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CHAPTER 1.A

I. A. INTRODUCTION

Retail Industry

The most promising and booming industry of future is retailing. AT Kearney, a well-known international management consultancy, recently identified India as the ‘the most attractive retail destination’ globally from among thirty emergent markets (2007). According to a Knight Frank survey, India ranks fifth amongst the 30 emerging retail markets in the developing countries.

Industry evolution

- Traditionally, retailing in India can be traced to the emergence of the Corner stores (Kirana) catering to the convenience of the consumers
- Era of government support for rural retail: Indigenous franchise model of store chains run by Khadi & Village Industries Commission
- 1980s experienced slow change as India began to open up economy.
- Textile sector with companies like Bombay Dyeing, Raymond's, S Kumar's and Grasim, saw the emergence of retail chains
- Later, Titan successfully created an organized retailing concept and established a series of showrooms for its premium watches
- The latter half of the 1990s saw a fresh wave of entrants with a shift from Manufactures to Pure Retailers. For e.g. Food World, Subhiksha and Nilgiris in food and FMCG; Planet M and Music World in music; Crossword and Fountainhead in books.
- 1995 onwards saw an emergence of shopping centers, mainly in urban areas, with facilities like car parking targeted to provide a complete destination experience for all segments of society
- Emergence of hyper and super markets trying to provide customer with 3 V’s - Value, Variety and Volume

- Expanding target consumer segment: The Sachet revolution - example of reaching to the bottom of the pyramid.
- At year end of 2000 the size of the Indian organized retail industry was estimated at Rs. 13,000 crore

The retail industry is divided into organized and unorganized sectors.

Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets, retail chains, and also the privately owned large retail businesses. Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the Corner stores (Kirana shops), owner manned general stores, Cigarette stalls (paan/beedi), convenience stores, hand cart and pavement vendors, etc.

Table 1: India Retail Structure

Retail formats	2002	2003
Total Grocery Outlets	5,170,709	6,037,738
Traditional grocery outlets	4,525,264	5,273,310
Supermarkets	175	2,314
Other grocery outlets	645,270	762,114
Total Drug stores	352,786	405,743
Traditional medical/drugstores	247,582	276,058
Cosmetic stores	105,204	129,685

Source: Businessworld Marketing Whitebook 2005

Retailing in India is currently estimated to be a US$ 230 billion industry, of which organized retailing makes up 3 percent. By 2010, organized retail is projected to reach US$ 30 billion with an expected growth rate of about 400%.

A study conducted by Fitch, expects the organized retail industry to continue to grow rapidly, especially through increased levels of penetration in larger towns and metros and also as it begins to spread to smaller cities and B class towns. Fuelling this growth is the growth in development of the retail-specific properties and malls. According to the estimates available with Fitch, close to 25mn sq. ft. of retail space is being developed and will be available for occupation over the next 36-48 months. Fitch expects organized retail to capture 15%-20% market share by 2010.

While organised retail makes up for over 70-80 per cent of the total business in developed countries, the Indian organised retail segment pales in comparison with other Asian countries such as China, South Korea and Thailand. Retailing is the largest private sector industry in the world economy, with the global industry size exceeding $6.6 trillion, according to Euromonitor. In China, the organised retail segment accounts for about 20 per cent of the overall business; in Thailand, it is around 40 per cent, while in Malaysia it makes up for nearly 50 per cent of the total business, according to the data.

The retail sector in India is highly fragmented and organized retail in the country is at a very nascent stage. Of the 12 million retail outlets, more than 80 per cent are run by small family business, which use only household labour. China and Brazil, took 10-15 years to raise the share of their organized retail sectors from 5 per cent to 20 per cent and 38 per cent respectively. India too is moving towards growth and maturity in the retail sector at faster pace, according to Ernst and Young India.

- Hypermarkets to be the preferred format for the international retailers entering India
- Malls to move beyond the metros, increase presence in tier II cities
- Organised retail penetration highest across footwear, clothing segment.
- Franchising gaining steam with retailers.

Retail sales in India amounted to be about Rs.7400 billion in 2002, expanded at an average annual rate of 7% during 1999-2002. With the upsurge in economic growth during 2003, retail sales are also expected to expand at a higher pace of nearly 10%. Across the country, retail sales in real terms are predicted to rise more rapidly than consumer expenditure during 2003-08. The forecast growth in real retail sales during 2003- 2008 is 8.3% per year, compared with 7.1% for consumer expenditure.

Modernization of the Indian retail sector will be reflected in rapid growth in sales of supermarkets, departmental stores and hyper marts. Sales from these large-format stores are set to expand at growth rates ranging from 24% to 49% per year during 2003-2008, according to a report by Euro monitor International, a leading provider of global consumer-market intelligence.

The trends that are driving the growth of retail sector in India are:

- Low share of organized retailing
- Falling real estate prices
- Increase in disposable income and customer aspiration
- Increase in expenditure for luxury items

Table 2: INDIA RETAIL: 2006 (at current prices)

Retail Segments	India Retail Value (Rs.Crore)	Organised Retail (Rs.Crore)	% Organised in 2006
Clothing, Textiles & Fashion Accessories	113,500	21,400	18.9
Jewellery	60,200	1,680	2.8
Watches	3,950	1,800	45.6
Footwear	13,750	5,200	37.8

Health & Beauty care services	3,800	400	10.6
Pharmaceuticals	42,200	1,100	2.6
Consumer Durables, Home Appliances/equipments	48,100	5,000	10.4
Mobile handsets. Accessories & Services	21,650	1,740	8.0
Furnishings, Utensils, Furniture-Home & Office	40,650	3,700	9.1
Food & Grocery	743,900	5,800	0.8
Catering Services (F & B)	57,000	3,940	6.9
Books, Music & Gifts	13,300	1,680	12.6
Entertainment	38,000	1,560	4.1
	US$ 270 Billion	US$ 12.4 Billion	

Source: IMAGES F&R Research

Quick Stats of Indian Retail

Markets

- Market size (total) 2006: US$ 300 bn/annum
- Market size (total) 2010: US$ 427 bn/annum
- Market size (total) 2015: US$ 637 bn/annum
- Market size (modern retail) 2006: US$ 9-12 bn/annum
- Market size (modern retail) 2011: US$ 60 bn/annum
- Annual rate of growth (modern retail): 35%
- Penetration (modern retail) 2006: 3 to 4%

- Penetration (modern retail) 2010: 10%
- Number of retail outlets (total): 12 million

Investment

- New Investment by 2011: US$ 30 bn

Employment

- No. of persons employed (total): 21 mn
- No. of new jobs in next two years: 2 mn.

Wealth

- No. of dollar designated millionaires in India(2006) 100,015

Retail Space

- Typical space per outlet: 100 to 500 sq.ft.
- Space occupied (modern retail): 35 mn sq.ft.
- Operating Malls 2007: 114 (35 mn sq.ft.)
- New Malls under construction: 361 (117 mn sq.ft.)
- New space distribution: 65% (top 7 cities), 35% (tier II & III cities)
- New space distribution (among top 7 cities): NCR 34%, Mumbai 23%, Rest 43%

Profile of Indian Consumer

The Indian consumption patterns are slowly converging with global norms. The Indian consumer is now spending more on consumer durables, apparel, entertainment, vacations and lifestyle related activities. Entertainment, clothing and restaurant dining are categories that have been witnessing a maximum rise in consumer spending since 2002.

According to KSA Technopak 300 million odd middle class - the Real consumers - is catching the attention of the world with over 600 million effective consumers by

2010. India is bound to emerge as one of the largest consumer markets of the world by 2010.

About one-third of households in India can afford (usually inexpensive) white goods, such as washing machines, refrigerators and air conditioners. However, consumers are price-conscious, and demand for many white goods is restrained by long replacement cycles in urban areas.

As per India's Marketing Whitebook (2006) 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 INR 215, 000. Another 75 million households are in the category of 'well off' immediately below the affluent, earning between INR 45,000 and INR 215,000. This is a sizable proportion which offers excellent opportunity for organized retailers to serve.

Consumer profile: One of the key reasons for the increased consumption is the impressive growth of the middle class. Around 70 per cent of the total households in India reside in the rural areas. The total number of rural household is expected to rise from 135 million in 2001-02 to 153 million in 2009-10. This presents the largest potential market in the world. According to the study conducted by NCEAR, the number of `lower middle income' group in rural areas is almost double as compared to the urban areas, having a large consuming class with 41% of the Indian middle class and 58% of the total disposable income.

The Indian rural market has been growing at 3-4% per annum, adding more than 1 million new consumers every year and now accounts for close to 50% of the volume consumption of fast-moving consumer goods (FMCG) in India. The market size of the fast moving consumer goods sector is projected to be more than double to US$ 23.25 billion by 2010 from the present US$ 11.16 billion. As a result, it is becoming an important market place for fast moving consumer goods as well as consumer durables.

There were nearly 70 mn households (33% of the total) with an income of more than US$3,000 in 2006. These "well-off" households already own relatively expensive consumer durables, such as air conditioners and refrigerators.

- 600 mn+ effective buyers by 2010
- 550 mn+ under the age of 20 by 2015
- 70 mn+ earn Rs. 8,00,000+ ($18,000) a year – number to rise to 140 mn by 2011

Table 3 India's Income classes

	1990-00	2005-06
RICH (annual income > US$ 4,700) □ Own cars, PCs	3million households	6milliion households
CONSUMING (US$ 1000-4700) □ Have bulk of banded consumer goods, 70% of 2-wheelers, refrigerators, washing machines	55million	75million
CLIMBERS (US$500-1000) □ Have atleast one major durable (mixer, sewing machine/tv)	66million	78million
ASPIRANTS (US$350-500) □ Have bicycles, radios and fans	32million	33million
DESTITUTES (Less than US$350) □ Not buying	24million	17million

Source: The Great Indian Retail Story 2006, Ernst & Young.

Consumer behaviour: Availability of lifestyle spending options is increasing for Indian consumers and that inducing higher spends on "status acquisition".

Traditionally, Indian consumer is cautious about debts. In recent past, this attitude has changed radically and in recent year's credit is no more a feared entity.

Indian consumer buying behaviour to a large extent has a western influence. Foreign brands have gained wide consumer acceptance in India and they are much more open for experimentation. Beauty parlours in cities, eateries, designer wear, watches, hi-tech products are a few instances which reflect these changes.

Purchasing priorities in India also influence the level of sales of individual products. Penetration data bear this out: televisions in use in 2006 were estimated at 95 per 1,000 population, far higher than the level for white goods. This reflects the growing demand for entertainment in India.

According to Ernst & Young report, 'The Great Indian Retail Story, 2006', the emergence of a larger middle and upper middle classes and the substantial increase in their disposable income has changed the nature of shopping in India from need based to lifestyle dictated. The self-employed segment has replaced the employed salaried segment as the mainstream market, thus resulting in an increasing consumption of productivity goods, especially mobile phones and 2 - 4 wheeler vehicles. There is also an easier acceptance of luxury and an increased willingness to experiment with the mainstream fashion, resulting in an increased willingness towards disposability and casting out from apparels to cars to mobile phones to consumer durables.

Consumer spending: The rate of growth of spending on discretionary items (unlike basic necessities like food) has been growing at an average of 9 per cent per year over the past five years. A nation of savers, India, has now altered into a nation of spenders.

KSA Technopak's Consumer Outlook 2004 report estimates that an average Indian spends 40% of his monthly salary on food and grocery and 8% on personal care products.

Indian consumer spending basket (2003):

- Consumer durables – 53%
- Books & Music – 32%
- Movies & Theater – 38%
- Vacation – 32%
- Home Textiles – 29%
- Mobile phones – 96%
- Payment Household help – 48%
- Computer / peripherals – 10%

Consumer Spend (Year 2006)

- Total Consumer Spend : Rs. 20,00,000 cr ($ 445 bn)
- Retail : Rs. 12,00,000 cr ($ 270 billion) double digit growth expected
- Organised Retail: Rs. 55,000 cr ($ 12.4 bn) at current prices 40%+ annual growth expected
- Scope for Organised Retail: Rs. 2,00,000 cr ($ 45 bn) by 2010. Av. Salary hike of 15+ per cent: there will be lot more consumption.
- Leading retailers' sales growth: 50-100% in 2005-06

Table 4 Urban-Rural divide in Spending (%)

Category	Rural	Urban
Entertainment	33	67
Consumer Services	44	56
Durables	50	50
Misc. Consumer goods	57	43
Clothing and Footwear	61	39
Food	64	36

Source:KPMG/Research

Rural retailing

With more than six people living in villages, Indian rural market has a huge potential to offer for retailing industry. 70 % of India's population lives in 627000 villages in rural areas. According to the NCAER study, there are almost twice as many 'lower middle income' households in rural areas as in the urban areas.

- At the highest income level there are 2.3 million urban households as against 1.6 million households in rural areas.
- Middle and high-income households in rural India are expected to grow from 80 million to 111 million by 2007.
- In urban India, the same is expected to grow from 46 million to 59 million. Thus, the absolute size of rural India is expected to be double that of urban India.

The rural market accounts for half the total market for TV sets, fans, pressure cookers, bicycles, washing soap, blades, tea, salt and toothpowder, What is more, the rural market for FMCG products is growing much faster than the urban counterpart.

According to Hansa Research, a market research firm that has published a Guide to Indian Markets 2006, the penetration of consumer durables has risen sharply in Indian villages between 2000 and 2005. Color TV sales are up 200% and motorcycle sales are up by 77%. In absolute numbers, however, the penetration is still low. Coke, for instance, reaches barely 25% of the rural market. This means the upside potential is huge for companies that develop effective rural marketing strategies.

According to NCAER, the low penetration rates can be attributed to three major factors: low income levels, inadequate infrastructure facilities and different lifestyles. But income levels are going up, infrastructure is improving and lifestyles are changing. Almost a third of the rural population now uses shampoo compared with 13% in 2000, according to Hansa Research.

Table 5 Rural Share of Consumer Demand (%)

Category	FY96	FY02	FY10E
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
Automotive	37.9	36.0	37.9
TVs	54.0	54.5	44.2
Other Whitegoods	23.8	23.9	23.7
All Fans	50.0	56.9	56.7
Other low-cots items	58.1	60.1	61.3
Shampoos	27.2	31.9	33.0
Edible oils	64.3	67.1	62.9
Washing cakes	68.7	71.4	75.6

Source: NCAER

However, the basic question remains, whether the rural consumer is aware of the products, if yes, can he afford them? To answer these problems some of the largest MNCs like Hindustan Lever and LG electronics have established strong distribution network in the rural areas. ‘Sachet’ revolution has really changed the dynamics of the rural market. Now more and more companies are coming out with small packs of Rs.4-5 so that the rural consumer can easily afford the products. For instance, HLL introduced Lifebuoy soap for Rs 2 and coca-cola came out with an idea of returnable 200-ml glass bottle for Rs 5 for rural markets.

Today, the corporate world has gone further from just introducing sachets or small packs for rural market. They are coming out with ‘Rural malls’. Chaupal Sagar is one of the first organized retail effort in the rural area. This is a venture by ITC. It extended its warehouse into a rural shopping-cum-information center to attend to the needs of rural consumer. The size of the mall is very small with just around 7,000 sq feet as compared to ordinary mall sizes in urban area. But it still offers everything - from toothpastes to televisions, hair oils to motorcycles, mixer-grinders to water pumps, shirts to fertilizers, whatever a rural consumer needs. ITC started its first rural mall in Sehore, Madhya Pradesh and is planning to expand its network by another 40 shopping malls across rural Madhya Pradesh and Uttar Pradesh alone and over to increase its rural outlets to 700 by 2013.

