

THE SPREAD OF MALLS IN INDIA WITH SPECIAL REFERENCE TO BANGALORE CITY

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Abstract

Malls in India are a relatively new format for retailing. Malls are coming up across several cities in India. With almost no malls in India in 1998 today we have around 220 malls in our country and there is going to be 600 malls by 2010. Malls are called gigantic amusement parks for the middle class in metros. The secret of the success of the mall lies in its mass appeal like it has something on offer for everyone in the family. There is a wide range of shopping experiences, bargains and discounts or high-end brands for couples, gaming and other amusement facilities for kids, a large choice of cuisines for family meals, and, of course, the multiplex theatres. In many ways, malls reflect the state of our society and act as agents of change. Rising incomes and busier lifestyles are creating the space for malls in the lives of the urban mass affluent. Bangalore is a great place for walking and window-shopping. It is famous for the shopping malls which have some of the finest and biggest Malls in India like the Forum, Garuda, and Bangalore Central etc. At present due to global meltdown most of the malls are not able to have sufficient business as people are visiting malls to pass their leisure time not for shopping. The result of this is high footfalls are not leading to more business. This paper presents the results of this empirical study conducted at Bangalore city to find out the factors influencing the customers shopping at malls. It also attempts to study the impact of recession on malls at Bangalore due to global meltdown and aims to suggest the strategies for the same. A sample of 288 customers of Malls was randomly selected for this study.

Key words - Malls, Shopping at Bangalore, Global meltdown, Formats of retailing, Organized Retailing.

Introduction

Indian organized retailing is under transition today, bringing a lot of changes in the formats of retailing. The shoppers enjoy the privilege of shopping the good and services required by them in a variety of formats. Recently, Bangalore is witnessing this change and the shoppers at Bangalore are exposed to various formats of shopping ranging from local Kirana's shop, convenience stores, supermarkets and hypermarkets and malls. There is increase in the number of malls coming up in the city. In this context, studies on customer preferences and experiences will be of use to the retailers and mall owners in shaping their retail outlets and offering services in the malls which attracts most customers to their malls.

Definition and History of Malls

A Shopping mall is a building or a set of buildings that contain stores having interconnecting walkways that makes it easier for people to walk from store to store. The walkways may or may not be enclosed. In the United Kingdom and Australia these are called shopping centers or shopping arcades. (www.answer.com.2004).

The mall is a collection of independent retail stores, services, and a parking area, which is conceived, constructed, and maintained by a separate management firm as a unit. They may also contain restaurants, banks, theaters, professional offices, service stations etc. (www.about.com)

The first shopping mall was the Country Club Plaza, founded by the J.C. Nichols Company and opened near Kansas City, Mo., in 1922. The first enclosed mall called Southdale opened in Edina, Minnesota (near Minneapolis) in 1956. In the 1980s, giant megamalls were developed. The West Edmonton Mall in Alberta, Canada, opened in 1981 - with more than 800 stores and a hotel, amusement park, miniature-golf course, church, "water park" for sunbathing and surfing, a zoo and a 438-foot-long lake*. Crossroads is the first ever full fledged shopping mall in Mumbai, and perhaps in India. Opened in 1999 by Piramal Holdings Ltd., a subsidiary of a major pharmaceutical group, it is India's first mall management company. The mall covers an area of 150,000 square feet, spread over four buildings in the heart of the city

The Forum is the first full fledged shopping malls in Bangalore. The Forum is also home to a 11 screen multiplex, PVR Cinemas, one of India's largest. It has a food court, Transit, as well as few restaurants, including Pizza Hut, Mc Donald's and KFC and a pub, Sahib Sindh Sultan.

*<http://inventors.about.com/library/inventors/blshopping.htm>

Review of Literature

Bell, Ho, and Tang (1998) found that location no longer explains most of the variance in store choice decisions. Rather, store choice decisions seem to be consistent with a model where consumers optimize their total shopping costs, effort to access the store location being one component of their fixed cost of shopping.

The retail environment today's changing more rapidly than ever before. It is characterized by intensifying competition and more sophisticated and demanding customers who have great expectations related to their consumption experiences (Sellers, 1990; Smith, 1989; Parikh, 2006).

Martineau (1958) states that the store's personality draws shoppers to one store rather than another. Martineau says that not only should retailers be concerned with value and quality of merchandise, but also with a wide range of other factors. All of these factors are expected to play a critical role in the success or failure of stores.

