new dimensions to the booming retail sector. Shopping experience in the nation of shopkeepers is changing and changing very fast. There is significant development in retail landscape not only in the metros but also in the smaller cities. 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.

Drivers of Retail in India

On one hand favorable demographic and psychographic changes in the Indian consumer class, rising income, international exposure, availability of quality retail space, wider brand choice and better marketing communication are some of the factors driving Indian retail. On the other side a lot depends on the preparedness of Indian retailers in terms of having suitable formats, scalable business model, appropriate technology and relevant organization capability for the success.

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. There are fundamental but significant changes underway in this country. 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 Zara and Gap 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.

Development of Retail Formats in India

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 too 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 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 existing 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. Now a number of retailers are in a mode of experimentation and trying several formats which are essentially 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 (Exhibit 1) 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).

The retailer is trying to segment the market with the help of format. The retailer developed another new format in the form of Wholesale Club to sell a segment of consumer who purchase on bulk and look out for discounts and offers. The new format is going to be 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), Shoemart and Funcity12 etc. (Exhibit 2). 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.

Malls

Mall development is phenomenal in India. The mall mania 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 market also. 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, Nagapur and Surat are catching the eye of all
<https://assignbuster.com/emerging-trends-in-modern-retail-formats-in-india-marketing-essay/>

retailers. Retail developers are in such a mood that they may over ride the requirement in a specific city.

Large format malls are increasingly getting prominent 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. A study conducted by Knight Frank India indicates that by 2007, approximately 75 million sq ft of mall space available in India. Of this, Mumbai, Pune, NCR (including Gurgaon, Noida, Greater Noida, Faridabad & Ghaziabad), Bangalore & Hyderabad will have a 74% share. The balance 26% will be made up by the cities like Kolkata, Chennai, Ahmedabad, Jaipur, Nagpur, Lucknow, Indore, Ludhiana & Chandigarh. With such quantum of new format retail space in the pipeline, innovation, striking the right tenant mix, effective mall management and provision of ample parking space are components that will decide the future success of mall developments.

Department Store

A department store offers an extensive assortment (width and depth) of goods and services that are organized into separate departments for the purpose of efficient buying, assortment, promotion and above all ease of shopping for the consumer. 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 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.

Hypermarket

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 becoming 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
<https://assignbuster.com/emerging-trends-in-modern-retail-formats-in-india-marketing-essay/>

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 Hypercity which is the country's largest hypermarket at 118000 sq ft. Hypercity carries product range varies from Foods, Homeware, Home Entertainment, Hi-Tech, Appliances, Furniture, Sports, Toys & Clothing. Hypercity Retail plans to open 55 hypermarkets by 2015. Reports in media indicate that Reliance is set to open its hyper market format called ' Reliance Mart' in Ahmadabad in December 2006 in 1. 5 lakhs sq ft of space.

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. Hypermarkets can offer whole lot of benefits to consumer. As all hypermarkets use food and grocery as crowd puller, the price plays major role. Apart from price, other things retailers need to worry about are offering right product mix at right price and right place. Ideally, a 40: 60 mix of food to non-food should yield a blended gross margin of around 18-19 per cent. Hypermarkets will be successful if the retailers understand the shopper better and design product offering tailor made for specific segment of consumer. Retailers have to use efficient sourcing and merchandising process to bring down cost of operation. The most important one is to phase out inefficiencies from the supply chain and pass on a part of that benefit to consumer. Another way of improving margin is to increase percentage of private label or store brand.

Supermarket

Unlike western countries where supermarkets are prominently visible, in our country this is lacking. The supermarkets largely concentrate on selling food related products and are considerably smaller in size compared to hypermarkets. Their value proposition is also different from the hypermarkets. The supermarkets offer relatively less assortments but focus on specific product categories. They do not play the game on price rather use convenience and affordability as their salient features. In India this role is played by the provision stores and sweet shops. Interestingly the fresh vegetables and fruits are sold on the foot path and in open markets.

Traditionally consumers feel conservative to buy fruits and vegetables from air conditioned supermarkets. They prefer to buy either from the local mobile vegetable sellers or from the nearest Vegetable market. Probably that works as deterrent factor for the growth of supermarkets in India. But the situation is changing and slowly supermarket operators are coming to their own.

