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## Indian **DEPARTMENT STORE** Chains Missing the Mark

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**THE INDIAN DEPARTMENT STORE CHAINS HAVE A LONG WAY TO GO TO COME UP TO THE LEVEL OF INTERNATIONAL CHAINS. HERE IS WHAT THEY ARE DOING WRONG.**

By Amit Bagaria

## Indian Department Store Chains

# Missing the

→ The Oxford dictionary (remember that thick book we used to refer to in our school/college days, when there was no Internet) defines a department store as “a large shop stocking many varieties of goods in different departments”.

Wikipedia, which is what most youngsters refer to today, defines a department store as “a retail establishment which satisfies a wide range of the consumer’s personal and residential durables product needs; and at the same time offering the consumer a choice of multiple merchandise lines, at variable price points, in all product categories”. It continues: “Department stores usually sell products including apparel, furniture, home appliances, electronics, and additionally select other lines of products such as paint, hardware, toiletries, cosmetics, photography equipment, jewellery, toys and sporting goods. Certain department stores are further classified as discount stores. Discount department stores commonly have central customer checkout areas, generally in the front part of the store”.



# mark

A department store is supposed to satisfy a wide range of the consumer's needs. I am also a consumer, but no department store in India has ever satisfied even 50 percent of my needs!

**I REMEMBER COUNTING THE NUMBER OF FLIES (BOTH LIVING AND DEAD) AT A PROMINENT GROCERY STORE IN A TIER-II CITY AS AT LEAST THREE TIMES MORE THAN THE NUMBER OF HUMAN BEINGS AT THAT STORE!**

When a brand wants to enter any new market (country), its first choice is always to launch inside that country's major department store chains. Why is this not the case in India?

Whoever wrote this definition for Wikipedia needs to visit Indian department stores and think about how to rewrite it. What is meant by "satisfies ... consumer's ... needs"? I am also a consumer, but (alas!) no department store in India has ever been able to satisfy even 50 percent of my needs. I will explain this in more detail later in this article.

What are we Indians supposed to make of Wikipedia's statement that "certain department stores are further classified as discount stores and these commonly have central customer checkout areas"? Don't all Indian department stores have this phenomenon? Someone just told me that we don't even have "department" stores in India – we have "departmental" stores. Huh?

I first visited the Central Department Store in Bangkok's Chidlom area (the original Central, not the Future Group's Indian version) way back in 1987. (I shall refer to these two Centrals as Thai Central and FG Central in the rest of this write-up to avoid any confusion.)



The world's most famous department store at night

From what I can recall (it has been 24 years), the staff at Thai Central displayed a higher standard of hospitality and customer service than the Macy's or Dillard's stores that I used to shop at in Cleveland, USA, where I was studying. On the other hand, the store itself was screaming offers and discounts, and looked more like a discount store (not too different from FG Central). It however lacked a level of sophistication, perhaps not different from other department stores in Asia at that time.

Fast forward 13 years. When the Landmark Group's second Lifestyle department store opened at Bangalore's Richmond Road – I hadn't seen the first one in Chennai – it seemed that retail had finally arrived in India. The store had a much better look and feel, at least when compared with the Shoppers Stop stores of that time. Not yet associated with the retail sector then and, as an ordinary consumer, I told my family and friends that the day is not far when we would see department stores like



### WHY DON'T THE INDIAN RETAILERS REALIZE THAT THOSE WHO CAN SPEND MORE ARE MORE LIKELY TO HAVE A WAIST SIZE OF 32-42 INCHES, RATHER THAN 22-32 INCHES?

Harrods, Selfridges, Nordstrom and Bloomingdales in India. I could not have been more wrong!

Fast forward to 2010. Now, Thai Central's Chidlom store in Bangkok looked (and felt) as close to the Harrods store at Knightsbridge in Central London as any Asian retail store had ever been. Not much different from the best in Singapore. In my mind, their Central Food Hall was one of the best on this planet – I am not surprised it has won so many awards.

Comparing the Central Food Hall inside Thai Central stores with the Food Bazaar inside FG Central

stores would be probably similar to comparing a Louis Vuitton store and a Holi store. Yes, it is actually that stark. I remember visiting a prominent grocery store in a tier-II city shopping centre in India sometime back and counting the number of flies (both living as well as dead) as at least three times more than the number of human beings present at that store!