Following the footsteps of ITC, DCM Sriram Consolidated Ltd. (DSCL) has opened Hariyali Bazaars in 2002 focusing mainly on agri products. These bazaars offer –

- Quality Agri-Inputs: Provides a complete range of good quality, multi-brand agri inputs like fertilizers, seeds, pesticides, farm implements & tools, veterinary products, animal feed, irrigation items and other key inputs like diesel, petrol at fair prices.
- Financial Services: Provides access to modern retail banking & farm credit through simplified and transparent processes as also other financial services like insurance etc.
- Farm Output Services: Farm produce buyback opportunities, access to new markets & output related services.
- Other Products and Services: Fuels, FMCG, Consumer Goods and Durables, Apparels etc.

So far, 70 "Hariyali" Stores have been set up in different states across India which would scale up to 200-250 in next year or two. Ranbaxy’s Fortis Health World is tying up with Hariyali Kisan Bazaar to make entry into the rural market.

Hindustan Lever followed another way of reaching rural consumers. Its Project Shakti, (rural self-help group) is a classic example of involving women in the distribution network through empowering women. The project started in 2000 encourages women to sell its products who operate like a direct-to-home sales women. A typical Shakti distributor sell products worth Rs 10,000-15,000 (around $250) a month, which provide an income of Rs 700- 1,000 (around $25) a month on a sustainable basis. This business model has created history in the Indian rural marketing. According to media reports, Shakti distributors now account for 15% of the company's sales in rural India. By the end of 2007, HLL will have at least 10,000 Shakti dealers covering over a lakh villages. Amongst its latest plans, HLL is involving non-competing brands/ companies to be a part of its project. For instance, HLL approached ICICI Prudential and Max New York Life to sell their insurance policies through its 'shakti dealers'.

Godrej Agrovet Ltd is another company who initiated its rural retail business through 'Godrej Aadhaar'. These outlets offer rural households, the basic food, grocery, apparel, footwear to furniture, kitchenware and home appliances to value-added services including banking, postal services and pharmacy. Godrej is planning to setup atleast 1000 stores across the rural India in next five years.

Even India Oil is planning to tap the rural market, opening Kisan Seva Kendras across the rural areas to provide fuel and non-fuel-added services to rural consumer.

Taking a lesson or two from the corporate world even government is thinking big for rural areas. Government of Madhya Pradesh proposes to develop Rural Shopping Malls (RSM) across the state to cater to the needs of rural population. RSMs would act a two way supply chain. Apart from selling goods to the farmers these malls will buy farmers produce as well.

Classification of the retail sector

The Indian retail sector is extremely fragmented, with over 12 million outlets across all sectors. These are typically small family owned over-the-counter stores with an average size of 100 square feet. Organised retail is mostly developed in segments such as clothing (14% organised), watches (40%) and footwear (25%).

The major players in these sectors have set up labelled stores in order to differentiate their brands. However, some of the largest segments such as food (1% organised retail) and jewellery (2%) are barely organised, thus contributing to the low overall average.

Fastest growing retail segment

- Watches and jewelry – 18%
- Durables – 18%
- Pharmacy – 27%
- Furniture and fixtures – 27%
- Clothing – 55%
- Food and grocery – 91%

(Source: India's Retail Survey 2005, KPMG)

Table 6 Estimated Growth in 4 largest segments (US$mn):

Segment	2002	2007	CAGR (%)
Food	391	1624	33%
□ Chain stores	326	1462	35%
□ Single large stores	65	162	20%
Clothing	1075	2266	16%
□ Manufacturer retailers	293	590	15%
□ Chain stores	315	852	22%
□ Single large stores	467	824	12%
Consumer durables	359	822	18%
□ Manufacturer retailers	141	284	15%
	98	298	25%

□ Chain stores □ Single large stores	120	240	15%
Books & Music	97	310	26%
□ Chain stores	54	22	30
□ Single large stores	43	108	20%

Source: Economic Times Retail Knowledge Series

1. Food and grocery retail: KSA Technopak’s Consumer Outlook 2004 report estimates that the average Indian spends 40% of his monthly salary on food and grocery. In spite of this, organised retail represent less than 1% of the total food retailing business in India, which is currently valued at US$ 145 billion and is expected to grow to US$ 200 billion by 2010. By 2020, India is expected to become the fourth-largest food retail market in the world.

The food retail market is dominated by a large number of independent, family-owned grocery stores. These outlets mainly sell food commodities, but the proportion of non-food sales has been increasing gradually. Larger franchised outlets and hypermarkets are, however, becoming more common. General stores are the largest non-food retailer by outlet type.

The food and beverages retail segment can broadly be classified into three segments:

- Coffee house chains
- Fast food chains
- Groceries

Most food is sold in the local `wet' market, vendors, roadside push cart sellers or tiny kirana stores. According to McKinsey report, the share of an Indian household's spending on food is one of the highest in the world, with 48% of income being spent on food and beverages.

The F&G segment consists of fresh fruits and vegetables, milk and milk products, fast moving consumer goods and food grains. About half of the total F&G retail comes from food grains and unprocessed fruits & vegetables - items that are purchased from farmers. CRISIL Research estimates the retail value of these unprocessed items at approximately Rs3.8 trillion (Rs380,000 crore).

The period from 2005-10 is expected to see over US$12 billion being pumped into Indian retail with almost half of it slated for food retail. More and more corporate houses such as HLL, ITC and Reliance are now making inroads into food retail, with some even exploring the integrated approach via agri business and food processing. Entrenched players such as Subhiksha, Food Bazaar and Spencer's Daily are also tapping into backward linkages, while trying to match their expanding geographies with retail formats.

The supply chain for unprocessed food items is fairly underdeveloped in India and has many layers leading to high wastages and a high cost of distribution. CRISIL Research believes that increasing penetration of organised retail into the F&G segment can bring about improvements to the supply chain for unprocessed food items.

2. Clothing & footwear: In terms of penetration by the organized retail sector, footwear is the highest category, followed by clothing (14%). Traditional outlets stock a limited range of cheap and popular items; in contrast, modern clothing and footwear stores have all 'in-products' and attractive displays to lure customers. Because of their rock-bottom prices, which are much lower than prices of branded products, they attract a large number of customers.

Footwear is driven by the dominance of home-grown players like Liberty as well as the 15% market share that MNC retailer Bata commands. Foreign presence, especially through the franchisee route, e.g. Adidas, Reebok, Nike etc. adds to this slice of the pie.

The clothing segment is positioned for further organized retail penetration due to the high level of branding activities by apparel retailers. The ready-mades and western outfits are growing at 40-45% annually, as the market teems up with international brands and new entrants entering this segment, creating whooping market for the premium grooming segment. The clothing industry, which is valued at approximately US$ 25 billion, is expected to grow at a Compound Annual Growth Rate of 8-9% and touch US$ 38 billion by 2010. Turnover is currently at US$ 3.5 billion and growing at approximately 30% annually.

However, domestic retailers lack international standards. At present, only 70% of consumer products come from suppliers who fix barcodes on their packaging. For the remaining 30%, retailers themselves affix bar code stickers to ensure efficient billing as well as efficient stock control, thus adding to their costs.

Clothing has been the most important segment in the context of retail evolution in India, not because of its size but the way it has effected lifestyle changes in the lives of the people. It was clothing that drew international brands such as Allen Solly, Benetton, Lacoste and Arrow into the Indian market which in turn set the ball rolling for organising the retail sector. Raymond is one brand which capitalized the revolution of apparel retailing in India making Raymond stores – a one-stop shop for Men's wear. Today, it is the largest chain in the country selling clothing & textiles with more than 300 stores across the country. Following Raymond's footsteps, Wills Sports – subsequently renamed as Wills Lifestyle – emerged as the leading fashion forward chain, opening 42 stores across the country within the first two years of its operation.

Leading brands like Pepe, Levi's, Dockers, Gini & Jony, Blackberrys, Scullers, Freelook, Ruff Kids, Egana and Oxemberg, Van Heusen, Indian Terrain, Lee cooper, Mango, Marks & Spencer, are now aggressively expanding across the country. The entry of large corporate houses and MNCs added color to the competition. While the Tatas launched the fashion retail brand stores called Westside, the Dubai-based Landmark Group came to India with Lifestyle Stores and Rahejas came up with Globus.

3. Health & Beauty products / Pharma retaling: With growth in income levels, Indians have started spending more on health and beauty products. Here also, small and single-outlet retailers dominate the market. However, in recent years, a few retail chains account for only a small share of the total market, specializing in the products these products that have come into the market.

According to Ernst and Young report - “The Great Indian Retail Story”, medical care, health and beauty retailing have seen limited penetration of organized retail and will require innovative and aggressive plans on the part of Indian and international retailers to fully exploit their potential.

The pharmacy retail trade, which is highly fragmented and dominated by small chemists, is seeing entry of big industrial groups like Ranbaxy (Fortis), Reliance Retail, together with other big multi-format retailers like Pantaloon (Tulsi) and Subhiksha, and regional healthcare players like Apollo Pharmacy (Apollo Hospitals Group), Medicine Shoppee (international drug retail chain), Dial for Health (Zydus Cadilla), Planet Health (Sagar Drugs & Pharmaceuticals), Life Spring (Morepan), Health & Glow (Dairy Farm), LifeKen (Lifetime Healthcare), 98.4 (Global Healthline), Body Shop (now acquired by French beauty major Loreal), Guardian Pharmacy (Guardian Lifecare).

FMCG major Dabur India is all set to open around 300-400 outlets across the country, based on health and beauty products. The Dabur India retail outlets, modelled after foreign health and beauty retailers Boots and Walgreens, would sell pharmaceutical and OTC products as well as other products such as health food, confectionery, personal and baby care products and general merchandise. The company currently operates standalone outlets across the country offering complete Ayurvedic solutions, called the Dabur Ayurvedic Centres.

The Ranbaxy-promoter group recently made its foray into healthcare retail with a new company —- Fortis HealthWorld. The company plans to set up 1,000 HealthWorld stores in 400 cities in the next five years at an outlay of Rs 800 crore. These stores will have a 24x7 pharmacy which stocks FMCG products and health foods, ayurvedic and homeopathic medicines and also houses a diagnostic centre. While the country’s largest listed retail company, Pantaloon has rolled out Medicine Bazaar to be part of its either Big Bazaar or Food Bazaar, Reliance Retail has also charted out plans to set up 4,000 pharmacies in the next four years. Reliance Health Ltd, a subsidiary of ADAG Group has already acquired two small drug retail chains, and planning to acquire some of the big pharma retail chains.

4. Consumer durables: Post-liberalized period has given way to a large number of foreign companies in India. These companies brought variety of consumer goods, electronic items and household goods for Indian consumer. The consumer durables market can be stratified into consumer electronics comprising of TV sets, audio systems, VCD players, washing machines, microwave ovens, air conditioners (A/Cs). Overall fast moving consumer goods (FMCG) sector accounts for around 80per cent of consumer spending in India.

Low-priced products constitute the majority of sales volume, and lower income and lower middle-income consumers accounting for over 60 percent of sales. Retail revenues in this segment will grow further in proportion with increase in urban incomes. After four years of growth of between 1 and 1.5 percent, the segment saw revival in 2004, driven in part by a surge in retail innovation. Retailers introduced price cuts, and launched new packaging sizes together with discounts and promotional offers.

In the Rs 20,000-crore consumer durables industry, Chennai, Bangalore or Mumbai accounts for bulk of the 5per cent share of organised retail. In US ‘all products under one roof’ motto is popular for durable retail whereas Europe welcomes ‘only durables’ retail chains. In India, Chennai-based Vasanth & Company; Sony Mony Electronics, PlugIn Sales and Sumaria Appliances in Mumbai; and Bangalore's Pai International and Girias have adopted the durables-only chain format. There are few others who are following all at one place format. But India has not yet envisaged a strict format for durable retailing.

Yet again, Reliance Retail is spreading its wings into this segment of retailing as well with its ‘Reliance Digital’. It is planning to open 30 stores all over the country by 2007 end. Tata is also soon to join Reliance in durable retail market. Speech & Software Technologies (SST), a Tata group promoted company, joined hands with

Australia's 2nd largest retailer Woolsworths, to launch a chain of consumer durable stores in India.

5. Jewelry retail: India is the largest consumer of gold in the world. Country's jewelry market is mostly dominated by the unorganized sector. About 3lakh traditional retail jewelers hold 96per cent of the market share, while large brands or organised retail form only 4 per cent of the overall market.

Among the gold market, gems and jewellery segments shows highest potential of growth the growth of retail business in this area. The Indian gems and jewellery sector contributed to about 15 per cent of India's total merchandise exports during 2005-06. And in 2006-07, it accounted for 13.7 per cent of the country's total merchandise exports. The domestic demand for retail jewelry (both branded and unbranded) was estimated at Rs 490 billion in 2005, with diamond jewelry comprising Rs 80 billion. By 2010, according to a study by McKinsey, the branded jewelry market alone would touch Rs 100 billion mark. The sale of diamond jewelry in India has been increasing at a rapid pace of 25% every year over the last two years. The branded jewelry segment has shown an astonishing trend, increasing by 50% each year.

In the recent years, jewelry market has witnessed tremendous change. Old, traditional ornaments are giving way for branded designs and gold is replaced by diamonds and precious stones. Buying pattern is also changing. People are more and more opting for branded jewelry than buying from a 'family jeweler'. This change has created ample opportunity for the retailers. Multi-national jewellery brands such as Tiffany, Cartier, Zales and Harry Winston, all are showing interest in setting up their shops in India. Government's decision to allow 51per cent FDI in single brand retail store also helped many foreign retailers to enter into India.

Damas Jewelry, one of the world's leading jewelry retailer entered India in 2003 with a 50-50 joint venture with Gitanjali Gems Ltd. Damas opened its first retail store in Bangalore in 2005 and it increased its presence by another seven showrooms in short span of 5 months. It intends to open another 30 showrooms by 2006-07.

Generally, Indian consumer looks out for low-cost jewelry for daily wear and prefers to buy from trustworthy jewelers. Diamonds, precious stones which give elegant look not so expensive and changeable after few years of wearing are preferred by the working class women. Some of the prominent brands in the market are Adora, D'Damas, Oysterbay, De Beers and Carbon. There are about 30 major players marketing about 50 brands in India.

Keeping Indian consumers preferences and tastes Arens Gold Souk International Limited has opened a special shopping mall for branded jewelry. The company is planning to open about 100 Gold Souks in India in near future.

Jewelry retailers are exploring the vast India Gold and jewelry market, especially brand jewelry in their own way of branding, suiting to the needs and expectations of the consumer. Among Indian brands, for example, Nakshatra is product specific, Asmi is feeling specific and Glitterati is star oriented.

6. Home furniture & household goods: Like many other segments of retail, small and local retailers again dominate this sector. 85 per cent of the home furnishing industry is unorganized sector and remaining 15per cent is in the organized sector and is made up of manufactures and importers catering to the various segment of the industry.

