

## Parallel Retail Complexes

### The Design Opportunity for India

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#### Key words:

*Parallel Retail Complex (PRC), Corporate Social Responsibility (CSR), State Social Responsibility (SSR), Design System Thinking (DST), Organized Retail*

#### Abstract

*This empirical paper is based on the presumption that design intervention at the level of system thinking may help address the issue of conflict between the organized and the unorganized retail business. It also analyzes the state social responsibility alongside the corporate social responsibility in the context of society's expectation from both of them and highlights the role they can play together towards discharging their social responsibility. Besides that, the paper underscores the fact that design intervention in this context is possible more at the strategic level of 'problem solving' than just responding by creating another physical entity which design is often expected to do.*

#### Following the Growth Trail

From the unkempt friendly Kirana (department store) of the neighbourhood to the glitzy impersonal Mega Malls, Indian retail has come a long way. More than transition, it's an evolution of a market which until recently was considered sluggish, not lucrative and uninnovative. But not anymore. 9.5% rate of growth in GDP has perhaps sufficient energy to propel the Indian economy into a new trajectory where aspirations occupy the driver's seat. The instant success of the organized retail in

India personified in Malls also speaks of the rising aspirations of the great Indian middle class. This is happening despite heated debate and violent protests against big players flexing their muscles on turf which was traditionally the domain of the unorganized sector. Unorganized retail still comprises nearly 96% of the market share and exists parallel at the same time. A Study conducted by FICCI (Federation of Indian Chamber of Commerce & Industry) puts the retail industry in India at \$328 billion in size out of which 96% is unorganized. Nevertheless, the "aspiration" aspect puts up a strong justification to the rising "Mallification" and organized retail business amidst heated debate and protests. It's also the aspiration of a growing economy which makes the "organized retail" currently 4% of the whole retail business, envision a growth of \$64 billion by 2015 whereas the overall retail sector is expected to grow at the rate of 40% by 2010-11. As per the estimate of Technopak, a business consulting firm, retail in India will grow to \$427 billion by 2010 and the international retailers are planning to invest in tune of \$30 billion in the next 5 years. The signs of big growth are too strong to ignore. Footfall in the Malls is also on increase. As far as its popularity among a certain sections of urban populace is concerned, it can be assessed from the fact that Malls as an average count approximately 30-35 thousand footfalls on a normal shopping day!

### **Physical Expansion**

If we just look at the space Malls have occupied in the country in the last five years, we will find the figure amazing. From a modest two million square feet in 2002 it has become over 21 million in the last 4-5 years and rising with more players entering and more infrastructure developing. No doubt, infrastructure and business friendly policies of the government have played a major role. A survey of the presence and expansion plans of the big players of organized retail published in India Today (September 10, 2007) gives us the glimpse of the upbeat mood. Reliance Retail for example with its presence in 10 cities and 100 stores (Super Market Format) has an expansion plan of setting up 1000 Hypermarkets across the country. Big Bazar which has 36 Hypermarkets as of now across 26 cities will expand it to 80 by 2008 and 225 by 2010. Similarly, Vishal Megamart which has presently 46 stores in 28 cities in India is planning to set up 410 in next 2 years. Spencer's, which has a modest 7 stores all over India will grow to 60 by 2008-09. The list goes on and here we're not mentioning other retail brands like Westside, Pantaloons, Shopper's Stop, Home Town etc and their expansion plans. Organized retail looks promising to the Indian and foreign corporate sectors. In this single sector, there is tremendous parallel business opportunity for many other sectors; real estate, infrastructure, logistics, supply chain management, service sector, architecture, design and so on.

### **The Threat; Real and Perceived**

But despite the boom and promises, growth of retail has started heated debate at the social and political levels as well. We have also seen the violent protest against a retail chain in some parts of the country. Besides the potential of growth which it