Even the brand new Gourmet West food section of Westside's Kala Ghoda store at Mumbai pales in comparison with the Central Food Hall at Thai Central. What a shame, considering that the catchment served by the Kala Ghoda store is not much "poorer" than that served by Thai Central's Chidlom or other stores.

The "bridge to luxury" Shoppers Stop store at GVK One mall in Hyderabad reminds me of a Robinson store in Bangkok. (For those not so familiar with the "non-spa" retail scene in Thailand, Robinson is to Thai Central in Thailand what Max is to Lifestyle in India.) I am sure the new Robinson flagship store slated



to open in November this year at Bangkok will be far more “evolved” than any Lifestyle or Shoppers Stop or FG Central store in India. Alas, Lifestyle’s stores are slowly beginning to look more and more like (their value subsidiary) Max’s stores, and FG Central more and more like a Megamart.

What do I mean? Well, you get t-shirts for ₹249 at Lifestyle today,

India phenomenon, it would be more appropriate for us to consider it alone and leave “Bharat” (rural India) out of the equation.

When we discuss retail, GDP in any form may not be the right comparison. It is always better to consider consumption expenditure. India’s PPP-factored per capita private consumption expenditure (PCCE) is \$1940 and urban PCCE

percent of what their counterpart in Bangkok (just one metro) is spending.

Let us take a look at an interesting comparison between the largest retail groups of four Asian countries. (See Table 2 below.)

As Thailand’s largest retailer, Central Retail Corporation (CRC), the owner of Thai Central and Robinson as well as several other retail formats, has annual revenues of over \$3.6bn,



The Central flagship store at Chidlom, Bangkok

↓  
**ALL THE MAJOR DEPARTMENT STORE CHAINS IN INDIA SEEM TO BE CATERING TO THE “BOTTOM OF THE PYRAMID.” THERE IS NOTHING WRONG WITH THIS, EXCEPT THAT AT SUCH LOW PRICE POINTS YOU CANNOT BE RUNNING CHAINS WITH JUST 30-40 STORES.**

don’t you? Isn’t that the price segment that Max is supposed to cater to? All the major department store chains in India seem to be catering to the “bottom of the pyramid.” There is nothing wrong with this, except that at such low price points you cannot be running chains with just 30-40 stores. If you are playing the volume game (and not the margin game), you need to have at least 200 operational stores or a turnover of at least ₹80 bn (₹8,000 crores).

Let us step back and examine why the Thai Central store in Bangkok’s Chidlom has evolved so much in these 24 years since 1987 when I first visited it. Are the Thai people earning more than us Indians? On the face of it, yes! (See Table 1 for a comparison.)

Thailand’s per capita GDP on a PPP basis is US\$8700, compared with India’s \$3500 (source: CIA World Factbook). However, urban India’s per capita GDP on a PPP basis is \$8550, almost the same as Thailand. Since modern (organized) retail is an urban

is \$3720. If we stick to only the SEC A, B and C categories of brand consumers (as modern retail really caters to them), the PCCE goes up to \$5560. The comparative number in Bangkok (where more than a third of Thailand’s urban population lives) is \$7600. In simple words, the brand consuming population in urban India (not just the metros) is spending 73

which translates to 1.13 percent of that nation’s GDP. South Korea’s Lotte Shopping Group has revenues of \$12.97 bn, 1.3 percent of South Korea’s GDP. It is to be noted that 10 percent of Lotte’s revenues come from overseas. China’s Suning Appliance has revenues of \$24.43 bn, almost 0.5 percent of China’s GDP. In comparison, India’s largest retailer,

Table-1

	Thailand	All-India	Urban India	Only SEC-A,B,C in Urban India
Per Capita GDP on PPP basis	\$8700	\$3500	\$8550	NA
Urban Per Capita Consumption Expenditure	\$7600 (Bangkok)	\$1940	\$3720	\$5560

ALL FIGURES IN US DOLLARS

Table-2

Retailer	Country	Annual Revenue (US\$ Billions)	Contribution to GDP	Average Trading Density (INR)
Lotte Shopping Group	South Korea	13.0	1.29%	
Central Retail Corporation	Thailand	3.6	1.13%	₹640 psfpm
Suning Appliance	China	24.4	0.49%	₹15,400 psfpm
Future Group	India	2.5	0.16%	₹383 psfpm

SOURCE: COMPANY ANNUAL REPORTS

the Future Group (FG), has revenues of only about \$2.5 bn, or only 0.16 percent of India's GDP.