In India the customers taste and shopping habits are changing as per the report of AC Nielsen's Retail and Shopper Trends 2004 the shopper's behaviour in India is as follows : (1) Indian shoppers spend an average of NR2500 on food, groceries and personal care items every month and (2) Convenience stores are booming in most markets, as the number of such stores exceeds 80,000.

Ghosh (1986) briefly commented upon the importance of multi-purpose shopping to both the shopper and the retailer. The possibility should be explored further. Malls would afford those pursuing a multi-purpose agenda the opportunity to do so more effectively and in a pleasant environment. Sherrell (1989) referred that consumers receive pleasure in addition to merchandise as outcomes of a shopping trip. (**Gruen** 1973) endorse the current "malltainment" trend that has malls providing large areas focused on entertaining consumers while they are in the facility. (**Taylor and Cosenza** 2002) analyzed, How younger consumers perceive malls as a place to shop and socialize. **Westbrook and Black** (1985) have noted that shopping pleasures include the opportunity for social interactions with friends, family or even strangers that one encounters on site.

Dawson, Bloch, and Ridgway (1990) Experiential shopping motives: Consumers visit stores to derive pleasure from the visit itself. **Reynolds and Beatty** (1999) Shopping enjoyment: Satisfaction is derived from the shopping activity itself. Mall/center choice and patronage can be classified as falling into three categories: gravitational attraction of shopping centers

(cf. Gautschi 1981); the dimensions and predictive power of shopping area image (Wee 1985); and the motivational and experiential aspects of mall shopping (Sherrel 1989).

Triggers to the Mall revolution

The reasons for growth in malls can be attributed to the following:

1. Changing Consumer groups

India is the most attractive retail market today in the world because its potential is on the high side. AC Nielsen's Retail and Shopper Trends 2004 Report and other reports highlight the following observations on behavior of shoppers in India.

1. Youth dominant

India is having the largest young population in the world as 54 per cent of India's population is below 25 years of age and 80 per cent are below 45 years.

2. Rise in purchasing power

As per India's Marketing Whitebook (2006) by Business world, India has around 192 million households. Of these only six million are 'affluent' - that is, with household income in excess of INR215,000. Another 75 million households are in the category of 'well off' immediately below the affluent, earning between INR45,000 and INR215,000. This is a sizable proportion which offers excellent opportunity for organized retailers to serve. There is an increase in the disposable income of people resulting in more purchasing power. There is a emerging of dual income group families (13% of SEC's families) wherein most of the women's are working. Purchasing power of consumers is further fuelled by easy availability of finance in the form of loans.

3. Financing options

Easy availability of retail loans has also boosted demand for more products and services. This led to the growth of more malls in the country.

4. Prefers convenience and seeks value for money

Indian shoppers look for convenience. Convenience stores are booming in most markets, as the number of such stores exceeds 80,000. As per the normal practice each Indian consumer visits about eight to ten outlets to purchase various products, which constitute the daily consumption basket. These outlets include kirana stores, bakeries, fruit and vegetable outlets, beauty parlours etc which is very time-consuming. Owing to the rise in dual career families and they find a very little time left for purchasing products for their family. With changing lifestyle and desire to have the best, consumers are searching for one stop shop retail formats where they can purchase every thing under one roof that can offer consumer 'value for time' and also 'value for money'.

5. Informed and innovative

Media Explosion and urbanization (from 27.8% in 1998 to 31.8% in 2008) is creating more awareness of products and styles. According to Nielson's report, 48 per cent of shoppers in India are innovators and admits that they 'love to try new things'.

Growth of Malls in India:

Malls are one of the trends today. The Mall mania is spreading and entering even the second tier cities in India. With almost no malls in India in 1998 today we have around 220 malls in our country and there is going to be 600 malls by 2010. The regional distribution of malls is shown in Table -1

Table -1 Malls in Indian Cities

City	Number of malls	Gross leasable area (m.sf)
Delhi	96	23.5
Mumbai	55	16.2
Bangalore	14	8.0
Chennai	6	2.5
Kolkata	10	3.2
Hyderabad	12	4.2
Pune	19	5.6
Ahmadabad	7	2.7

Source: Deutsche Bank Research May 8, 2008. Trent Ltd

The Indian Retail Sector is booming and mall growth is being seen as a clear indicator of the economic prosperity in India. These shopping cum entertainment options are getting bigger and better, sporting multiplexes and food courts to woo shoppers. Dominant retail activity is visible in the top cities but tier II and III cities are also witnessing change.