Some of the major segments in furniture industry are Residential, Office, Contract and Institutional. There are other segments also based on the application (Kitchen, Bathroom, Bedroom, etc.) or on the raw material (wooden, plastic, metal, bamboo, etc). These industry segments include big payers from the formal sector such as Godrej & Boyce Manufacturing Co. Ltd., BP Ergo, Featherlite, Haworth, Style Spa, Yantra, Renaissance, Millenium Lifestyles, Durian, Kian, Tangent, Furniture Concepts, Furniturewala, Zuari, Truzo, N R Jasani & Company, V3 Engineers, PSL Modular Furniture, etc. Interior designing, costly home furniture is no longer a rich and wealthy family’s priority. Even middle class families are looking for luxury and comfortable furniture and showing more interest in decorating their Sweet homes.

The size of the Indian furniture retail market is estimated around Rs.30,000 crores. The furniture market in India is likely to witness an accelerated growth, with a compound annual growth rate (CAGR) of about 30 per cent, according to Technopak Advisors. Infact, CSIL Milano has classified India as one of the 14 large furniture markets in the world. However, the furniture sector makes a marginal contribution of 0.5% to India’s GDP.

7. Books & Music: Spend on books and music is still concentrated in metro cities. The size of the Indian music industry, as per this Images-KSA Study, is estimated at Rs.1100 crore of which about 36 percent is consumed by the pirated market and organized music retailing constitutes about 14 percent, equivalent to Rs.150 crore.

The book industry is estimated at over Rs. 3,000 crore out of which organized retail accounts for only 7% (at Rs.210 crore). This segment is seen to be emerging with text and curriculum books accounting to about 50% of the total sales. The gifting habit in India is catching on fast with books enjoying a significant share, thus expecting this sector to grow by 15% annually.

According to the estimates drawn by the Central Statistical Organisation statistics 2006, the total books, music and gift retail industry in the country that is currently pegged at Rs 11,500 crore has witnessed an increase of 17.3 per cent from last year.

Pacing the growing demand for books, leading bookstores and retail chains such as Oxford, Landmark and Crosswords all are increasing their stores space from an average size of 8,000 sq feet to 15,000 sq feet that is around eight times that of the traditional stores. So that these stores can provide facilities to its readers such as reading, drinking tea as well as listening to and buying music and movies. Dehradun based 'The English Book Depot Book Café' is a classic example of changing perception of book retailing.

According to Market Research Indian Retail Overview, 2006 the performance of some of the leading music and gift retailers show that retail presence during 2005 and 2006 grew by 20 per cent. Further, there was a growth of 13 per cent in 2005 and 29 per cent in 2006, in terms of outlets.

Future plans of retail majors:

- A successful telecom firm, Bharti Enterprises entered into retail business under a company called Bharti Retail Pvt. Ltd. It entered into a joint venture with Wal-Mart for wholesale cash-and-carry and back-end supply chain management operations in India. Bharti-Wal-Mart is to invest US$2.5 billion by 2015, to create 10 million sq ft of retail space.
- Reliance Retail is about to invest US$ 5.5 billion by 2010-2011, to create 100 million sq ft of retail space.
- Futures Group (Pantaloon Retail) will invest US$ 260 million by 2008, to increase its retail space to 10 million sq ft.
- Subhiksha, the US$ 73 million discount store will set up 1,000 stores in India by the year end, while Metro AG is investing US$ 400 million over the next three years to set up some 18 stores in the country.
- RAHEJAS is all set to launch 55 hypermarkets across India by 2015 with US$100 million sales.
- RPG: Planning IPO, 450+ MusicWorld, 50+ Spencer's, covering 4 million sq ft within the next 4 years
- PANTALOON: 10 million sq ft of retail space and Rs. 9000+ crore sales within the next 2 years.
- LIFESTYLE: Rs. 400 crore investment in the next 5 years in Max Hypermarkets and value retail stores, Home & Lifestyle Centres.
- Piramyd: 1.75 mn sq ft of retail space and 150 stores in next 5 years.
- Trent to open 27 more stores across its retail formats adding 1 mn sq ft of space in the next 12 DLF malls.
- Vishal Group: Plans include an IPO and an investment close to Rs. 1250 cr ($ 278 mn) by 2010, targeting 220 outlets, taking its cumulative retail space to 5 mn sq ft and sales turnover of Rs. 5000 cr ($ 1 bn+). With 50+ new stores getting ready in the current fiscal the chain is investing Rs. 300 cr (66.67 mn) with sales target of over Rs. 700 cr ($155.6 mn)

India retail industry is the largest industry in India, with an employment of around 8% and contributing to over 10% of the country's GDP. Retail industry in India is expected to rise 25% yearly being driven by strong income growth, changing lifestyles, and favorable demographic patterns.
It is expected that by 2016 modern retail industry in India will be worth US$ 175-200 billion. India retail industry is one of the fastest growing industries with revenue expected in 2007 to amount US$ 320 billion and is increasing at a rate of 5% yearly. A further increase of 7-8% is expected in the industry of retail in India by growth in consumerism in urban areas, rising incomes, and a steep rise in rural consumption. It has further been predicted that the retailing industry in India will amount to US$ 21.5 billion by 2010 from the current size of US$ 7.5 billion.

Shopping in India have witnessed a revolution with the change in the consumer buying behavior and the whole format of shopping also altering. Industry of retail in India which have become modern can be seen from the fact that there are multi-stored malls, huge shopping centers, and sprawling complexes which offer food, shopping, and entertainment all under the same roof.

India retail industry is expanding itself most aggressively, as a result a great demand for real estate is being created. Indian retailers preferred means of expansion is to expand to other regions and to increase the number of their outlets in a city. It is expected that by 2010, India may have 600 new shopping centers.

In the Indian retailing industry, food is the most dominating sector and is growing at a rate of 9% annually. The branded food industry is trying to enter the India retail industry and convert Indian consumers to branded food. Since at present 60% of the Indian grocery basket consists of non- branded items.

Challenges facing the Indian Organized Retail sector

The challenges facing the Indian organized retail sector are various and these are stopping the Indian retail industry from reaching its full potential. The behavior pattern of the Indian consumer have undergone a major change. This have happened for the Indian consumer is earning more now, western influences, women working force is increasing, desire for luxury items and better quality. He now wants to eat, shop, and get entertained under the same roof. All these have lead the Indian organized retail sector to give more in order to satisfy the Indian customer.

The biggest challenge facing the Indian organized retail sector is the lack of retail space. With real estate prices escalating due to increase in demand from the Indian organized retail sector, it is posing a challenge to its growth. With Indian retailers having to shell out more for retail space it is effecting there overall profitability in retail.

Trained manpower shortage is a challenge facing the organized retail sector in India. The Indian retailers have difficultly in finding trained person and also have to pay more in order to retain them. This again brings down the Indian retailers profit levels.

The Indian governments have allowed 51% foreign direct investment (FDI) in the India retail sector to one brand shops only. This have made the entry of global retail giants to organized retail sector in India difficult. This is a challenge being faced by the Indian organized retail sector. But the global retail giants like Tesco, Wal-Mart, and Metro AG are entering the organized retail sector in India indirectly through franchisee agreement and cash and carry wholesale trading. Many Indian companies are also entering the Indian organized retail sector like Reliance Industries Limited, Pantaloons, and Bharti Telecoms. But they are facing stiff competition from these global retail giants. As a result discounting is becoming an accepted practice. This too bring down the profit of the Indian retailers. All these are posing as challenges facing the Indian organized retail sector. The challenges facing the Indian organized retail sector are there but it will have to be dealt with and only then this sector can prosper.

1. B Theoretical Background

Marketing is an integrated communications-based process through which individuals and communities discover that existing and newly-identified needs and wants may be satisfied by the products and services of others.

Marketing is defined by the American Marketing Association as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. [1] The term developed from the original meaning which referred literally to going to market, as in shopping, or going to a market to buy or sell goods or services.

Marketing practice tends to be seen as a creative industry, which includes advertising, distribution and selling. It is also concerned with anticipating the customers' future needs and wants, which are often discovered through market research. Seen from a systems point of view, sales process engineering views marketing as a set of processes that are interconnected and interdependent with other functions[2], whose methods can be improved using a variety of relatively new approaches.

Marketing is influenced by many of the social sciences, particularly psychology, sociology, and economics. Anthropology and neuroscience are also small but growing influences. Market research underpins these activities. Through advertising, it is also related to many of the creative arts. The marketing literature is also infamous for re-inventing itself and its vocabulary according to the times and the culture.

According to the American Marketing Association , **Consumer Behavior** is defined as "the dynamic interaction of affect and cognition, behavior, and environmental events by which human beings conduct the exchange aspects of their lives." More generally, Consumer Behavior is the psychology behind Marketing and the behavior of consumers in the Marketing environment. Two major psychological disciplines come into play when observing and trying to explain Consumer Behavior. The first is Cognitive Psychology. Cognitive Psychology is the study of all knowledge related (mental) behaviors. The Attention , Perception , Memory/Comprehension , and Decision Making links on this website are the various aspects of cognitive psychology that play an important role in Consumer Behavior. The second psychological discipline that has theories to explain certain phenomenon of Consumer Behavior is Social Psychology. Social Psychology is "the study of the manner in which the personality, attitudes, motivations, and behaviors of the individual influence and are influences by social groups" (Britannica Online). The Affect and Social Influence and Reference Groups links are two important topics studied in social psychology that have an important impact on Consumer Behavior. Lastly, the Resources part of this website contains the references that I used to create the content in this website (I certainly give credit where credit is due) as well as some interesting links that students/scholors of consumer behavior and Marketers will find interesting and useful

Retailing consists of the sale of goods or merchandise from a fixed location, such as a department store, boutique or kiosk, or by post, in small or individual lots for direct consumption by the purchaser.[1] Retailing may include subordinated services, such as delivery. Purchasers may be individuals or businesses. In commerce, a "retailer" buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells smaller quantities to the end-user. Retail establishments are often called shops or stores. Retailers are at the end of the supply chain. Manufacturing marketers see the process of retailing as a necessary part of their overall distribution strategy. The term "retailer" is also applied where a service provider services the needs of a large number of individuals.

Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets, retail chains, and also the privately owned large retail businesses. Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the Corner stores (Kirana shops), owner manned general stores, Cigarette stalls (paan/beedi), convenience stores, hand cart and pavement vendors, etc.

Customer is the backbone of any business hence retaining the customer is very important for any company. Customer retention helps to increase revenue and also helps to retain the market share in the long run. It has been found that customer retention has more impacts on profits, economies of scale and other variables that are considered to provide competitive advantage of the company hence customer retention is the key to the business performance.

The tradition concept of marketing management was based on the permutations and combinations of the marketing mix elements (price, product, and promotion). It does not account into the history of association between the customer and the seller and hence does not reveal the actual buying behaviour of the customer.

Aggressive branding and promotion are other strategies used by that are adopting the traditional marketing approach acquiring the brand image and market share but brand with the highest market share are not always the most profitable. In some cases they may be even unprofitable.

Customer retention strategy refers to process of creating highly satisfied customers who would be loyal to the firm's service. The customer would buy more of the company's services and also upgrade services. The customer also tries new services. In other words customer retention strategy refers to retaining existing customers by providing value to the customers on a continuous basis so as to the customers are highly satisfied with the companies services. Developing customer retention is one of way to keep existing customers content and the new customers coming back for more for the companies' services.

To gain market share and hopefully attract customers for the long term. The value of a customer comes from a combination of measurable factors and intangibles, including:

- Brand name recognition.
- Customer mindshare and market share.
- Customer retention rate.
- Short-term sales generated by a customer.
- Advertising revenues from customer traffic.
- Sales of customer databases and statistical profiles.
- Long-term repeat business from the customer.

Customer retention is not only a cost effective and profitable strategy, but in today's business world it's necessary. This is especially true when we remember that 80% of our sales come from 20% of our customer and clients. With these statistics I am wondering why most marketing and sales campaigns are designed for the new customer.

Take for instance the wireless telephone companies; if we sign a new contract we are given a large rebate or even a free cellular telephone. If we are a current customer you have the privilege of paying full price. Perhaps we need to rethink our marketing and sales strategies, after all many experts will tell us that it's five times more profitable to spend marketing and advertising dollars to retain current customers than it is to acquire new customers.

In years past the importance of focusing on customer retention was not as important, stickiness came naturally. We shopped in our neighborhood shops and our corner grocery stores. We had a personal connection with our service providers and the thought of shopping at another store would have never crossed our minds.

That has all changed now. Our stores our larger, the majority of the sales personnel don't know that you even exist. Not to mention that now we have the convenience of the Internet and do a large portion of our shopping online, where you are known by your email address. As a result, customer loyalty has disappeared and large corporations and virtual storefronts are unable to ask the millions of disloyal customers what caused them to stray.

However, there is a solution. Sophisticated technology and database equipment has made it possible for specialized firms to make attempts at customer retention through database marketing programs. Establishing a detailed client database will allow these companies to keep track of personal information and individual preferences of all their customers. This enables them to provide better service and value. Just like the corner grocery store owner kept information on 200 customers in his head, the large superstore can now keep track of 20,000 customers through its customer database. With effective implementation of customer databases, companies will be able to re-establish contact with customers, and will be able to work successfully towards increasing customer retention, repeat sales, and customer referrals.

To achieve the objectives of the database and customer retention programs, the entire campaign should be designed and carried out with the customer in mind. The exercise will only be effective if the customer recognizes and associates some value with being part of your database. If they do not perceive value in your program all of your communications, coupons, special offers, and newsletters will be discarded. Your customers have been inundated with meaningless "junk" mail and email spam, so embed your campaign with value.

A few value-add strategies that you can use include:

- Membership cards and programs that entitle your customers to special offers, discounts, or preferential treatment.
- Welcome, acknowledgement, sales recognition, thank you statements.
- After sales satisfaction and complaint inquiries and surveys.
- Event oriented communications in which the customer is genuinely interested.
- Enhanced and empowered customer, after sales, and technical support.

Determine the strength of our company's customer retention strategy by asking our existing customers whether they will recommend our company or not. Even though customer relationships are one of a company's most valuable assets, they are often one of the most undervalued assets too. In the constant battle to gain new customers, it is easy to overlook the value existing customer relationships hold.

All corporate profits are ultimately earned from conducting successful relationships with customers. As the source of all our profits, customer relationships should be valued and protected. Every customer relationship is an asset and has a economic value or Lifetime Market Value (LMV). A customer's Lifetime Market Value is determined by taking our average customer transaction amount and multiplying it by the number of transactions he or she will conduct with our organization over time.

Reasons Customers Leave

- Move or Die 4%
- Other Company Friendship 5%
- Competition 9%
- Product Dissatisfaction 15%
- No Customer Contact Strategy 67%

Every business gains and loses customers. Customer satisfaction is critical to gaining more customers and losing less of the ones we already have.

Customer Retention - keeping customers - can be improved by explaining to our employees - especially those on the front line who deal directly with our customers

- just how much each customer is worth to our business.

Customer Attrition - losing customers - can be dramatically reduced when all of our employees work together to keep our existing customers satisfied.

Developing a Customer Retention Strategy is one way to keep existing customers content and our new customers coming back for more. Maintain high customer satisfaction levels and protect our customer relationships - because satisfied customers are truly one of our company's most valuable assets.

MEANING OF CUSTOMER RETENTION

Customer retention strategy refers to process of creating highly satisfied customers who would be loyal to the firm's service. The customer would buy more of the company's services and also upgrade services; the customer also tries new services. In other words customer retention strategy refers to retaining existing customers by providing value to the customers on a continuous basis so as to the customers are highly satisfied with the companies services. Developing customer retention is one of way to keep existing customers content and the new customers coming back for more for the companies' services.