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 neighbouring 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. Fabmall a part of Trinetra Super Retail Limited is also expanding. By June 2006 Fabmall had 28 super markets in some cities and the retailer is planning to open 25 outlets in Kerala by March 2007. Food Bazaar operates in major cities in India with a floor space ranging from 6, 000 sq ft to 16, 000 square feet and the format sells both food and non-food items. The non-food items contribute about 22 per cent of total sales and rest is contributed by the food related items. A Food Store stocks an average of 7, 000 stock keeping units (SKUs) and over 50, 000 articles. The SKU's are divided into the broad categories – staples, fresh produce and branded foods, home & personal care products. Staples include groceries like rice, wheat, dal, spices and oils. Fresh produce comprise of fruits and vegetables, which are sold loose through the concessionaire arrangement. Along with national brands and local brands the store keeps private labels in some product categories such as utensil cleaners, preservatives and bakery products. For example in utensil cleaner category private label gives the highest margin about 25 per cent and commands a share of 50 per cent in the store. The private labels offer 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 is made the transition from a just grocery retailer to developing emotional bonding with shoppers by providing some value added services to the shoppers. Some of these initiatives include: 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

<https://assignbuster.com/emerging-trends-in-modern-retail-formats-in-india-marketing-essay/>

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.

Convenience Stores

A Convenience store offers location advantage for 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 merchandize 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. During the same period, sales is expected to touch Rs 5271 million and number of outlets are likely to grow from 510 to 2434. Twenty Four Seven a new format of convenience store is operational in Delhi from June 2005. Twenty Four Seven's portfolio comprises 3, 500 stock keeping units (SKUs) of branded fast-moving consumer goods and another 3, 500 SKUs of prescription and over-the-counter drugs besides 300 private labels products across food, focusing on staples such as pulses and rice. The promoter of this format, the Modi group, plans to set up 500 convenience stores in Delhi and Mumbai by 2007.

Discounters

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

<https://assignbuster.com/emerging-trends-in-modern-retail-formats-in-india-marketing-essay/>

quickly build scale and pass on 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 her grocery purchase. So price-value equation is a critical component in most of the grocery purchases. Despite this, there is hardly any national level discount chain operating in India. But retailers such as Aldi and Lidl are extremely successful in Europe. Due to regulatory issues no such retailers are allowed to sale their products directly to consumer. But they can sell in a cash and carry format which is exclusively B2B context. If these retailers are allowed to operate in India through their retailer stores they may find it extremely difficult in the early stages because of lack of experience in the grocery retailing in this market. Unlike the western markets where retailers largely depend on private labels to offer price advantage, here the concept of private label is very early stage. Some of the food retailers like Foodworld and Adani sell private labels but they are not discounters.

The presence of discounters is much smaller than that of supermarkets. According to Euromonitor (2006) report, in India there are 410 discount stores with 63 thousand sq, meter selling space and by 2010 that figure is going to be 555 discount retail outlets with 85 thousand selling space. Subhiksha, the Chennai based discount retail chain is going national. By July 2006 the retail chain had around 150 stores and planning to open 350 more by March 2007. The National Capital Region (NCR) is going to get a fair share

of 145 stores. Apart from the NCR the retail chain is actively looking at markets in Maharashtra, Gujarat, Andhra Pradesh and Karnataka. The retail chain already started operation in Ahmedabad but the stores are largely selling fruits and vegetables at this point of time. They claim that they sell at a lower price compared to other places in the local market.

Branded Store

The major apparel brands in India are Madura Garments, Zodiac, Raymonds, Colour Plus and Arvind Mills. Some of branded apparel stores prominent in India are Madura Garments (140 stores), Weekender (75 stores), Benetton (100 stores), Grasim (110 exclusive showrooms), Madura Garments (40 stores), Wills Life style (40 stores), Lee (59 stores), Newport (500 stores), Wrangler (37 stores), John Players (80 stores) and Raymond. Raymond a nationwide retail chain has 260 Raymond shops deals in fabrics, apparels and accessories. In addition to that its distribution network includes 20 exclusive Park Avenue Parx stores, and 1, 000 multi-brand outlets. These specialty stores sell the well known brands like Park Avenue, Parx, Manzoni and Be. Park Avenue is an up market brand, while Parx and Manzoni are targeted at the casual wear and the premium ranges respectively. ' Be:' is especially a brand for women's wear. Similarly BK Birla's Century Textile plans to increase its number of outlets from 60 currently to 100 by next year.