Trends in Mall Growth:

Even as customers are accepting malls as part of the shopping landscape, certain trends are also emerging. From Chilli Breez Buisness Review the following trends of malls are observed in India.

A distinct trend is the development of Specialty malls, which are differentiated on the basis of the product mix. Gurgaon has its own specialized "Gold Souk" and wedding mall, as exclusive Automobile mall is set to come up. Eva in Bangalore, which is meant for women's products

Another interesting phenomenon taking shape is the development of highway malls. A number of developers are considering setting up highway malls as the rate of land acquisition is lower and the potential of

footfalls are high. Almost 10-15 highway malls are expected to come up in the next three to five years.

The Indian Government's initiatives to aid growth in the retail sector are showing very visible results. Investment in world-class infrastructure is expected to be close to USD 150 bn.

The hitherto restricted retail real estate sector was opened up for Foreign Direct Investment in 2005. As a result, malls of international scale and quality are expected to come up

Mumbai, Bangalore, Hyderabad, Pune and New Delhi are expected to have nearly 75% of the retail space in the country (India Report on Growth of Malls in India, india-reports.com)

Leading Malls at Bangalore

The Forum

The Forum is as good as any international mall and has showrooms of all the sought after sports, clothes, shoes and lifestyle brands. If it's a weekend, advance booking for movie tickets is advisable as all eleven

screens run houseful on holidays as it is also home to PVR cinemas, Bangalore largest multiplex. Besides a huge food court, both McDonald's and KFC have individual outlets here. Parking is hassle-free, though there is no guarantee on weekends.

Garuda Mall

The Garuda Mall is one of the biggest malls in south India. It is spread over 75,000 sq. meters and includes 26,000 sq.meters of shopping and entertainment space on five floors and 120 stores.. For the shopaholic, there's every brand you can think of from Adidas to Mango. The multi-cuisine food court, sizzlers at Kobe and cocktails at Bull and Bush will keep the foodies more than satisfied. Inox on the fourth level has all the popcorn and blockbusters that movie-buffs crave. Kids can enjoy themselves at Amoeba, the gaming zone. And, if you just want to hang out, window shop and catch up with friends and family, this mall has all the space you need, with ample parking too

Bangalore Central

This seamless mall offers 1,20,000 sq ft of retail therapy and lots of good food to devour. You can choose from brands like Van Heusen, Jealous 21, Provogue, Allen Solly, W, Swatch, Fossil, Kenneth Cole and more. Copper Chimney serves a fine dine experience with Indian fare and Bombay Blues has tasty Tex-Mex and fusion favourites. Catch up with friends over a drink at Hint or grab a coffee at Coffee Day. The yearly Happiness Sale with super discounts will definitely make you very happy.

Lido Shopping Mall

A relatively new entrant in Bangalore's mall revolution, Lido might have fewer shops but definitely has the best brand-mix. Besides the usual Levis and Adidas, it also has The Body Shop, Marks & Spencer, Guess and Next, some of UKs best brands. The 4-

screen multiplex is in another block which also has the food-court that serves quick Indian, Italian and Tex-Mex fare. A fine-dine experience awaits you at Spaghetti Kitchen.

Sigma Mall

Grand Sigma Mall on Cunningham road, Bangalore is an international standard family entertainment destination situated in the heart of city. After you finish your fill of shopping from brands like Levis, Pepe, Pantaloons and Vinegar, head for an energy-reload at the food-court. Fun Cinemas on the fourth level plays all the latest movies and also hosts film festivals. There's ample parking space and lots of fun to be had at Sigma.

Plan of the Study

The present study aims at developing a useful database of customer opinions on Malls. The issues covered in the opinion survey are: awareness of Malls, preferences for a particular Mall, products purchased,, satisfaction with these malls, marketing strategies of malls, and impact of recession on malls.

Methodology:

A Survey method was used as the main research method for the study, where data was collected using a structured questionnaire which was given to the respondent. Questionnaire was administered among a sample of 288 respondents, who were selected from customers who are visiting various Malls in Bangalore. A sample of 288 customers of the following malls like The Forum, Garuda Mall, Bangalore Central, Lido Shopping Mall, Sigma Mall were randomly selected through convenience sampling. After collecting data from the respondents we analyzed data through percentage techniques and represented through tables.