Shouldn't Indian retail leaders be worried about these figures? Suning Appliance runs only CDIT (consumer durables, information technology & telecommunications) stores and has almost 10 times the revenues of Future Group which is into almost every facet of retail. Compared to Future Group's CDIT format eZone, Suning's turnover is almost 100 times. While Suning has over 1200 stores, eZone has under 60.

Coming back to the comparisons in Table 2, CRC's average trading density (ATD) across the entire chain is about ₹640 psfpm, whereas FG's was ₹383 psfpm as per their 2009-10 annual report. That is 60 percent for Future Group versus CRC, compared to the 73 percent spending by Indians versus Thais.

How "poor" are we compared to our brethren in Thailand? Doesn't look like the difference is too much. I purposely chose Thailand for most of the comparisons in this article because every time one mentions any country in the west, or even Dubai or Singapore for that matter, our retailer friends remind us that we live in a "poor" country. We may be living in a poor country, but are we poor?

I would like to know how the senior management at our national large department store (NLDS) chains such as Lifestyle, Shoppers Stop and FG Central has mapped the consumption patterns in India. The 2.77 percent "rich" households of urban India contribute 20.2 percent of the urban private consumption expenditure. Since their average bill values (ABV) range from only ₹1600 to ₹2200, none of the NLDS chains seem to be targeting this segment. The key question is, why not?

The Indian "rich" annually buy ₹1.27 tn worth of stuff that is (usually) sold by a department store anywhere in the (more evolved) world. That is more than 30 times the combined turnover of the three NLDS chains. This is not just a huge missed opportunity in terms of the sheer market size, it is an even bigger

missed opportunity in terms of the bottomline, as it would also be much easier for retailers to make higher margins from the "stuff" sold to this population.

The consumption of this "stuff" per household is more than ₹5 lakhs per year. If the NLDS chains could capture

The upper middle class segment comprises almost 7 percent of the urban population but contributes just 16 percent of the urban private consumption expenditure. As these people usually shop within a (tight) budget, they are perpetual value seekers. Many other national retail



Suning Appliance, China's largest retailer

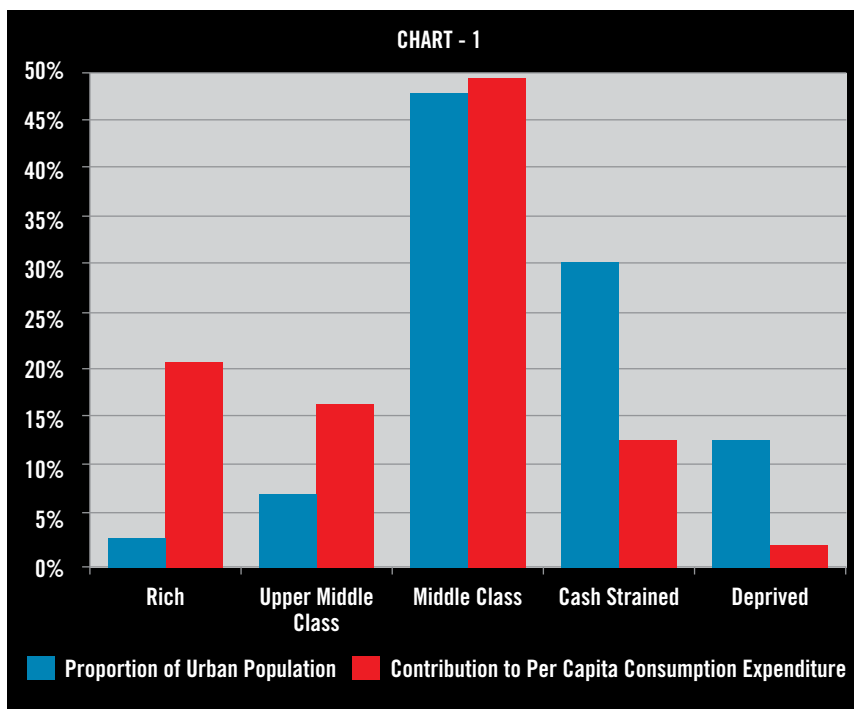


Marks & Spencer store at Bath, UK

even a fifth of this consumption, they would have ABVs of ₹4800-5600.