offers to the service economy there're deep apprehensions about its social sustainability. What will happen to the small time retailers, vendors and millions of hawkers who make their living selling fruits-vegetables, grocery, confectionary, toys, utensils, hosiery-undergarments, hardware and so on? Will it create as many jobs as it will take away? Their displacement and consequent unemployment are now major issues which are creating an ideological divide. There is no doubt that the whole debate has some genuine and some perceived threat perceptions. There is a huge constituency which feels that the new system will affect their livelihood and thus the situation becomes volatile. Can there be a design solution, not just in terms of physical embodiment but at the level of design system thinking? Can we design a new system which may help circumvent social tension, protect the interest of those who feel threatened and organize the unorganized retail by creating a parallel system which is equally vibrant and viable? Surely this will involve commitment of the policymakers, corporate sector, design, architecture and management professionals. After all it's our responsibility to ensure growth with homogeneity and visible social justice. Not that organized retail is all that bad. It has its advantages too. The biggest being the elimination of middleman who're held responsible for higher price of a product and the ability to reach out to the bottom of the supply chain who is the producer so that the buyer and the seller get benefited. It also helps products specially food items, fruits, vegetables etc from getting perished and enhances their shelf life. It has created new opportunities of employment for the professionally qualified to the semi and unskilled workforce alike. Organized retail has no doubt improved the shopping experience with better design interface, safety and convenience. Its appeal to the

urban population is almost instant. We can't ignore these and some other apparent advantages.

### **Corporate and State Social Responsibility**

But is this the end of the matter? Perhaps not. The issue is also related to corporate social responsibility to an extent besides the state's social welfare policies. Corporate social responsibility in India is a relatively new concept. But it's gradually becoming important because more than government it's the corporate entering the domains which traditionally belonged to the state. To allow parallel growth of the unorganized retail sector, creating better physical infrastructure and a consensus to year mark and leave certain sectors and products for them may be included in the corporate social responsibility agenda. The real problem is being perceived not by them as much who have an established setup than by those who are either small timers or hawk and sell to earn their living. There's no organized market for them, their merchandise is exposed, unkempt, their method and manner of selling is primitive. The products they sell are either unbranded or a poor copy of a brand. But, then we also don't have to pay any premium for maintaining a brand which belongs to someone else. There're still many products which we buy for their utility rather than for their 'brand value'. So what this sector needs is some state and corporate support to improve and survive. Corporate Social Responsibility and matching initiative by the state can become the driving force for change.

### **Designing Parallel Retail Complexes**

In a study of the CSR model in India Balasubramanian, Kimber and Siemensma (2005) emphasise that "CSR emerges from

corporate responsiveness to: charity and support of those in need; state-driven notions of responsibility defined by legal requirements; the need to sustain business based on fulfilling risk takers' expectations; and the need to take account of all those affected by corporate decisions-society and the environment as well as the economically interested stakeholders." There is a need to look at the whole retail debate in this context; how the corporate sector and state can come together to provide a sustainable alternative model rather than writing the obituary of this unorganized sector. They further point out the dichotomy that while the Gandhian (MK Gandhi, India's father of the nation) and Nehruvian (Jawahar Lal Nehru, Gandhi's closet associate and the first Prime Minister of India) concept of stakeholder of CSR is still idealised, the 'Western-style' ethical stances are being promoted by the corporate ever since the liberalisation in 1991. The clash is imminent. This is not intended to be an antithesis to organized retail but an effort to explore what can be done. Perhaps there is a need to bring the unorganized retail sector under the purview of CSR and SSR (State Social Responsibility). There must be some combined initiative for level playing.

Looking at the issue from the design angle which now talks of creating a 'retail design experience' there is greater challenge for the designers which lie in turning the unorganized retail around by design interventions at several levels. They can change the look and feel, design cost effective basic amenities, storage system, cleaning devises and many other basic requirements which it lacks. No doubt for such design intervention government and corporate sector will have to come together and set up something like 'Parallel Retail Complexes' (PRC) for small time retailers at different vantage points in a much improved

format than the existing 'Bazar Samitis' (Marketing Yards). Space may be designed for fixed retail and hawking. Small time retailers can be the stakeholder and it may be run on a tripartite public-private and stakeholder partnership basis. Proper design intervention can create the experience of comfort and convenience which this sector lacks and also add some amount of dignity to the poor man's enterprise. Corporate intervention can also be made in developing entrepreneurship and orienting them to learn contemporary business practices. Government's intervention can ensure institutional support in terms of finance, insurance, social

security and so on. Sensitive political and corporate governance can turn the ambivalence into an opportunity of marked benevolence. Surely, the tale of retail can be retold and with much more conviction.

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