International brands like Tommy Hilfinger are also present in India through franchise arrangements with Arvind Murjani Brand Private Limited (AMBPL) and its first store was opened at Banjara Hills, Hyderabad. The 3, 840 sq ft store retails wide variety of products such as men's denim wear &

sportswear, women's sportswear, junior jeans and accessories like handbags, <https://assignbuster.com/emerging-trends-in-modern-retail-formats-in-india-marketing-essay/>

belts and watches. Apart from the new store in Hyderabad, Tommy Hilfinger is also available in its exclusive stores in New Delhi, Gurgaon, Chandigarh, Bangalore and Mumbai. There is no major Indian retailer in the sports and foot wear category. Reebok (85 stores) is the market leader here in India and there is no clear-cut winner in the second place. In fact, this segment is dominated mainly by foreign labels – Levis, Lee Cooper, United Colors of Benetton, Lacoste, Adidas (76 stores), Nike (62 stores), and Woodland (58 stores), etc. Indian labels are few and far between – Proline is the best-known Indian brand and the other brands are more local in nature. The other Indian retailer which is making some sort of impact is Wills Sports with 29 stores across different cities in India.

Category Killer

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 merchandize 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.

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. US based My Dollar Store started operation in Mumbai through master franchise arrangements with Sankalp Retail Value. The store opened with a floor space of about 4, 000 sq ft of space in Nirmal

Lifestyle and offers wide range of products ranging from shampoos-to-juice-toys. In September 2005, Mallz99 chain of dollar stores has also started operation in Malviya Nagar, South Delhi and the retailer has a plan to open 200 stores (both franchised & company owned) in India by 2009. The store offers over 1000 imported products that are priced at INR 99. Major product categories sold at the store are cleaning, health & beauty, hardware, plastic ware, kitchenware, candles, flowers, household items, home-décor, automobile, stationary, disposables, party supplies, fashion jewelry, glassware, chocolate & confectionary, gifts, toys, products for pets, melamine ware, novelties, socks and fashion accessories. For keeping the store attractive for shoppers the store adds new products on a weekly basis.

<https://assignbuster.com/emerging-trends-in-modern-retail-formats-in-india-marketing-essay/>

Mulund boasts of three dollar shops on SL Road, and one in Mulund (E) near the station. Royal Shoppe on SL Road offers everything from crockery to towels, shoes, curios, lamps, etc. Royal Shoppe now offers goods ranging from Rs 29 to over Rs 1, 699.

Retail Development in Rural India

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 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 million in the rural areas, data from. Largely this rural market is untapped and there is huge opportunity for retailers. 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 Agrovvet 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 36 franchised Shub Labh store established in ten states in India.

Internet Retailing

The importance of internet retailing is growing all over the world. Some internet retailers such as ebay 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 Euromonitor 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. In 2005 LG Ezbuy was the major internet retailer in value terms with a commanding share of close to 23 per cent. Other major players in terms of value share are Times Internet (indiatimes. com), Yahoo Web services (yahoo. com), India Online (Rediff. com), Fabmall and Sify. com. Fabmall online store offers about three million stock keeping units and attracts about 10, 000 visitors per day and on average ships over 20, 000 orders per month. Fabmall sells major product categories jewellery, Electronics, Books, Movies, Music and Gifts.

Conclusion

Most of the organized retailers in India are harping on quality, service, convenience, satisfaction and assured benefits to lure shoppers into the store. Retailers should create value for the consumer and must decide suitable vehicle to deliver desired consumer value. No doubt that retail format is one of the vehicles to deliver value proposition and also it helps to position the store in the mind of target shoppers. Probably in a growing market no one finds difficulty in pulling customer into store but that may not be sufficient to operate profitably. Retailers need to find out what matches consumer requirement and offer better than competition. Retailers certainly

need to be innovative in designing the value proposition and deciding the format to deliver that to the consumer. It is not all about deciding the format but all about serving the consumer better, faster and at less cost. Retailers can use their store as an indicator of what they stand for and what value they offer. Retailers have to out think consumer in providing service and value. The eventual conclusion is that consumer is the focus of retail business and the retailers should serve the consumer better, faster and at less cost.