It seems to me that these NLDS chains are all targeting the next economic class or segment of Indian society – the "upper middle class" consumer. Take a look at Chart 1 on the next page.

chains – we can call them fashion megastores, as they are not yet fully qualified to be termed as department stores – like Marks & Spencer, Pantaloon, Reliance Trends, Westside and Max as well as several regional chains are also targeting this segment. (In UK, M&S runs large department stores that also sell food & grocery which contributes more than 50 percent of their revenues.) There must be something about the upper middle class consumer segment that I don't understand. Although their combined consumption expenditure is just 79 percent of the size of the "rich" segment, most Indian retailers seem to be making a play here, gloriously ignoring the "rich" segment. In the case of NLDS chains, could it be because most of the senior management chains belong to this



economic segment, and therefore understand it best?

As Chart 1 shows, the next consumer segment, or the middle-middle class, comprises 47.5 percent of the urban population and contributes 49 percent of urban private consumption expenditure. This segment is quite well catered to by big box discount retailers such as Big Bazaar, Star Bazaar, More Megastore, Brand Factory and Megamart. This population also shops at formats such as Reliance Trends, Fashion @ Big Bazaar, Max, Pantaloon, Westside, Globus, regional department stores and sometimes even at the NLDS chains.

I would like to ask a question to the senior management of Landmark Group, both in India as well as Dubai. Shouldn't Lifestyle be catering to the rich segment, while Max caters to the upper middle class? It appears that Lifestyle is catering to the upper middle class and Max to the middle-middle class. If this is deliberate, it is fine, as the middle-middle class is the largest consumer group. But I would still like to know why the Landmark Group is ignoring a segment which buys 26.5 percent more than the upper middle class?

Obviously, I have an almost similar question for Future Group. If several of their retail formats such as Big Bazaar, Brand Factory and Fashion @ Big Bazaar are already catering to the middle-middle class, shouldn't Pantaloon be catering to the upper middle class and FG Central the rich class? In the case of Thailand's Central Retail Corporation, the Thai Central department stores cater to the rich of that country, while Robinson caters to the upper middle class.

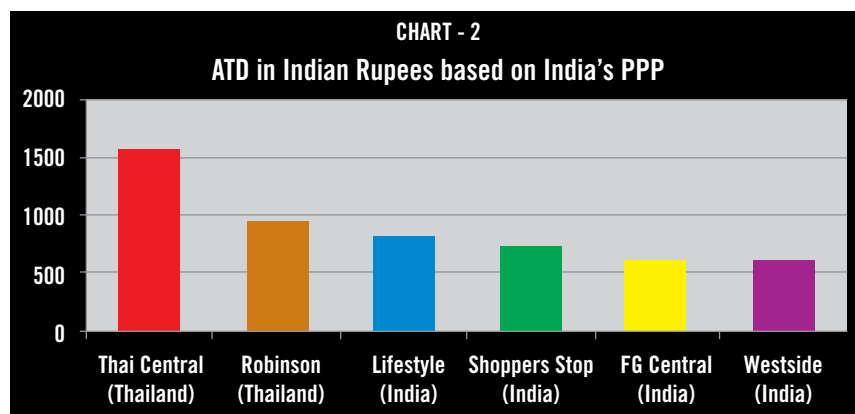
Indian retailers should look at Tata Group's recently restructured hotel business. They have created four distinct brands – Taj (the flagship brand), Vivanta by Taj, The Gateway

Hotel and Ginger – catering to four different economic classes of travelers. Over time, I am sure the Tata management will realize that there is a gap between The Gateway Hotel and Ginger, and create another mid-market brand to fill this.

Most of the large multinational hotel groups and automobile companies have different brands catering to different economic classes of customers. The key question is: when Indian retail groups have multiple formats, why are these formats not *distinctly* different from each other in terms of their TG's, instead of cannibalizing from one another?