FORMATS OF ORGANIZED RETAILING

a. **Hypermarkets:** 'Something for everyone', concept is slowly spreading across India. Discount stores are revolutionizing the retail market. A hypermarket is somewhat of a big discount store that, ideally, stocks 60 per cent food and 40 per cent non-food items. Hypermarkets are designed to generate higher revenues and delivery gains in terms of branding, merchandising, display, variety and choice for partners, consumers, retailers and the government alike. Owing to the huge volume of sales generated at hypermarkets, overheads stay low enabling them to function like discount stores.

Globally, hypermarkets account for 60 per cent of the retail sales. But in India established retailers are cautious of entering into the hypermarket structure. Subhiksha's in Chennai which has over 70 stores across Chennai have distanced from hypermarkets. At the same time RPG group, which runs Foodworld, opened its hypermarket called “Giant” in Hyderabad. Similarly, Pantaloon group opened its hypermarkets – Big Bazaar in Hyderabad, Kolkata and Bangalore. Initially, hypermarkets started in Southern part of the country and slowly moved to Metro cities.

Ernst & Young in its report, ‘The Great Indian Retail Story’ says the hypermarkets route has emerged as one of the most preferred formats for international retailers entering India. Currently there are less than 50 hypermarkets in India, operated by 4-5 big retailers. The report also says that India’s 67 cities with population of half a million or more have potential to absorb many more hypermarkets in the next 4-5 years.

b. Malls: Malls are located mainly in metro cities, normally ranges from 60,000 sq ft to 7,00,000 sq ft and above. They lend an ideal shopping experience with an amalgamation of product, service and entertainment, all under a common roof. From almost no malls existing in the country over a decade ago, there were over 200 operational malls by 2005. This phenomenon is not restricted to major cities of the country alone. It has percolated to the “Tier II” and “Tier III’ cities as well. The contribution of Tier II cities in organized retail sales is expected to be about 20 – 25per cent.

Over 130 to 180 million sqft of new mall space is estimated to come up in the country in the next 3-5 years. Nearly 70 per cent of the total new mall space coming up in FY07 and FY08 will be in the major cities reducing catchment areas for existing retailers. Key retail location like Mumbai (up 203 per cent to 15mn), Delhi (up 527 per cent to 23.2mn), Bangalore (up 128 percent to 4.1mn), Hyderabad (up 163 per cent to 5.3mn), and Pune (up 188 per cent to 23.2mn) are all seeing a mall construction boom and this space availability shall lower the barriers to entry. A state like Punjab is in the midst of mall boom. By the end of 2005, one single mall was operational with GRA of 1.2 lakh sq ft and by the end of 2008 there will be 37 malls operating with gross leasable area (GLA) of 15.2 million sq ft. Ludhiana is leading the way with 11 malls and GLA of 5 million sq ft. Punjab has 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.

Corporate houses like ITC and Sriram group are making steady progress to make this phenomenon feasible in rural market also. A study conducted by Knight Frank India indicates that by 2007, approximately 75 million sq ft of mall space would be 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.

c. Department Stores: Large stores ranging from 20000-50000 sq. ft, catering to a variety of consumer needs. This type of 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.

Departmental Stores are expected to take over the apparel business from exclusive brand showrooms. Among these, the biggest success is K Raheja's Shoppers Stop, which started in Mumbai in the early 1990 and currently operates 19 stores across India and even has its own in store brand for clothes called Stop. 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 provides customers a great shopping experience with three floors of apparel, footwear, products for children, household furniture, decor, health and beauty products.

d. Super markets: The supermarkets largely concentrate on selling food related products and are considerably smaller in size compared to hypermarkets. They do not play the game on price rather use convenience and affordability as their salient features. The supermarkets clearly target the middle-class society in India, who are looking for fixed prices, cleaner products and faster shopping.

A super market normally sells grocery, fresh, cut vegetables, fruits, frozen foods, toiletries, cosmetics, small utensils, cutlery, stationery and gift items. But in India, traditionally vegetables and fruits are purchased on designated vegetable markets or from the local vegetable sellers who bring them on carts to their doorsteps. Buying them in the supermarkets is not so encouraging but the trend is changing and slowly supermarket operators are coming to their own. Reliance Fresh is a classic example in this category.

Food World is another supermarket which 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. It provides value added services to its customers to gain their confidence. Some of its initiatives are:

Live chakki: which allows customer 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

In India Food World, Food Bazaar, Nilgiri, and Adani are the leading super market operators.

e. Convenience Stores: These are relatively small stores of about 400-2,000 sq. feet located near residential areas. They stock a limited range of high-turnover convenience products and are usually open for an extended period during the day, seven days a week. Prices are slightly higher due to the convenience premium.

In India, Convenience stores occupy 23 thousand sq. meter of retail space with sales of about Rs 1347 million in 2005 and are expected to 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.

Modi group started 24X7, a new format of convenience store in Delhi. It supplies ranged from branded fast-moving consumer goods, over-the-counter drugs and staple products such as pulses, rice etc.

f. Discount Stores: As the name suggest, discount stores or factory outlets, offer discounts on the MRP through selling in bulk reaching economies of scale or excess stock left over at the season. The product category can range from a variety of perishable/ non-perishable goods.

Though Indian consumer is price sensitive and looks for savings in term of money in grocery purchase, there is hardly any national level discount chain operating in India. Soft discounters are present in India, although their influence on grocery retailing was very minimal with a value share at less than half a percentage point. Unlike most Western countries, Indian retailers are mainly small stores and do not have much bargaining power with manufacturers in order to negotiate terms. Due to low economies of scale, retailers are unable to offer significant discounts on their own.

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.

g. Kirana Stores: Fondly called the ‘Moms and Pops’ of India, Kirana stores are usually around 500 to 800 sq ft in size. Omni-present, low-key outlets, they’re run by owners/ proprietors who know their business well and pass on the knowledge to the next generation. Value proposition is basically convenience. Their success in the respective localities is such that the existence of these stores has been used as an indicator of the real estate potential in that locality.

h. E-retailing / Internet retailing: It is growing all over the world. 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.

India's leading garment retailers like Pantaloon, Shoppers' Stop and Globus are eyeing e-retailing portals. As per the projection by Internet and Online Association of India (IOAI), online shopping will increase to Rs.2300 crore by 2007. Through online sales, some retail majors want to reach small towns where they do not have the outlets. When most are planning to go e-retailing, some are of the conventional view that it is essential to have a look, feel and experience while shopping garment.

In India, internet retailing is growing by 29% CAGR. Euromonitor report estimates that the CAGR of 48 per cent in value term is going to touch Rs 27 billion by 2010 from Rs 4 billion in 2005. The report also predicts that the contribution of internet retailing to non-store retailing 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.

While the Internet & Online Association of India (IOAI) has projected that online shopping will increase to Rs 2,300 crore by FY07, it is estimated that around 50-60% of the internet sales are related to air and railways ticketing. Hence, actual business opportunity for organised retail players boils down to Rs 1,200-crore market by FY07, including C2C auctions. However, in addition to adding to revenues, e-tailing can help in attracting consumers to their physical stores by aiding shopping-comparison searches. They can act as a cheap medium for advertising and as platforms for test-marketing new launches.

Formats of retail industry

The structure of retail is developing rapidly with shopping malls becoming increasingly common in large cities, and development plans being projected at 150 new shopping malls by 2008.

According to analysts, the annual growth of department stores has been estimated at 24 per cent, which is faster than overall retail; and supermarkets have taken an increased share of general food and grocery trade over the last two decades.

Table 7 Major Formats of In-Store Retailing

Format	Description	The value proposition
Branded stores	Exclusive showrooms either owned or franchised out by a manufacturer.	Complete range available for a given brand, certified product quality
Specialty Stores	Focus on a specific consumer need, carry most of the brands available	Greater choice to the consumer, comparison between brands is possible
Department Stores	Large stores having a wide variety of products, organized into different departments such as clothing, house wares, furniture, appliances, toys, etc	One stop shop catering to varied/ consumer needs.
Supermarkets	Extremely large self-service retail outlets	One stop shop catering to varied consumer needs

Discount Stores	Stores offering discounts on the retail price through selling high volumes and reaping economies of scale	Low Prices
Hyper- mart	Larger than a supermarket, sometimes with a warehouse appearance, generally located in quieter parts of the city	Low prices, vast choice available including services such as cafeterias.
Convenience stores	Small self-service formats located in crowded urban areas.	Convenient location and extended operating hours.
Shopping Malls	An enclosure having different formats of in-store retailers, all under one roof.	Variety of shops available to each other.

Retailers need not follow strictly, the above said formats. Considering the diversity in terms of taste and preferences existing in India, it is important for retailer to look at local conditions and insights into the local buying behaviour before shaping the format choice. Retailers, not only international players but also Indian players are trying different formats to keep up the consumer interest.

According to KPMG retail survey in India, the specialty and supermarket formats have the most potential for growth in India, followed by hypermarkets. Most of the global powerhouses in the retailing sector such as Wal-Mart, Carrefour, Tesco etc. have adopted multi-format and multi-product strategies in order to customize their product offering for distinct target segments. Similar trends are likely to be exhibited in India as all formats present prospects for growth, the IMAGES-KSA Report says.

Table 8 Formats Adopted by Key Players in India

Retailer	Original formats	Later formats

RPG Retail	Supermarket (Foodworld)	Hypermarket (Spencer's, Giant), Specialty Store (Health and Glow)
Piramal's	Department Store (Piramyd Megastore)	Discount Store (TruMart)
Pantaloon Retail	Small format outlets (Shoppe) Department Store (Pantaloon)	Supermarket (Food Bazaar), Hypermarket (Big Bazaar), Mall (Central)
K Raheja Group	Department Store (Shopper's stop) Specialty Store (Crossword)	Supermarket, Hypermarket (HyperCity)
Tata/ Trent	Department Store (Westside)	Hypermarket (Star India Bazaar)
Landmark Group	Department Store (Lifestyle)	< (Max) Hypermarket>
Ebony	Department Store	Quasi-mall, smaller outlets, adding food retail
Crossword	Larger bookstore	Corner shop
Piramyd	Department store	Quasi-mall, food retail
Subhiksha	Supermarket	Considering moving to self service
Foodworld	Food Supermarket	Hypermarket, Foodworld Express
Metro	--	Cash and carry
Others	Discount Store (S Kumar’s, Margin Free, Apna Bazaar), Supermarket (Nilgiri's), Specialty Electronics, Aggregation of Kiranas (Bombay Bazaar, Efoodmart)	

CHAPTER 2

RESEARCH DESIGN

Statement of the Problem

"A study on customer retention strategies of organized retailers in Bangalore"

Retail market in the Indian organized sector is expected to cross Rs 1000 billion by 2010. Traditionally the retail industry in India was largely unorganized, comprising of drug stores, medium, and small grocery stores. Most of the organized retailing in India have started recently and is concentrating mainly in metropolitan-cities. The growth in the Indian organized retail market is mainly due to the change in the consumer's behavior. This change has come in the consumer due to increased income, changing lifestyles, and patterns of demography which are favorable. Now the consumer wants to shop at a place where he can get food, entertainment, and shopping all under one roof. This has given Indian organized retail market a major. boost. Retention of customers by such organized retailers plays an important role and hence there is a need to study the topic.

Objectives of the Study

1. To understand the customer retention strategies of organized retailers in Bangalore.

2. To make the comparative analysis of the effectiveness of retention strategies of different retailers.

3. To understand the research made by retailers to know satisfaction level of customer towards services provided by them.

4. To understand the value added services provided by the retailers.

Scope of the Study

The scope of the Indian retail market is immense for this sector is poised for the highest growth in the next 5 years. The India retail industry contributes 10% of the countries GDP and its current growth rate is 8.5%. In the Indian retail market the scope for growth can be seen from the fact that it is expected to rise to US$ 608.9 billion in 2009 from US$ 394 billion in 2005.

The organized retailing sector in India is only 3% and is expected to rise to 25- 30% by the year 2010. There are under construction at present around 325 departmental stores, 300 new malls, and 1500 supermarkets. This proves that there is a tremendous scope for growth in the Indian retail market.

The growth of scope in the Indian retail market is mainly due to the change in the consumer's behaviour. For the new generation have preference towards luxury commodities which have been due to the strong increase in income, changing lifestyle, and demographic patterns which are favourable.

1. . The study has brought out the extent of awareness that retail customers in Bangalore have towards which retail company providing better service solutions.
2. This study has pointed out various factors that are influencing customer to avail retail products.

3. To ascertain the positions of company in retail industry.

4. The study has help the company to take necessary measures to improve their service.

5. It helps to find out promotional tools influence the customers to opt for better retail outlet.

6. The study provide necessary and meaningful information to customers, academics, researcher, consultants, manager and students.

Research Design

Sample

As the name implies Sample is a smaller representation of a large whole. In the words of Warwick and Linger “a sample is some part of a large body specially selected to represent the whole”.

Sample size

The sample size is the number of units chosen from the population to study and sample size is 50 retails.

Sampling Technique

The convenience sampling technique is been used to study the proposed topic. This sampling method is based on the researcher’s convenience.

Data Collection

The primary data is collected on from the organized retailers through the questionnaire. The secondary data is collected through the news paper, magazine, journals, internet etc.

Methodology

The present study is a survey-cum-analytical and descriptive analysis. To elicit the primary data of the proposed study, questionnaires with structured questions for the respondents shall be considered. The secondary data shall be collected from various internet sites, magazines, company websites & other journals

Plan of Analysis

The collected data will be analyzed with the help of percentage method, using Tables, charts and graphs.

Limitations of the Study

1. Time constraint related to data collection.

2. The information given by the retailers may be biased.

3. Reluctance on the part of retailers to give adequate information.

4. In course of time, the findings of the study may become obsolete in view of changes in the customers expectations towards retail outlets.

5. The area of the study is restricted to only Bangalore city,

CHAPTER 3

Profiles of leading Retail outlets in Bangalore

BIG BAZAR

Pantaloon Retail (India) Limited, is India's leading retail company with presence across multiple lines of businesses. The company owns and manages multiple retail formats that cater to a wide cross-section of the Indian society and is able to capture almost the entire consumption basket of the Indian consumer. Headquartered in Mumbai (Bombay), the company operates through 5 million square feet of retail space, has over 331 stores across 40 cities in India and employs over 17,000 people. The company registered a turnover of Rs 2,019 crore for FY 2005-06.

Pantaloon Retail forayed into modern retail in 1997 with the launching of fashion retail chain, Pantaloons in Kolkata. In 2001, it launched Big Bazaar, a hypermarket chain that combines the look and feel of Indian bazaars, with aspects of modern retail, like choice, convenience and hygiene. This was followed by Food Bazaar, food and grocery chain and launch Central, a first of its kind seamless mall located in the heart of major Indian cities. Some of it's other formats include, Collection i (home improvement products), E-Zone (consumer electronics), Depot (books, music, gifts and stationary), all (fashion apparel for plus-size individuals), Shoe Factory (footwear) and Blue Sky (fashion accessories). It has recently launched its etailing venture, The group's subsidiary companies include, Home Solutions Retail India Ltd, Pantaloon Industries Ltd, Galaxy Entertainment and Indus League Clothing. The group also has joint venture companies with a number of partners including French retailer Etam group, Lee Cooper, Manipal Healthcare, Talwalkar's, Gini & Jony and Liberty Shoes. Planet Retail, a group company owns the franchisee of international brands like Marks & Spencer, Debenhams, Next and Guess in India.

