

# Emergence of malls in india



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Malls as we understand, is a form of organized retailing. They lend an ideal shopping experience with an amalgamation of product, service and entertainment, all under a common roof. Before going into the details of emergence of malls, let's see how the Indian retail sector has evolved over the years and how the concepts of malls came into being. The era of rural retail industry could be categorized into two formats: weekly markets and village fairs.

Primarily, weekly formats catered to the daily necessities of villagers. Village fairs were larger in size with a wide variety of goods sold from food, clothing, cosmetics and small consumer durables. The traditional era saw the emergence of the neighborhood 'Kirana' store to cater to the convenience of the Indian consumers. The era of government support saw indigenous franchise model of store chains run by Khadi ; Village Industries Commission. The KVIC has a countrywide chain of 7000 plus stores in India.

This period also witnessed the emergence of shopping centers with car parking facility. The modern era has a host of small and large formats with exclusive outlets showcasing a complete range of products. The department stores and shopping malls targeting to provide a complete destination experience for all segments of the society. The hyper and super markets are consistently trying to provide the customer with the 3 Vs (Value, Variety ; Volume).

Over the last three years, this sector has witnessed an exorbitant growth due to the establishment of numerous international quality formats to suit the Indian purchase behavior, the improvement in retail processes, the development of retail specific properties and the emergence of both

domestic and international organizations has witnessed the emergence of malls. It is not just the north of the country that is seeing a furious construction of malls. Visakhapatnam, a fast-growing city in the southern state of Andhra Pradesh, is witnessing a huge demand for shopping malls.

The biggest of them, CMR Shopping Mall, occupies 60,000 square feet over five floors. The throngs of buyers who visit the mall are working class and office employees of the numerous public and private sector outfits that are based in Visakhapatnam. Similarly, Ahmedabad in western India is slowly becoming a magnet for shopping malls. More than half a dozen malls have sprung up in Ahmedabad, known as a fading city of dying textile mills until a few years back. The biggest of them, aptly called Super Mall, occupies a gargantuan 90,000 square feet and has 200 shops in its folds.

But the biggest mall-construction activity in India is taking place, as expected, in Mumbai, the country's financial and business capital. In all, 25 malls are under construction, each measuring anything between 90,000 and 600,000 square feet. A hefty Rs. 4 billion (US \$87 million) is being pumped into these projects by 20 investors. About a dozen malls are already up and running in the up-market south side of the city, as well as the downmarket distant suburbs. Making the job easier for the anchors is a gradual change in the Indian economy from a socialistic to a capitalistic one.

This has led to a rise in the numbers of middle-class consumers, their wallets stuffed with more disposable income. According to one estimate, over the past three years, consumer spending has increased at a respectable rate of 12% per annum. Another reason for the ongoing boom in mall activity is the opportunity to retailers for a greater accessibility to real estate at affordable

prices. Part of this is due to easier availability of bank and institutional finance. And in places such as Mumbai, the freeing up of much-needed real estate.

This has happened with the many closed textile mills in the central part of the city now being allowed to exploit their real estate for other commercial purposes. Investors are attracted by the 14% returns in the malls business, compared to 11% in the office segment and 6% in the residential segment. For the young crowd, malls have become areas in which to "hang out", to catch up with friends in stores like Cafe Coffee Day and Barista, each vying to be the Starbucks of India. There's also an entertainment factor, with more and more of the youngsters beginning to see shopping as an enjoyable thing to pass the time.