In Thailand, Central's ATD is equal to about ₹2250 psfpm in Indian rupee terms, while Robinson's is about ₹1350 psfpm. Compared to this, Lifestyle's ATD is at about ₹810 psfpm, Shoppers Stop at ₹710 psfpm, FG Central at about ₹600 psfpm and Westside at ₹585 psfpm. If we convert the two Thai retailers' ATDs to Indian PPP (see Chart 2 below), Thai Central's ATD would change to ₹3228 psfpm and Robinson's to ₹1937 psfpm. Based on *The Economist's* Big Mac Index, Thai Central's ATD would go down to ₹1568 psfpm and Robinson's to ₹941 psfpm. The comparison is clear for all to see: our NLDS chains have a much lower sales performance than these Thai retailers. What is the reason for this?

Let us look at these comparisons from another perspective. The world's most famous department store – the Harrods store at Knightsbridge in Central London – has an ATD of about ₹6400 psfpm. Applying the UK's





PPP to Thai Central would give it an ATD of ₹4275 psfpm – not bad when compared with Harrods. Our ATD leader Lifestyle would be pated at ₹2216 psfpm. Need I say more?

What is the size of the NLDS chains in India? The largest by turnover, Shoppers Stop, has annual revenues of ₹19.3 bn last year, which translates to 0.028 percent of India's GDP.

In comparison, the world's largest department store company, Isetan of Japan, had annual revenues of ₹677.1 bn – 35 times more than Shoppers Stop – only from its domestic department stores business in Japan.

Europe's largest department store chain by sales, Spain's el Corte Inglés, had sales of ₹564.5 bn, again only from its domestic department store business. USA's largest, Nordstrom, had sales of ₹423.6 bn. South Korea's Lotte Department Stores had sales of ₹290.6 bn in 2010 (only domestic sales, excluding the international business).

See Table 3 below for a comparison of these department store companies in terms of a percentage of each country's GDP. We see that el Corte Inglés is 29 times larger than Shoppers Stop in terms of real sales, but 31.4 times larger in terms of share of the national GDP. Our retailers obviously have a very long distance to cover. Can they do it?

So, what really ails the national large department store chains in India? This question has been bothering me, making me think and analyze the situation for a very long time. I have come to the conclusion that it is nothing but a lack of confidence.

Firstly, I believe these chains do not have the confidence to open stores of a global size. They still prefer stores of 45,000 to 65,000 sq.ft., compared with the global average of 150,000



The cosmetics department at Thailand's Central

to 200,000 sq.ft. The exception is FG Central, which is now setting up stores of this size, excluding a multiplex cinema. But their trading density is reportedly the poorest amongst the three NLDS chains.

The world's largest department store – Macy's at Herald Square, New York City – has more than one million square feet of retail space. The Harrod's store at Knightsbridge (London) is almost one million square feet. While there is no reason to blindly copy international retailers – especially the failing American ones – 45,000-65,000 square feet is too small for the size of the population in most of the Indian cities.

Secondly, the Indian NLDS chains seem to lack the confidence (or is it something else?) to widen their merchandise mix. The bread and butter apparel category still constitutes 58-65 percent of their revenues, compared with 31-54 percent for most global chains.

While there is no reason to blindly copy international retailers – especially the failing American ones – 45,000 to 65,000 sq.ft. of retail space is too small for the size of the population in most of the cities in India.

**THE INDIAN NATIONAL DEPARTMENT STORE CHAINS SEEM TO LACK THE CONFIDENCE NEEDED TO WIDEN THEIR MERCHANDISE MIX. THE BREAD AND BUTTER APPAREL CATEGORY STILL CONSTITUTES 58-65 PERCENT OF THEIR REVENUES, COMPARED WITH 31-54 PERCENT FOR MOST GLOBAL CHAINS.**

The furniture and home accessories that one sees at Thai Central's Chidlom store in Bangkok is stuff that I would actually buy. In comparison, the collection that I see at similar stores in India is something that I would not even consider purchasing. (Remember what I said at the beginning of this article – no department store in India has even satisfied 50 percent of my needs.)

Table-3

Department Store	Country	Annual Revenue (in INR Billion)	Contribution to GDP
el Corte Inglés	Spain	564.5	0.880%
Lotte Department Store	South Korea	290.6	0.634%
Isetan	Japan	677.1	0.273%
Nordstrom	USA	423.6	0.064%
Shoppers Stop	India	19.3	0.028%



Even the Robinson stores in Thailand have a much wider merchandise mix than any of the Indian department stores, and Robinson is definitely not more upscale compared to a Lifestyle or Shoppers Stop.