Analysis of Data:

Table -1 Profile of the Respondents (N= 288)

S.No.	Variable	Categories	Frequency	Percentage
1	Age(years)	Less than 20	13	4.51
		20-30	165	57.29
		31--40	63	21.87
		41-50	26	9.02
		51 and above	21	7.29
2	Gender	Male	167	57.98
		Female	121	42.02
3	Income (monthly)	Under Rs.10000	22	7.63
		Rs.10,000-20000-	70	24.30
		Rs.20001-30000	99	34.37
		Rs.30001-40000	34	11.80
		Rs.40001-50000	15	5.20
		Rs.50001andabove	15	5.20
4	Education qualification	Undergraduate	27	9.37
		Graduate	175	60.76
		Post graduate	65	22.56
		Others	21	7.29
5	Occupation	Student	62	21.52
		Salaried employee	102	35.41
		Own business	50	17.36
		House wife	42	14.58
		Retired	32	11.11
		Others		

A good majority of the respondents as shown in Table -1 are males (57.98%) in the age group of 20 to 30 years (57.29%) and are graduates (60.76%). Most of them are salaried employees (35.41) and belong to

the income groups of Rs. 20,000 - 30,000 per month per month (34.37) and Rs. 10,000 - 20,000 per month (24.30). In fine, the sample represents mostly the middle income salaried group of customers in Bangalore city.

Table -2 Shopping habits of respondents (N=288)

Behaviour	Response	f	%
Whether regular customer?	Yes	256	89
	No	32	11
How often do you visit?	Once in a week	84	29.16
	Once in a fortnight	120	41.66
	Once in a month	69	23.95
	Can't say	15	5.20

Table - 2 shows that about 89% of the respondents are regular visitors to the Malls. Are they frequent shoppers? The answer is yes. About 41.66 of them visit the Mall every fortnight and 29.16 of them visit every week.

Table - 3 Reasons for Mall Visit* (N=288)

Behaviour	Response	f	%
Reasons for visiting Mall	Movies	42	15
	Shopping	72	25
	Food Court	15	5
	To spent Leisure time	35	12
	All the above	124	43
	Any Others		-

*Multiple responses. Totals do not add up to 100

As per the above table majority of the respondents (43%) visits mall as all the facilities of shopping, watching movies, spending time with family and having food with family is possible under one roof.

Table - 4 Malls Aware and Visited (N=288)

S. No.	Malls	Aware		Visited	
		f	%	f	%
1	Forum	260	90.27	186	64.58
2	Garuda	245	85.06	145	50.34
3	Bangalore Central	200	69.44	93	32.29
4	Lido shopping mall	88	30.55	54	18.75
5	Sigma	102	35.41	40	13.88

*Multiple responses. Totals do not add up to 100

Which of the Mall are known to the respondents? The Forum and Garuda topped the list. Table - 4 shows that there is a gap between awareness and visiting of the stores. There is a need to activate respondents to convert awareness into footfalls by employing suitable promotion measures.

Table - 5 Reasons for malls preference (N=288)

Questions	Response	F	%
Why do you prefer a particular mall?	Variety of shops	183	63.54
	Quality of merchandise in shops	92	31.95
	Reasonable price	30	10.41
	Discount and offers	108	37.5
	Entertainment facility	112	38.88
	Convenience of Location	163	56.59
	Ambience	142	49.30
	Food Courts	35	12.15

*Multiple responses. Totals do not add up to 100

Why do people prefer a particular mall? What made them to visit mall. The above table answer these questions. Majority of respondents (63.54%) visits malls due to the availability of variety of shops. (56.59%) prefer a particular mall due to Convenience of Location and (49.30%) for the ambience. Other factors include Entertainment facility (38.88%), Discount and offers (37.5%), Quality of merchandise in shops (31.95%) and Reasonable price (10.41%).

Table - 6 Influencers in buy decisions (N=288)

S.No	Influencer	f	%
1	My self	98	34.02
2	Spouse	73	25.34
3	Kids	62	21.55
4	Friends	45	15.62
5	Others	10	3.47

The Malls offer wide range of products. They allow rich browsing experience and induce temptations to buy for emotional decision makers. Who are the major influencers in decision making? Table -7 shows that decisions are self made and not influenced by others in case of 34.02% of the customers. The remaining maintained that they are influenced by spouse (25.34) and Kids (21.55). The finding implies that the malls should address their communications direct to the decision makers.

Table - 7 Rating of Mall (N=288)

Aspect	Response	f	%
Whether Mall provided what it promised	Yes	213	73.95
	No	63	21.87
	Can't say	12	4.18
Satisfied with the service	Yes	182	63.19
	No	72	25
	Can't say	34	11.81

How do the respondents feel about the Malls they are patronizing mostly? Table-7 provides details. About 73.95 of the respondents opined that the mall provided what it has promised. In a similar vein, only 63.19% of the respondents are satisfied. This is indicative of the need to improve the offerings and service at the Malls.