Future Group Pantaloon Retail is the flagship enterprise of the Future Group, which is positioned to cater to the entire Indian consumption space. The Future Group operates through six verticals: Future Retail (encompassing all retail businesses), Future Capital (financial products and services), Future Brands (management of all brands owned or managed by group companies), Future Space (management of retail real estate), Future Logistics (management of supply chain and distribution) and Future Media (development and management of retail media). Future Capital Holdings, the group's financial arm, focuses on asset management and consumer finance. It manages two real estate investment funds (Horizon and Kshitij) and consumer-related private equity fund, Indivision. It also plans to get into insurance, consumer credit and other consumer-related financial products and services in the near future.

Future Group is positioned to cater to the entire Indian consumption space. It operates through six verticals: Future Retail (encompassing all lines of retail business), Future Capital (financial products and services), Future Brands (all brands owned or managed by group companies), Future Space (management of retail real estate), Future Logistics (management of supply chain and distribution) and Future Media.

The group's flagship enterprise, Pantaloon Retail, is India's leading retail company with presence in food, fashion and footwear, home solutions and consumer electronics, books and music, health, wellness and beauty, general merchandise, communication products, E-tailing and leisure and entertainment.

Future Group's vision is to, “deliver Everything, Everywhere, Every time to Every Indian Consumer in the most profitable manner.” One of the core values at Future

Group is, ‘Indian ness' and its corporate credo is – Rewrite Rules, Retain Values. Future Group / Pantaloon Retail: Kishore Biyani popularly known as India’s “King of Retail” has started multiple retail formats in both value and lifestyle segments under the flagship Pantaloon Retail. The company operates across multiple segments including –Food, Books & Music, Fashion, Telecom & IT, Home & Electronics, General Merchandise, Leisure & Entertainment, Wellness, Health & Beauty and E-tailing. The gross sales of the company are Rs. 2,019 crores for the financial year ending June 2006.

Initially started as a menswear shop, Pantaloon has transformed into multi-branded garment retail outlet. The success has given birth to India’s first hypermarket chain Big Bazaar in 2001, followed by supermarket chain Food Bazaar in 2002.

Future groups retail ventures: The Company operates more than 331 outlets covering 5 million square feet of retail space, spread across 40 cities and has over 17,000 employees. The company caters to the ‘Lifestyle’ segment through its 31 Pantaloons Stores and 4 Central Malls, as well as its other concepts. In ‘Value’ retailing it is present through 51 Big Bazaar hypermarkets, 77 Food Bazaars and 5 Fashion Stations, and other delivery formats.

- Pantaloons -- department store
- Central – ‘Shop, Eat, Celebrate In The Heart Of Our City’, Seamless malls
- Blue Sky – Fashion accessories
- aLL – Fashion apparel for plus-size individuals.
- Fashion Station – popular fashion chain
- Futurebazaar.com / e-zone --- Pantaloon’s website, an online shopping center with wide range of products.
- Big Bazaar -- Hypermarkets
- Food Bazaar – a chain of supermarkets
- Furniture Bazaar -- a lifestyle home furniture store popularly called Collection I
- Shoe factory – footwear outlets
- Electronics Bazaar – offers branded electronic goods and appliances

- Depot -- offers books, CDs and stationery items.
- Bowling Co, Rain, Bollywood Café, Chamosa, Fuel, Sports Bar, Food Stop and Your Kitchen – Leisure and Entertainment.
- M- Zone and Converge M – Communications

SWATCH

Swatch overcomes crisis and leads to the survival of the Swiss watch industry. In the mid-seventies, the Swiss watch industry was in the midst of its worst crisis ever. Technologically speaking, the Japanese competition had been outclassed in 1979 with the launch of the "Delirium," the world´s thinnest wristwatch with a limited number of components. But the event that marked the upturn in the industry´s fortunes was the founding of SMH, the Swiss Corporation for Microelectronics and Watch making Industries. And its answer to the crisis was Swatch-a slim plastic watch with only 51 components (instead of the usual 91 parts or more) that combined top quality with a highly affordable price. It first went on sale in 1983. Since this time, it has gone on to become the most successful wristwatch of all time, and The Swatch Group, the parent company, is the largest and most dynamic watch company in the world.

For many years, new developments have been taking place alongside the standard Swatch watch in plastic-from Irony (the metal Swatch) to the Swatch SKIN Chrono (the world's thinnest chronograph) to Swatch Snowpass (a watch with a built-in access control function which can be used as a ski pass at many ski resorts throughout the world), and Swatch Beat (featuring the revolutionary Internet Time).

Outstanding technical capabilities and advances in the fields of science and technology were already proven by Swatch during its role as the Official Timekeeper in several Olympic Games and Ski and Snowboard World Cup competitions.

RELIANCE FRESH

With a vision to generate inclusive growth and prosperity for farmers, vendor partners, small shopkeepers and consumers, Reliance Retail Limited (RRL), a subsidiary of RIL, was set up to lead Reliance Group's foray into organized retail.

With a 27% share of world GDP, retail is a significant contributor to overall economic activity across the world. Of this, organized retailing contributes between 20% to 55% in various developing markets. The Indian retail industry is pegged at $ 300 billion and growing at over 13% per year. Of this, presently, organized retailing is about 5%. This is expected to grow to 10% by 2011. RRL has embarked upon an implementation plan to build state-of-the-art retail infrastructure in India, which includes a multi-format store strategy of opening neighborhood convenience stores, hypermarkets, specialty and wholesale stores across India.

RRL launched its first store in November 2006 through its convenience store format 'Reliance Fresh'. Since then RRL has rapidly grown to operate 590 stores across 13 states at the end of FY 2007-08. RRL launched its first 'Reliance Digital' store in April 2007 and its first and India's largest hypermarket 'Reliance Mart' in Ahmadabad in August 2007. This year, RRL has also launched its first few specialty stores for apparel (Reliance Trends), footwear (Reliance Footprints), jewellery (Reliance Jewels), books, music and other lifestyle products (Reliance Timeout), auto accessories and service format (Reliance AutoZone) and also an initiative in the health and wellness business through 'Reliance Wellness'. In each of these store formats, RRL is offering a unique set of products and services at a value price point that has not been available so far to the Indian consumer. Overall, RRL is well positioned to rapidly expand its existing network of 590 stores which operate in 57 cities.

During the year, RRL also focused on building strong relationships in the agri-business value chain and has commenced marketing fruits, vegetables and staples that the company sources directly to wholesalers and institutional customers. RRL provides its customers with high quality produce that has better shelf life and more consistent quality than was available earlier. RRL has made significant progress in establishing state-of-the-art staples processing centers and expects to make them operational by May 2008.

Through the year, RRL also expanded its supply chain infrastructure. The Company is fully geared to meet the requirements of its rapidly growing store network in an efficient manner.

Recognizing that strategic alliances are going to be a key driver to its retail business, in FY 2007-08, RRL established key joint ventures with international partners in apparel, optical and office products businesses. Further, RRL will continue to seek synergistic opportunities with other international players as well. This year, RRL will continue its focus on rapid expansion of the existing and other new formats across India.

TITAN

Titan Industries is the worlds fifth largest and India's leading manufacturer of watches. The company has manufactured more than a 100 million watches till date; and has a customer base of over 80 million. The umbrella brand Titan is one of India's leading watch brands that brought about a paradigm shift in the Indian watch market, offering quartz technology with international styling.

The brand Titan is committed to offering its consumers watches that represent the compass of their imagination. Titan's customers are therefore consistently introduced to exciting new collections, which connect, with various facets of their deep−rooted yearnings for self-expression. The new brand philosophy of Titan, encapsulated in the words "Be More", touches this as well as all other aspects of the brand.

The Titan brand architecture comprises several collection and sub−brands, each of which is a leader in its segment. Notable among them are: Titan Edge The world's slimmest watch which stands for the philosophy of "less is more"; Titan Raga the feminine and sensuous accessory for today's woman, Nebula − crafted in solid 18k gold and precious stones. Several other popular collections like Heritage, Aviator, Regalia, Octane & WWF also form a part of the Titan wardrobe.

Today, the Titan portfolio has over 60% of the domestic market share in the organized watch market. The company has 247 exclusive showrooms christened World of Titan', making it amongst the largest chains in its category backed by 700 after−sales−service centers. The company has a world−class design studio that constantly invents new trends in wrist watches.

MEGA MART

Megamart, a pioneer in the apparel value-retail segment. is today the largest value-retail company in India. Megamart offers customers complete value-for-money through best of deals throughout the year. Megamart offers you some of the top international and national brands all at fabulous deals. Megamart today is present in over 45 cities across the country giving you a guarantee of mega brands and mega savings

CRYSTAL MIRAGE

CRYSTAL MIRAGE is the luxury brand name for the range of 2D & 3D precision laser engraving in crystals. So look no further for the ideal gift.

CRYSTAL MIRAGE gives life to the crystal by creating unique designs and shapes , be it corporate awards, sporting events, making logos and impressions using 2D and 3D laser engraving. This work of art not only is the cynosure of attraction but also adds a true value and merit to corporate gifts and commercial items thereby recognizing the individual or teams effort. We make articles with focus on special occasions and fabulous crystal gift ideas for any corporate, personal or individual needs

CRYSTAL MIRAGE is the luxury brand name for the range of precision laser engraving in 2D & 3D photo crystals. So look no further for the ideal gift. CRYSTAL MIRAGE gives life to the crystal by creating unique designs and shapes, be it corporate awards, sporting events, Scale Models & Miniatures, Home Décor, Figurines, making logos and impressions using 2D and 3D laser engraving.

This work of art not only is the cynosure of attraction but also adds a true value and merit to corporate gifts and commercial items thereby recognizing the individual or teams effort. We make articles with focus on special occasions and fabulous crystal gift ideas for any corporate, personal or individual needs Our list is endless but some of our prestigious project includes:

Award for the honorable William Jefferson Clinton (Bill Clinton) presented by the American university of Dubai. Life time achievement award to his highness Saudi prince Al Walid Bin Talal in the IT Industry.

Awards and corporate gifts for major international brands like Intel, HP, Kodak, LG electronics, Panasonic, Honda, etc.

In India

Star Plus, ZEE TV, DRDO, NDA, Indian Navy, ONGC, Mcdonalds, Air India, Jet Airways, Kingfisher, Etihad Airways, Singapore Airlines, UPS, American Express Bank, ICICI, HDFC, HSBC, Citi Bank, AXIS Bank, Bank of Baroda, Abby Awards, Reliance, Tata Indicom/ VSNL, Tata Motors, NSE, HDIL, HUL, JCB, Castrol, Mahindra, Essar, Airtel, Vodafone, Fosters, Emmar, Johnson & Johnson, Adlabs, Famy Care, Aditya Birla, Prism Cement, Intelinet, Uniros, Patni Computers and many more. Within a short span we have been able to meet and exceed the in house requirement of the various government & corporate institutions in India.

So be a part of Crystal Mirage world. With our exclusive licensed and patented technology, we offer the possibility to have your own and unique Crystal Mirage product range which we strategically plan, design and produce the product range that will enable your brand or enterprise to shine clearly. So if you are thinking BIG share your ideas with CRYSTAL MIRAGE

VISHAL MART

What started as a humble one store enterprise in 1986 in Kolkata (erstwhile, Calcutta) is today a conglomerate encompassing 183 showrooms in 110 cities / 24 states. India’s first hyper-market has also been opened for the Indian consumer by Vishal. Situated in the national capital Delhi this store boasts of the singe largest collection of goods and commodities sold under one roof in India.

The group had a turnover of Rs. 1463.12 million for fiscal 2005, under the dynamic leadership of Mr.Ram Chandra Agarwal . The group had a turnover of Rs 2884.43 million for fiscal 2006 and Rs. 6026.53 million for fiscal 2007.

The group’s prime focus is on retailing. The Vishal stores offer affordable family fashion at prices to suit every pocket.

The group’s philosophy is integration and towards this end has initiated backward integration in the field of high fashion by setting up a state of the art manufacturing facility to support its retail endeavors.

Vishal is one of fastest growing retailing groups in India. Its outlets cater to almost all price ranges. The showrooms have over 70,000 products range which fulfills all your household needs and can be catered to under one roof. It is covering about 29, 90, 146 sq. ft. in 24 states across India. Each store gives you international quality goods and prices hard to match. The cost benefits that is derived from the large central purchase of goods and services is passed on to the consumer

Currently, Vishal retail sell ready-made apparels and a wide range of household merchandise and other consumer goods such as food and beverages, footwear, toys, watches, toiletries, grocery items, sports items, travel accessories, crockery, stationary, gift and novelties. By the end of March 2008, the company plans to expand its outlets to 61 and many franchise operations.

Based on the ‘Value retailing’ concept, to keep prices at lower rates, the company tries various methods such as in-house production of apparels, procurement of goods directly from small and medium size vendors and manufacturers, customized product mix depending on the regional customer behavior and preferences. Vishal has a number of private labels manufactures by themselves such as Zepplin, Paranoia, Chlorine, Kitaan Studio, Famenne, Fleurier Women and Roseau.

MORE

"Our mission is to change the way people shop. We will give them more.,"says Mr. Kumar Mangalam Birla, Chairman, Aditya Birla Group.

This statement clearly articulates what Indian consumers can expect of the more. chain of stores from Aditya Birla Retail Limited.

The more. Brand of stores has been currently launched through the supermarket format, more. for you.

The more. for you advantage: more. Promises a world-class pleasurable shopping experience to Indian consumers in their very own neighborhood. Quality, more, more. Convenience and more. Value are the four delivery cornerstones of the more. Chain of supermarket stores.

More. Quality

Every product at more. goes through a thorough quality check process ensuring 100 per cent more satisfaction.

More. variety

Apart from a large range of national brands, shoppers will also find a section called the Best of India, which is an assortment of unique products sourced from across India.

The wide range of fresh fruits and vegetables along with private label offerings under brand names Value, Select and Premium ensure that more. variety is a promise delivered across the store

More. Convenience

Convenient locations within easy reach of consumers and a neat, cheerful and friendly layout, enough isle space, signage that speaks the consumer's language aiding in identifying what she has come to shop for easily, all go a long way in ensuring more. Convenience.

More. Value

More. Promises best in market pricing. Linking up directly with farmers to source fresh fruits, vegetables and staples ensure great quality as well as great price. Add to this, the membership program Club more., which provides convenience, customized shopping solutions and savings, and the more. value promise becomes all the more evident.

The more. Brand was successfully launched to representatives of media at a press conference chaired by the Chairman, Mr. Kumar Mangalam Birla, at the Trident-Hilton rooftop in Mumbai.

Subsequently, the first supermarket was launched in Pune on 31 May 2007 to a phenomenal response from consumer’s right from day one. With glowing and positive feedback from consumers, more. Stores are all set to take the market by storm.

The more. Chain of stores are being launched across the country with an aggressive roll-out plan, starting with Pune. By March 2008, more. Will be in place across various cities in India.

VIRGIN MOBILE

“Virgin Mobile” brand is India’s ‘first’ national youth-focused mobile service. “Virgin Mobile” branded services are being offered to the Indian consumers by Tata Teleservices through a brand franchise with Virgin Mobile. Virgin Mobile India will provide Tata Teleservices with experience and expertise in designing, marketing and servicing of “Virgin Mobile” branded products for the youth segment.

Virgin Mobile, a leading branded venture capital organization, is one of the world's most recognized and respected brands. Conceived in 1970 by Sir Richard Branson, the Virgin Mobile Group has gone on to grow very successful businesses in sectors ranging from mobile telephony, to transportation, travel, financial services, leisure, music, holidays, publishing and retailing. Virgin Mobile has created more than 200 branded companies worldwide, employing approximately 50,000 people, in 29 countries. Its revenues around the world in 2006 exceeded £10 billion (approx. US$20 billion).

KB'S FAIR PRICE

Kishore Biyani wants to carve name for himself in the Indian Retail space just like Sam Walton in the United States [If Sam Walton was alive today, he would have held the Richest man in the World title for more than 50 years] We have just a while ago learnt from the office of Chairman at Pantaloon Retail India Limited that Kishore Biyani will launch a 1,500 new format fair price shops under the brand name "KB's Fair Price Shops". This retail chain of 1,500 outlets will be setup within the next 24 months.

Mr. Narendra Baheti, CEO Pantaloon Foods India Ltd said,
Our target is to provide essential items cheaper than market price and we are looking at 20% market share of neighborhood retail market.

These shops will sell leading brands of around 300 essentials at 10% discount to market price and the local brands up to 20% less than any other retailer

CROMA

Buyers of consumer electronics products face a problem of plenty: hundreds of brands, thousands of products, a mind-boggling range of features… which one do you choose?
At Croma, we help you make a choice that's just right for you. Our friendly, well-trained and knowledgeable store advisors will give you sound and personalized

advice so that you can make informed buying decisions about any technology or consumer electronics product.

You can shop for 6000 products across eight categories in a world-class ambience.

Croma is promoted by Infiniti Retail Ltd, a 100% subsidiary of Tata Sons. Woolworths, one of the world’s leading retailers, provides technical and strategic sourcing support, ensuring that you buy nothing but the best.

Croma's first store opened on October 9, 2006 at Juhu in Mumbai, and it's rolling out many more stores across India. So, no matter where you are, if you want high-quality products, backed by advice you can trust, head for the nearest Croma store.

Brand Philosophy

- If service wasn't important.
- If technology wasn't complex.
- If variety wasn't confusing.
- We would have no reason to be in business.
- We help you buy.

Choose from 6000 products across eight categories Sound and knowledgeable advice from well-trained advisors to help you make informed buying decisions. Croma is promoted by Infiniti Retail Ltd, an initiative of the Tata group, a brand that stands for trust and reliability globally. Croma not only gives you a world-class shopping experience, but also backs it with great after-sales service. Croma periodically offers exciting deals on all your favourite products. Consumer electronics and durable retail is a fragmented segment and has been largely catered to by regional players. Large-format, specialist and pan-Indian

ARROW

The Arrow Company is committed to providing quality apparel products that are fashionable and afford value to our consumers. At Arrow, our roots are firmly established as a fashion leader in men's apparel. However, today Arrow has been transformed into an American lifestyle brand with a broad assortment of men's, women's, and children's apparel and apparel related products available in over 90 countries worldwide. The success of Arrow can be attributed to the brand's rich heritage and the company's attention to detail over the years. Arrow, an American icon, for over 150 years.

A brand is often the deciding factor in a purchase decision. Great brands inspire loyalty through customer satisfaction. A brand is a promise kept, since it is an implied guarantee of having made the correct choice. Great brands are those that consistently deliver on their promise. Once launched, a brand takes on a life of its own, which is why it is necessary to monitor and nurture the brand carefully. At Arrow, our brand identity has been cultivated for over 150 years.

The Arrow Company remains committed to providing quality, fashionable merchandise throughout its global channels of distribution. At Arrow, through research and development, we are constantly addressing the changing needs and desires of the consumer, resulting in brand awareness and consumer loyalty. Arrow continues to represent great American values such as freedom, adventure, individual expression, and style throughout the world

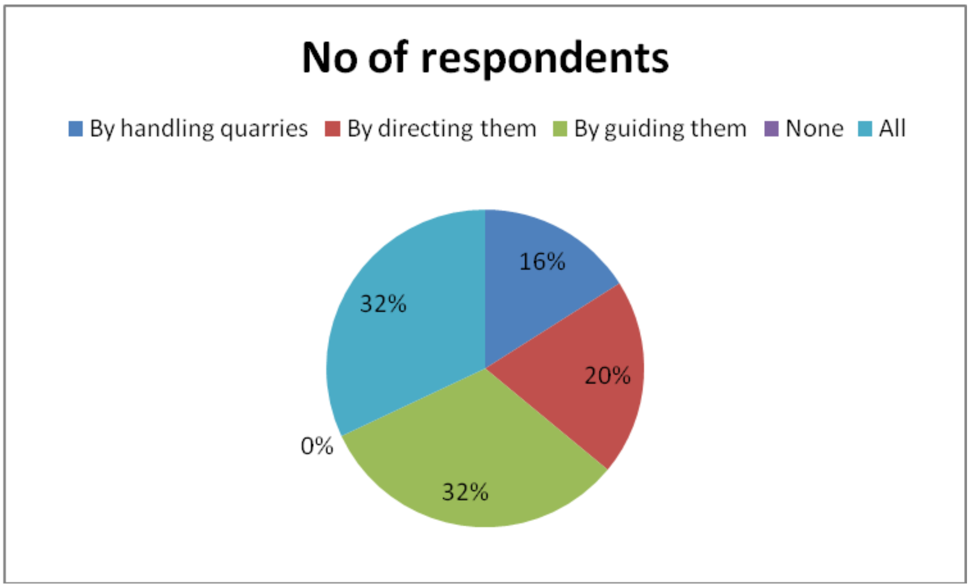
CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

Table:-1 Table showing the understanding of the needs of the customers

Particulars	No of respondents	Percentage
By handling quarries	8	16
By directing them	10	20
By guiding them	16	32
None	0	0
All	16	32
Total	50	100

Graph: - 1 Graph showing the understanding of the needs of the customers

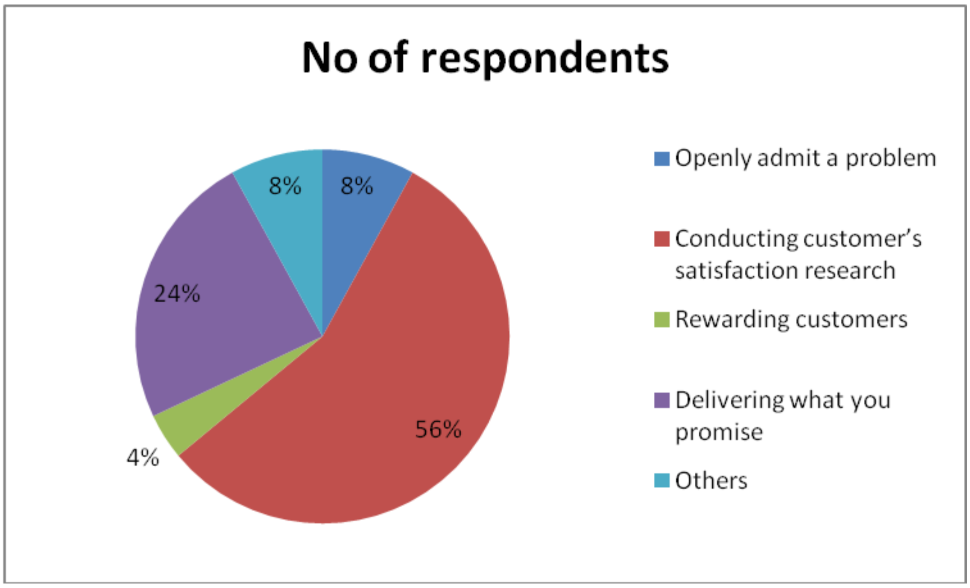


Inference:-in the above table 32% of the organized retailers understand the need of the customers by guiding them and all parameters and 20% by directing them and 16% by handling queries and none 0%

Table :-2 Table showing achieving customer advocacy

Particulars	No of respondents	Percentage
Openly admit a problem	4	8
Conducting customer's satisfaction research	28	56
Rewarding customers	2	4
Delivering what you promise	12	24
Others	4	8
Total	50	100

Graph: - 2 Graph showing achieving customer advocacy

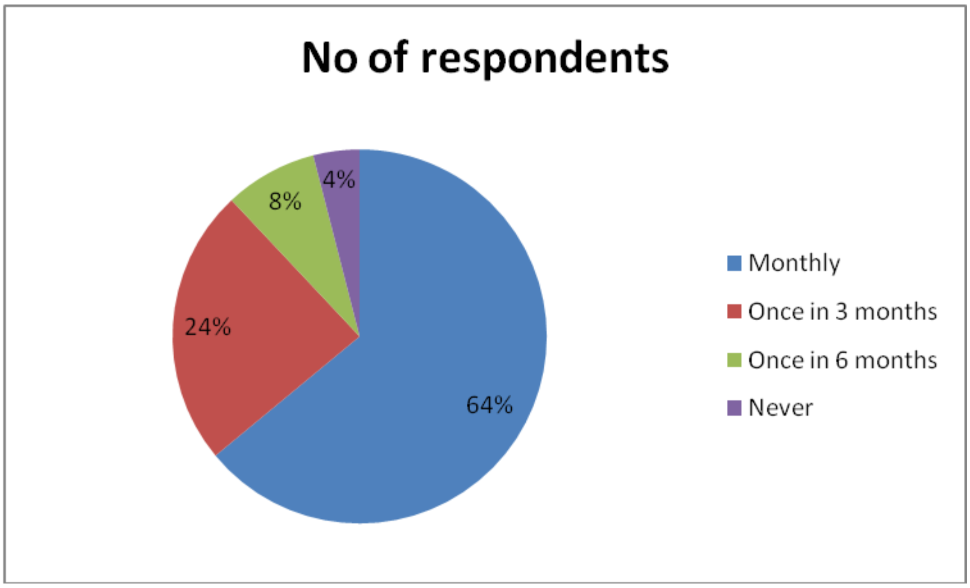


Inference:- from the above table 56% of organized retailer conduct customer satisfaction research, 24% deliver what they promise, openly admit a problem and others 8% respectively and lastly rewarding customers 4%

Table:-3 Table showing revise of customers data base

Particulars	No of respondents	Percentage
Monthly	32	64
Once in 3 months	12	24
Once in 6 months	4	8
Never	2	4
Total	50	100

Graph:-3 Graph showing revise of customers data base

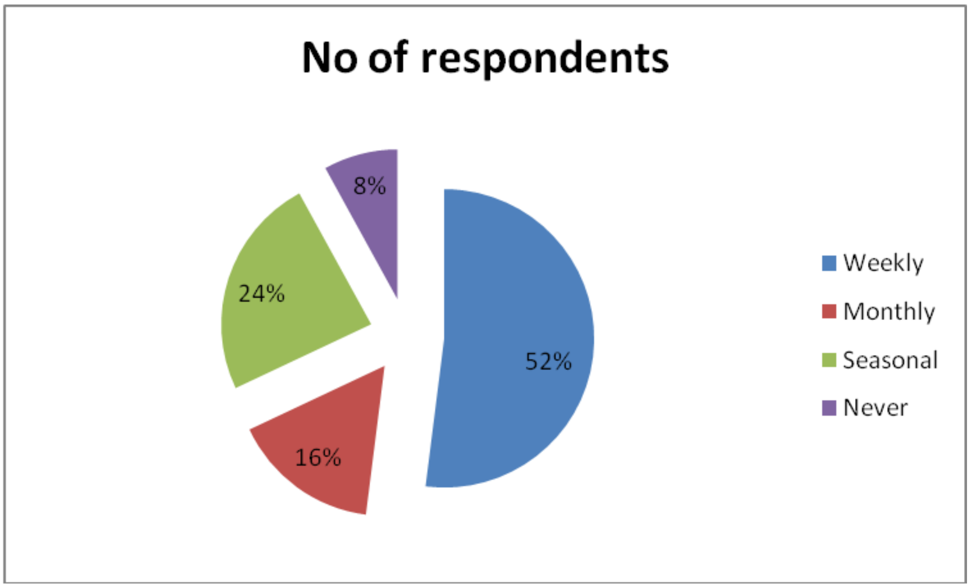


Inference:- From the above table 64% retailers revise the data base monthly ,24% once in 3 months ,8% once in 6 months and 4% never revise the data base of the customers

Table:-4 Table showing often giving offers to customers

Particulars	No of respondents	Percentage
Weekly	26	52
Monthly	8	16
Seasonal	12	24
Never	4	8
Total	50	100

Graph:-4 Graph showing often giving offers to customers

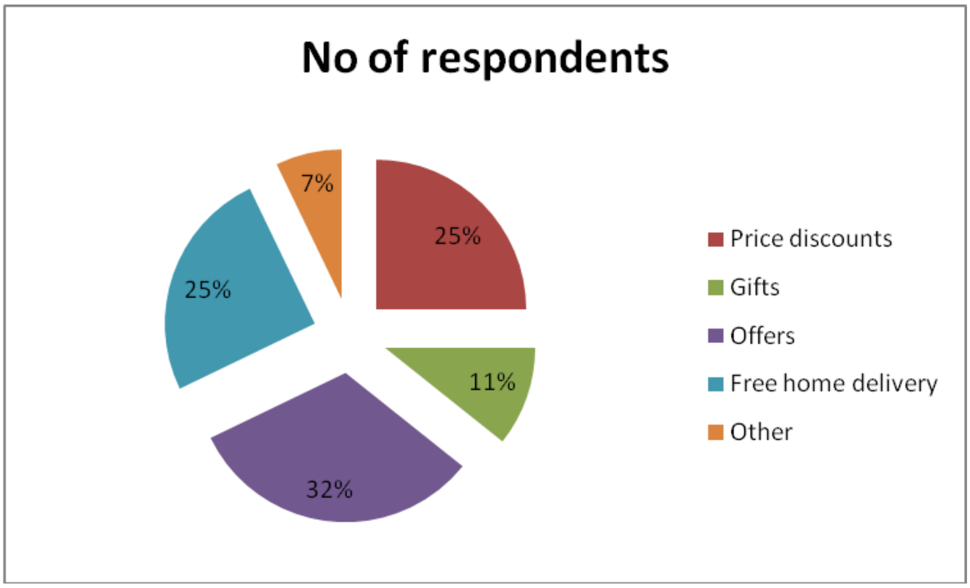


Inference:- From the above table we find that offers given to customers where 52% given offers weekly , 24% given offer seasonal, 16%given offer monthly and the last 8% of retailers never give offers to customers

Table:-5 Table showing promotion strategy you use to retain customers

Particulars	No of respondents	Percentage
Price discounts	14	25
Gifts	6	11
Offers	18	32
Free home delivery	14	25
Other	4	7
Total	56	100