Table - 8 Views on Marketing Strategies (N= 288)

View	Response	f	%
Effective media for advertisement	TV	14	5
	Radio	81	28
	News paper	86	30
	Hoardings	93	32
	Other	14	5
Promotion strategies to be used*	Offers	180	62.5
	Price discounts	162	56.25
	Gifts	102	35.41
	Entertainment/ games	108	37.5
	Others	39	13.54
Is promotion adequate?	Yes	166	57.4
	No	122	42.6

*Multiple responses. Totals do not add up to 100

For formulating an effective marketing strategy what guidelines can we get from the analysis so far and from the responses of customers in Table -8.

So far, analysis has indicated that customers prefer malls for a wide variety of shops, with convenience of location and ambience. Majority of the respondents are of opinion that Hoarding (32%) is the best media for advertisement of malls and (30%) feels newspaper and

next (28%) feels Radio is the best media of advertisement for malls.

When the customers were asked what should be the promotional strategies suitable for malls? Majority (62.5%) said it is Offers and (56.25%) voted for Price Discounts.

Based on this, malls should realize the need to step up their promotion effort.

Table -9 Impact of Recession on Malls (N= 288)

View	Response	f	%
Reduced business (N=265)	Yes 185	64.23	
	No 68	23.62	
	Can't say	35	12.15
If reduced, reasons (N=195)	Less money to spend	120	41.66
	Seeking for less price products	84	29.16
	Less offers at malls	53	18.40
	Mental stress	20	6.95
	Any other	11	3.83

What in the view of respondents is the impact of Recession on Malls? Table -9 indicates that 64.23% of the respondents are of the view that it reduced the business of Malls. The reasons are obviously, the less money people have to spend as there are no increments and people are losing jobs in Bangalore as it is IT city. People are looking for other options of purchase (29.16%) where they should be able to shop for the lesser price than the malls. (18.40%) feels due to recession most of the malls in Bangalore are not giving much offers and discounts for the customers. As most of the people visit mall to spend leisure time with family, people feel due to recession (6.95%) they are undergoing mental stress and not able to relax.

Observations and Suggestions

The concept of malls in India is liked by Indians as amusement parks or a place where they can spend their leisure time. Middle-class Indians are still hesitant about spending in malls because they think prices

are higher in the malls. According to KSA Technopak, the "conversion rate" the percentage of visitors who turn into shoppers is as low as 10-15% in Indian malls. The major challenge for the mall owners is to increase this conversion rate. During our study in most of the malls except the super bazaar and restaurant, we observe no much crowd in the other outlets of the malls. We feel malls should somehow think of reducing the price and giving more gifts and offers to make the people shop at the mall. The only way how malls can reduce their price is through reducing their operating cost. The mall owners should cooperate with the outlets and jointly take up some promotional strategies. The outlets of malls can try to get huge discounts from manufacturers, like say from a Hindustan Lever or a Philips and offer product for the lesser price. One more challenge for the malls in Bangalore is security check as the police have directed malls to ensure safety. Additional Commissioner of Police (Law and Order) Bipin Gopalkrishna told The Hindu that malls had been instructed to frisk all

visitors. They had also been asked to look out for any suspicious objects or persons. In addition, the global meltdown is having the negative impact on the malls as said by Anjani Kumar, Marketing Manager, Sigmall Mall, a premier shopping complex located on the busy Cunningham Road, Bangalore. "We have seen a dip in footfalls by 20 to 30 per cent in the last six months". The IT sector which formed a sizeable chunk of consumers, accounting for nearly 25 per cent, has seen a dip due to negative impact of recession on IT sector.

Most of the mall operators in Bangalore are offering basket of gifts also include gold coins, diamond necklaces to beat the impact of global meltdown and dip in business. In addition to this mall owners can think of reducing rent of the outlets at the malls as a stimulus package. Malls are the trend in India. Like any other business it is also having some ups and downs. It does not mean that it will stop growing. We conclude saying that there will be definitely growth in the business of malls in the long run provided mall owners are taking all possible steps to increase the foot falls and conversion rate in the city. The outlets of the malls are requiring reducing the operating cost and sustaining customers by offering the best price it can offer. We feel global meltdown should be taken as opportunity by the mall operators to attract more customers through their best offers.

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