Graph:-5 Graph showing promotion strategy you use to retain customers

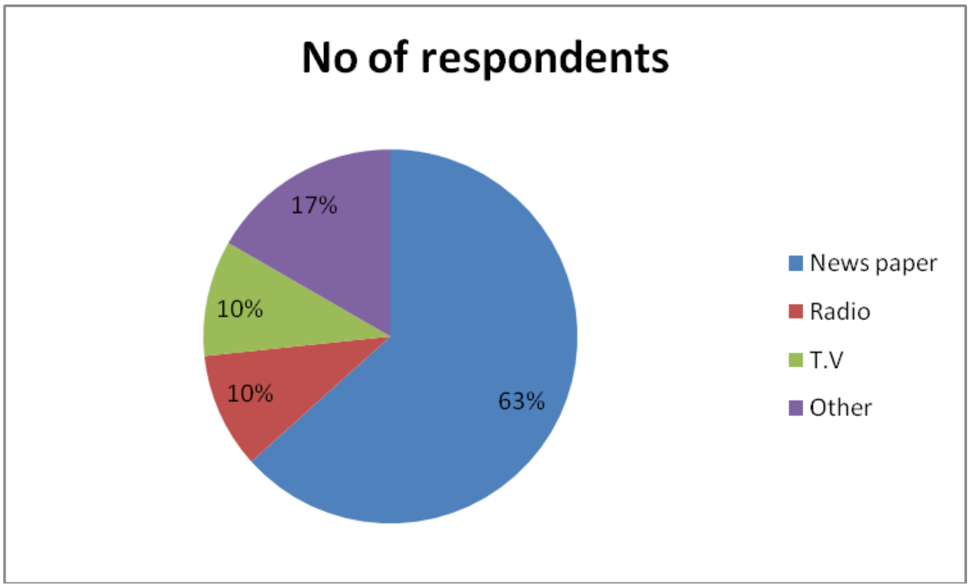


Inference:- From the above table we find the different strategy where 32% retailers use offers to retain customers, 25% use price discount and free home delivery respectively to retain customers, 11%, and 7% retailers use gifts and other strategy to retain customers

Table:-6 Table showing knowing outlet through

Particulars	No of respondents	Percentage
News paper	38	63
Radio	6	10
T.V	6	10
Other	10	17
Total	60	100

Graph:-6 Graph showing knowing outlet through

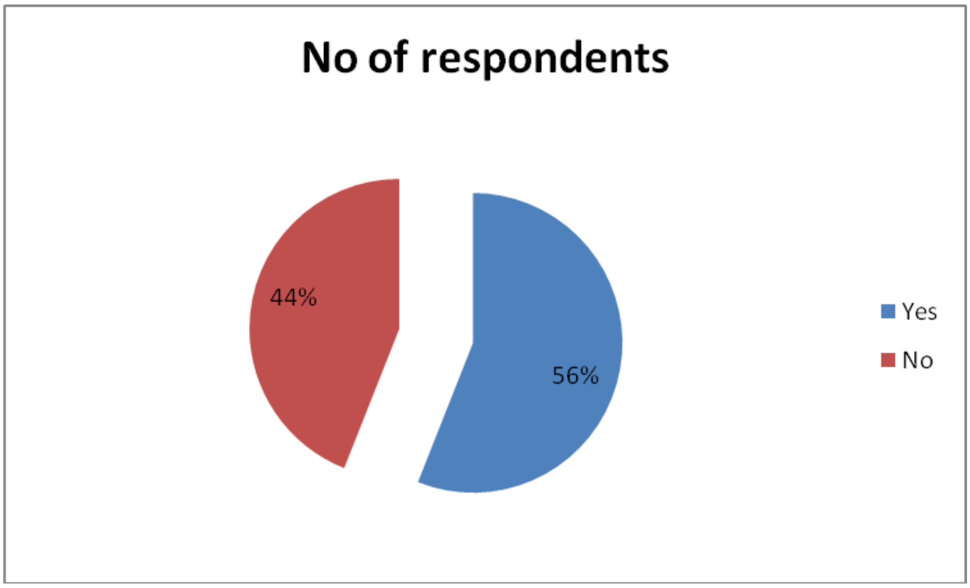


Inference:- from the above table 63% of retailers use news paper as a promotional strategy to retain customers, 17% use other media and 10% of retailers use radio and T.V respectively to retain customers by promotional activities

Table:- 7 Table showing greeting client on special occasion

Particulars	No of respondents	Percentage
Yes	28	56
No	22	44
Total	50	100

Graph:-7 Graph showing greeting client on special occasion

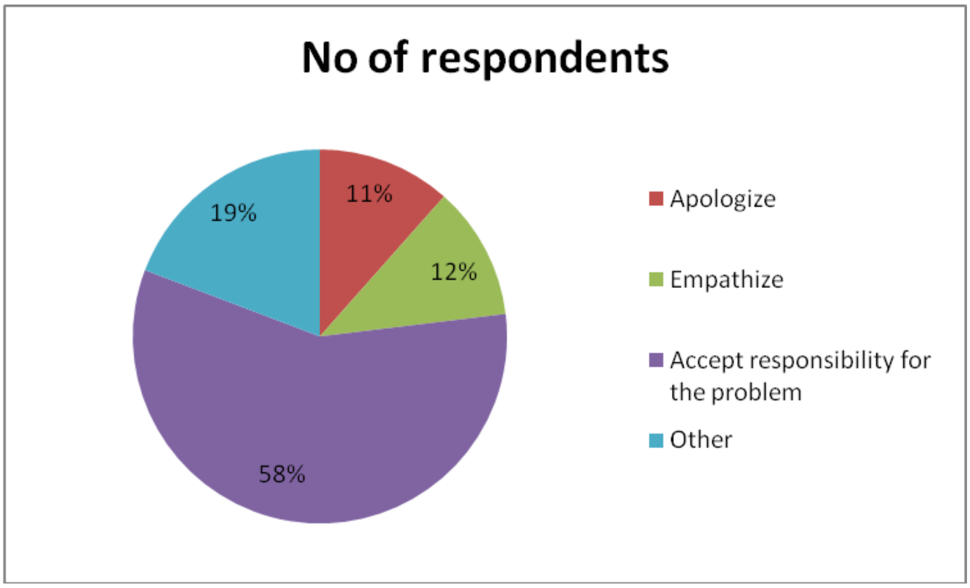


Inference :- from the above table 56% of retailers greet their clients on special occasions and 44% will not greet their clients on special occasions

Table:-8 Table showing soothe (calm) upset customer

Particulars	No of respondents	Percentage
Apologize	6	11
Empathize	6	12
Accept responsibility for the problem	30	58
Other	10	19
Total	52	100

Graph:-8 grapg showing soothe (calm) upset customer

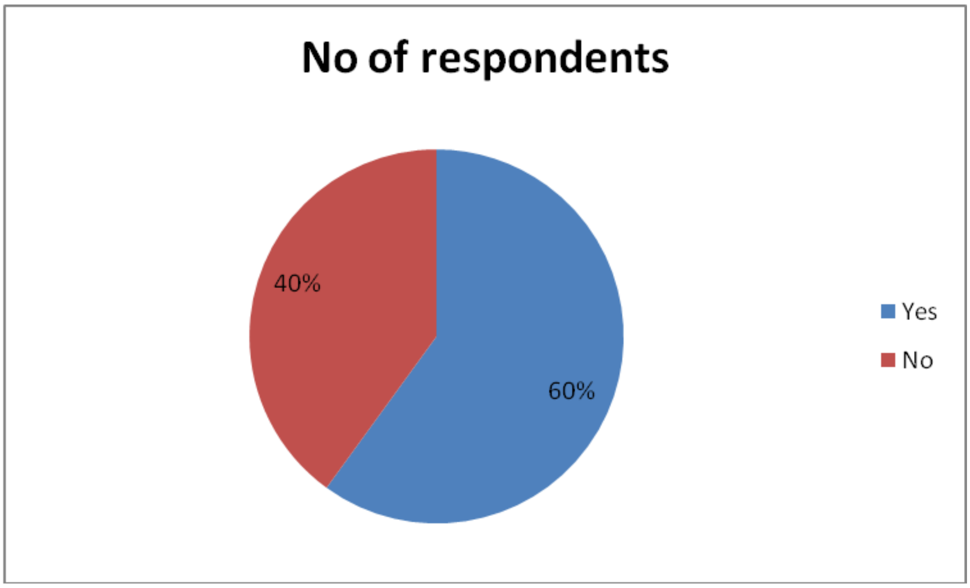


Inference: - from the above the table we find that 58% of retailers sooth upset customers by accept responsibility for the problem 19% follow other ways, 12%and 11% will empathize and apologize respectively to sooth upset customers

Table:-9a Table showing offering complimentary service to your loyal customer

Particulars	No of respondents	Percentage
Yes	30	60
No	20	40
Total	50	100

Graph:-9a Graph showing offering complimentary service to your loyal customer

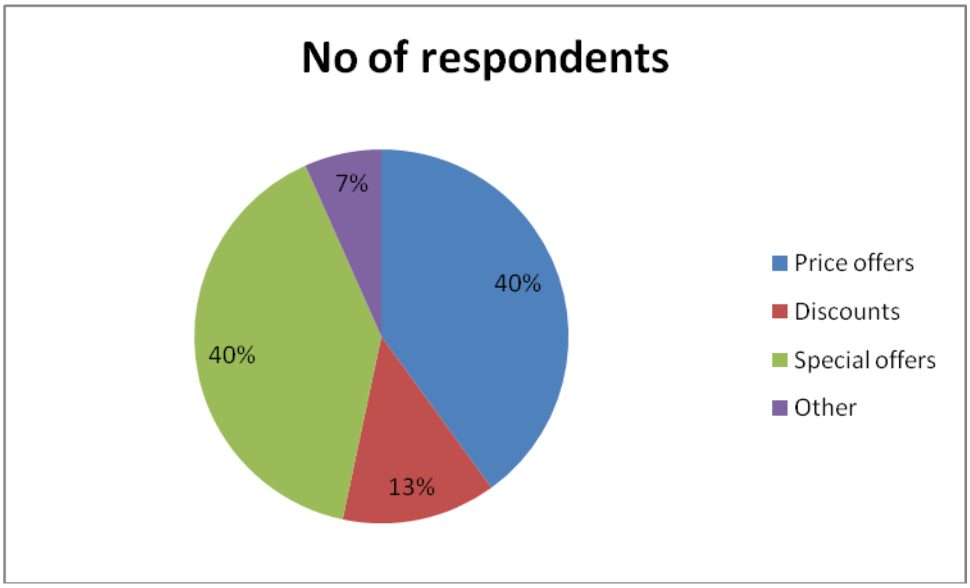


Inference: - from the above table we find that 60% of the retailers offer complimentary service to loyal costumers 40% will not offer any complimentary service.

Table:-9b Table showing type of complimentary service given

Particulars If yes	No of respondents	Percentage
Price offers	12	40
Discounts	4	13
Special offers	12	40
Other	2	7
Total	50	100

Graph:-9b Graph showing type of complimentary service given

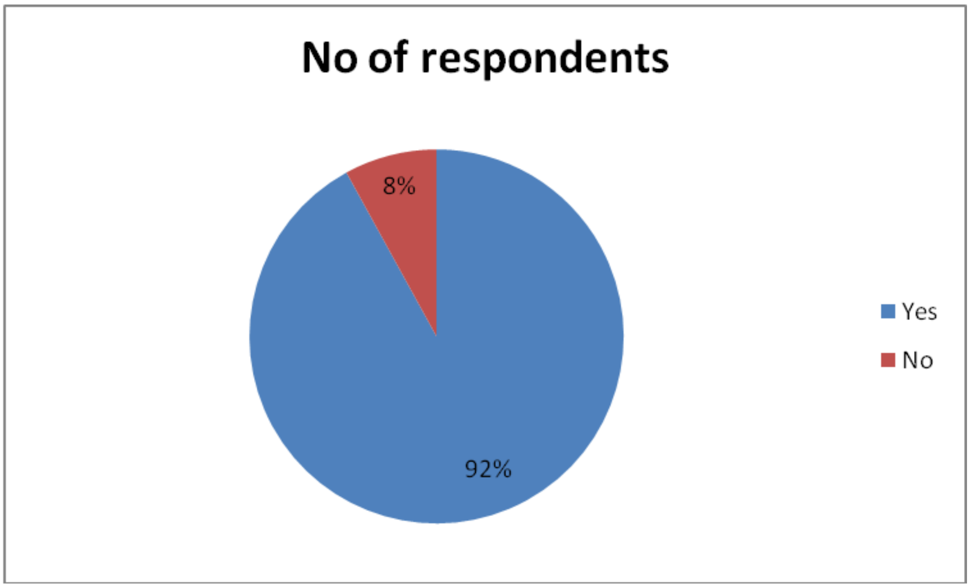


Inference:- from the above table in 60% ,40% give complimentary services like price offers and special offers respectively. 13% by giving discounts and 7% by other as a complimentary services for loyal costumers.

Table:-10a Table showing provide training to employee to handle the customer

Particulars	No of respondents	Percentage
Yes	46	92
No	4	8
Total	50	100

Graph:-10a Graph showing provide training to employee to handle the customer

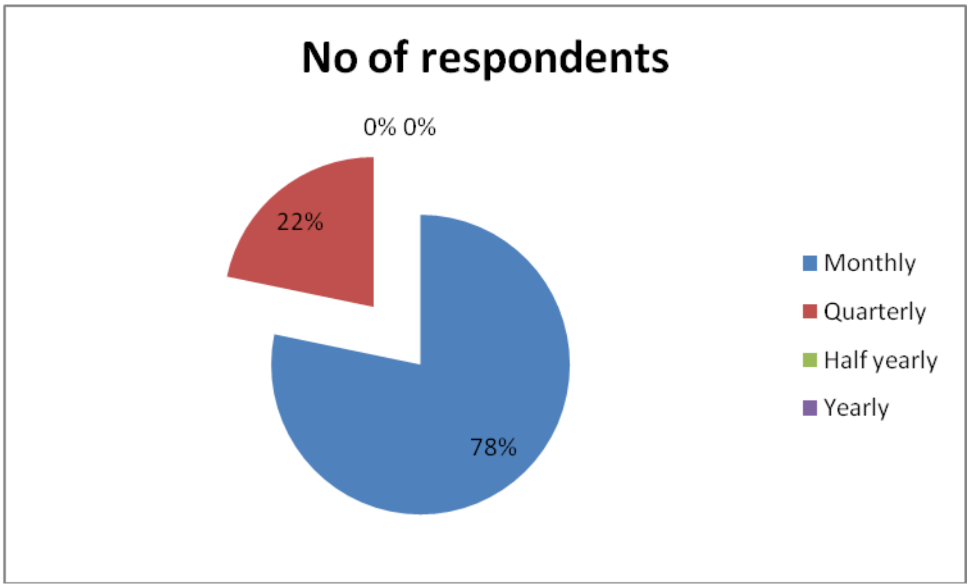


Inference:- from the above table 92% of retailers provide training go employee to handle the customers. Only 8% will not provide training.

Table:-10b Table showing how often training given to employee to handle the customer

Particulars If yes	No of respondents	Percentage
Monthly	36	78
Quarterly	11	22
Half yearly	0	0
Yearly	0	0
Total	50	100

Graph:-10b Graph showing how often training given to employee to handle the customer

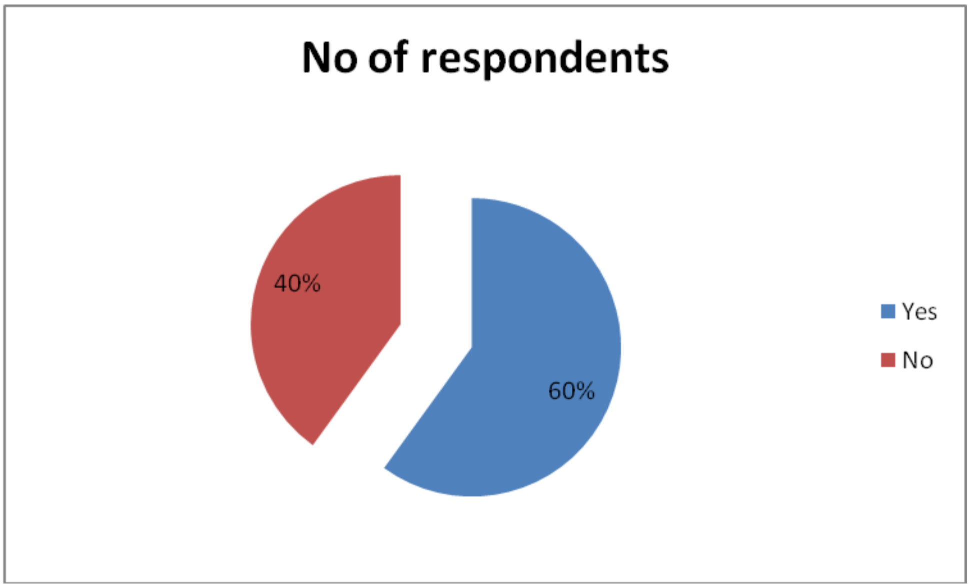


Inference: - the retailers provide training to handle customer's i.e. 78% of retailers give monthly training 22% give quarterly.

Table:-11 Table showing providing value added service to your customer

Particulars	No of respondents	Percentage
Yes	30	60
No	20	40
Total	50	100

Graph:-11 Graph showing providing value added service to your customer

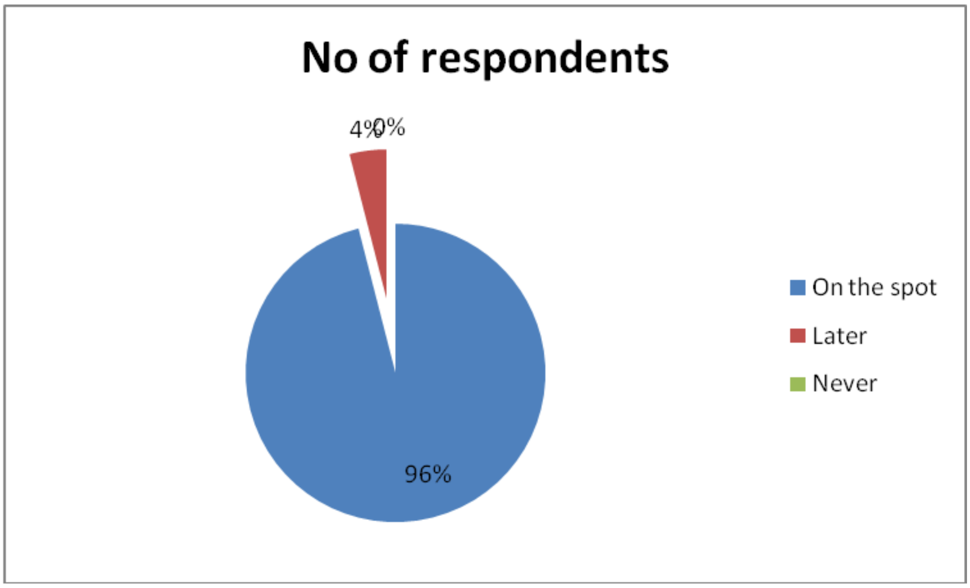


Inference:- From the above table 60% provide value added service to customers and 40% will not provide value added services.

Table:-12 Table showing responding to the customer's problem

Particulars	No of respondents	Percentage
On the spot	48	96
Later	2	4
Never	0	0
Total	50	100

Graph:-12 Graph showing responding to the customer's problem

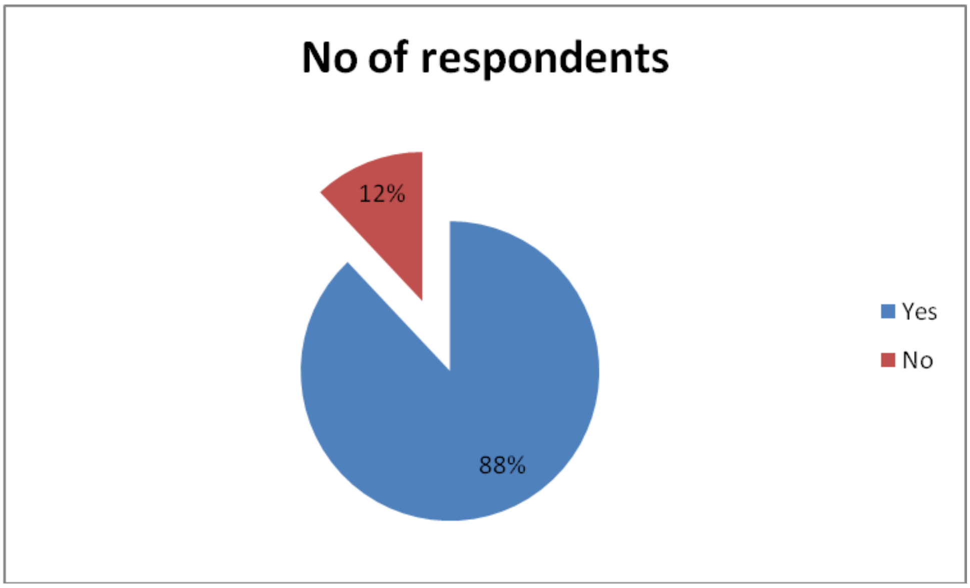


Inference: - From the above table 96% of retailers respond to customer problem on the spot and 4% later and 0% never.

Table:-13 Table showing implemented the suggestions given by the customer

Particulars	No of respondents	Percentage
Yes	44	88
No	6	12
Total	50	100

Graph:-13 Graph showing implemented the suggestions given by the customer

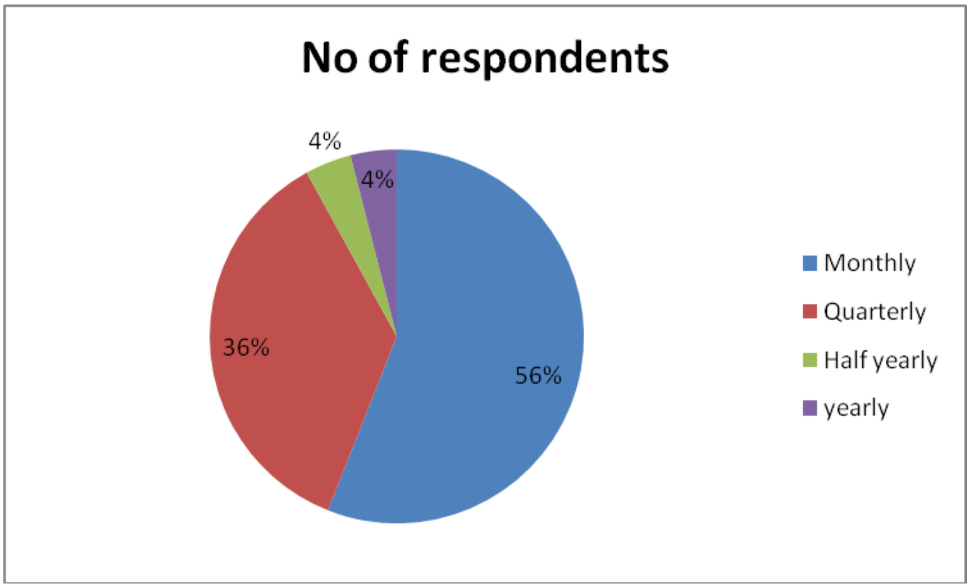


Inference:- From the above table 88% of retailers implement the suggestions given by the customer and 12% will not implement suggestions.

Table:-14 Table showing check in with your best customer

Particulars	No of respondents	Percentage
Monthly	28	56
Quarterly	18	36
Half yearly	2	4
Yearly	2	4
Total	50	100

Graph:-14 Graph showing check in with your best customer

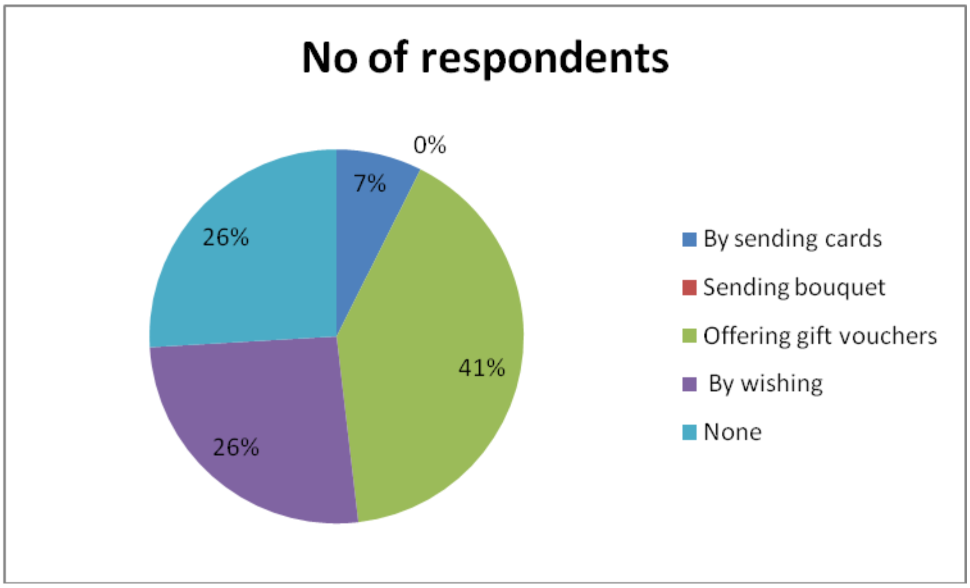


Inference: - From the above table 56% of retailers check in best customers on monthly and 36% quarterly and 4% half yearly and yearly respectively.

Table:-15 Table showing making clients warm and fuzzy

Particulars	No of respondents	Percentage
By sending cards	4	7
Sending bouquet	0	0
Offering gift vouchers	22	41
By wishing	14	26
None	14	26
Total	54	100

Graph:-15 Graph showing making clients warm and fuzzy



Inference: - From the above table 41% of retailers make clients warm and fuzzy by gift vouchers and 26 % by wishing and none respectively and 7 % by sending cards and 0% by sending bouquet

CHAPTER 5

SUMMARY OF FINDINGS, SUGGESTION AND CONCLUSION

FINDINGS

- 32% majority of the organized retailers understand the need of the customers by guiding them and all parameters and 20% by directing them
- 56% of organized retailer conduct customer satisfaction research, 24% deliver what they promise,
- 64% majority retailers revise the data base monthly ,24% once in 3 months ,8% once in 6 months and 4% never revise the data base of the customers
- we find that offers given to customers where 52% given offers weekly , 24% given offer seasonal,
- 63% of retailers use news paper as a promotional strategy to retain customers, 17% use other media and 10% of retailers use radio and T.V respectively to retain customers by promotional activities
- retailers greet their clients on special occasions majority 56% and 44% will not greet their clients on special occasions
- we find that 58% of retailers sooth upset customers by accept responsibility for the problem
- we find that 60% of the retailers offer complimentary service to loyal costumers 40% will not offer any complimentary service
- in 60% ,40% give complimentary services like price offers and special offers respectively. 13% by giving discounts and 7% by other as a complimentary services for loyal costumers.
- 92% of retailers provide training go employee to handle the customers. Only 8% will not provide training.
- The retailers provide training to handle customers ie 78% of retailer's give monthly training 22% give quarterly.

- 60% provide value added service to customers and 40% will not provide value added services.
- 96% of retailers respond to customer problem on the spot and 4% later and 0% never.
- 88% of retailers implement the suggestions given by the customer and 12% will not implement suggestions.
- 56% of retailers check in best customers on monthly and 36% quarterly and 4% half yearly and yearly respectively.
- 41% of retailers make clients warm and fuzzy by gift vouchers and 26 % by wishing and none respectively and 7 % by sending cards and 0% by sending bouquet

SUGGESTIONS

1. A business without customer retention plans will lose revenue and market share. So customer retention strategies should be taken properly in order to gain the profit.
2. To acquire a new customer in any industry is more difficult than to retaining the existing customer due to saturating market conditions. Hence retailers should give more importance for CRM strategies.
3. The retailer should communicate with clarity, understand the clients and educate them clearly to have good relationships with them.
4. The retailer are supposed to make the customers warm and fuzzy by Offering “complimentary” services or “limited” specials
5. Customer retention strategies help to reduce the operating costs of the companies. The firm can spread the cost over many more customers and over a longer period of firm
6. Every customer relationship is an asset and has a economic value or Lifetime Market Value (LMV).
7. Maintain high customer satisfaction levels and protect our customer relationships - because satisfied customers are truly one of our company’s most valuable assets.
8. Developing a Customer Retention Strategy is one way to keep existing customers content and our new customers coming back for more.

CONCLUSION

Customer retention strategy is the process of creating highly satisfied customers who would be loyal to the firms service. The customer would buy more of the company's services and also upgrade services, the customer also tries new services. In other words customer retention strategy refers to retaining existing customers by providing value to the customers on a continuous basis so as to the customers are highly satisfied with the companies services. Developing customer retention is one of way to keep existing customers content and the new customers coming back for more for the companies' services. Customer retention is not only a cost effective and profitable strategy, but in today's business world it's necessary. This is especially true when we remember that 80% of our sales come from 20% of our customer and clients.

Maintain high customer satisfaction levels and protect our customer relationships - because satisfied customers are truly one of our company's most valuable assets.

Developing a Customer Retention Strategy is one way to keep existing customers content and our new customers coming back for more.

To gain market share and hopefully attract customers for the long term, the retailers should concentrate more on listening, educating and retaining customers through promotional strategies, guidance and through customer services.

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ANNEXURE

QUESTIONNAIRE

DECLARATION

I Venkataramana.M studying MBA VI Semester at Al-Ameen Institute of Management Studies, Bangalore. I am doing a project work titled "**‘‘A study on customer retention strategies of organized retailers in Bangalore’** I am collecting the following information for purely academic purpose and data will be kept confidential.

[Kindly fill up this form for my academic project requirement]

Name of the organization:……………………………………………………

Address :……………………………………………………

Contact persons name :…………………………………………………….

Designation : ……………………………………………………

Phone number :…………………………………………………….

1) Do you clearly understand the need of your customer?

a) By handling quarries b) By directing them

c) By guiding them d) None e) All

2) How do you achieve customer advocacy?

a) Openly admit a problem b) Conducting customer’s satisfaction research

c) Rewarding customers d) Delivering what you promise e) Others

3) How often you revise customer’s data base?

a) Monthly b) Once in 3 months

c) Once in 6 months d) Never

4) How often you give offers to customers

a) Weekly b) Monthly

c) Seasonal d) Never

5) Which type of promotion strategy you use to retain customers?

a) Price discounts b) Gifts

c) Offers d) Free home delivery e) other

6) Customers know your outlet through

a) News paper b) Radio

c) T.V d) other.

7) Do you greet your client on special occasion?

a) Yes b) No

8) How will you soothe (calm) upset customer?

a) Apologize b) empathize

c) Accept responsibility for the problem d) other

9) (a)Are you offering complimentary service to your loyal customer?

a) Yes b) No

9) (b) if yes then how?

a) Price offers b) Discounts

c) Special offers d) Other

10) (a) Do you provide training to employee to handle the customer?

a) Yes b) No

10) (b) If yes how often?

a) Monthly b)Quarterly

c) Half yearly d) Yearly

11) Are you providing value added service to your customer?

a) Yes b) No

12) How do you respond to the customer’s problem?

a) On the spot b) later c) never

13) Have you implemented the suggestions given by the customer?

a) Yes b) No

14) Do you check in with your best customer?

a) Monthly b) Quarterly

c) Half yearly d) yearly

15) How do you make your clients warm and fuzzy?

a) By sending cards

b) Sending bouquet

c) Offering gift vouchers

d) By wishing

e) None