Thirdly, and perhaps most importantly, the Indian NLDS chains just do not seem to have the confidence to sell higher priced merchandise. (See Table 4 on the next page.)

The price range of men's shirts at Shoppers Stop is ₹399 to ₹3999 and



**THE REAL PURPOSE OF UPPING THE AVERAGE OR MEAN SELLING PRICES IS TO TAKE UP THE OVERALL REVENUES, THE MARGINS AND THE TRADING DENSITY TO ACHIEVE BETTER BOTTOM LINES. THERE ARE BUYERS FOR BRANDS LIKE STEVE MADDEN AND DIESEL IN INDIA. THAT IS WHY RELIANCE BRANDS HAS GOT THEM INTO THE COUNTRY.**

denim jeans are ₹1199 to ₹8999. At Lifestyle, shirts are ₹499 to ₹3999 and jeans ₹1299 to ₹6999. In FG Central, shirts are ₹325 to ₹2999 and jeans ₹999 to ₹3999.

On the other hand, Diesel in India sells men's shirts priced at ₹6000 to ₹14,000 and jeans priced between ₹8000 and ₹21,245. Even Levi's has jeans priced up to ₹11,500 but these are not available at any of the NLDS stores. The Collective (Aditya Birla Group) sells men's shirts priced between ₹3500 to ₹13,200.

Senior management at the NLDS chains may argue that Diesel is catering to a very small market or that The Collective is not very successful. This is the very reason I have chosen to bring these brands and retailers into the picture.

Even if I agree that Diesel is catering to a very small population, at a mean price of ₹14,623 – I don't exactly know their average – for a pair of jeans, they would need to sell just 31.6 percent of the quantity as Shoppers Stop and Lifestyle to achieve the same revenues from this merchandise category. Need I argue that their margins would be higher? Obviously, Diesel cannot sell these many pairs of jeans as a standalone EBO format. But if Diesel jeans were available at Shoppers Stop or Lifestyle, the sales volumes would definitely go up.

Look at it another way – if Shoppers Stop and Lifestyle moved up their mean pricing for men's denim jeans from ₹4624 at present to ₹6499, they would achieve the same revenues by selling 28.8 percent lesser quantities. But that is not the purpose here. The real purpose of upping the average or mean selling prices is to take up the overall revenues, the margins and the trading density to achieve better bottom lines.

There are buyers for brands such as Diesel, BCBGeneration, Quiksilver, Timberland and Steve Madden in India. That is the reason why Reliance Brands has got them into the country. But why is it that these brands, or the brands brought in by the Apparel Group Dubai (better known as Major Brands in India) have to come in through standalone stores? Globally, whenever



The world's largest retail store – Macy's at Herald Square, New York City

Table-4

RETAILER	Men's Shirts		Men's Denim Jeans	
	Lowest Price	Highest Price	Lowest Price	Highest Price
FG Central	₹325	₹2,999	₹999	₹3,999
Shoppers Stop	₹399	₹3,999	₹1,199	₹8,999
Lifestyle	₹499	₹3,999	₹1,299	₹6,999
Levi's	NA	NA	₹1,990	₹11,500
Diesel	₹6,000	₹14,000	₹8,000	₹21,245
The Collective	₹3,500	₹13,200	NA	NA

any brand wants to launch in a new market, the brand's first choice is always to launch within that country's major department store chain. Why is this not applicable in India?

Let me also talk about The Collective. Even though this retail chain is not (yet) a department store format, it is important to bring it in here as it is probably the only born-in-India MBO which has proven that the rich do shop in India. I would strongly argue that The Collective cannot be termed a failure.

The 10,000 sq.ft. Mumbai store at The Palladium is averaging sales of ₹20 mn a month, with an ABV of ₹12,000 and ATD of ₹2000 psfpm. The newer Delhi store (8000 sq.ft. at Ambience Mall, Vasant Kunj) is already averaging ₹14 mn a month, with an ABV of ₹13,000 and ATD of ₹1750 psfpm. Yes, the Bangalore store did not do as well as expected, but that is due to several factors. Firstly, it is on a high street, compared with the Mumbai and Delhi stores being inside malls. Secondly, the Bangalore store is much bigger while the city's market is smaller than Mumbai or Delhi.

The Collective has not yet been able to do justice to most of its non-apparel offerings. For example, in its Bangalore store, it was averaging less than ₹2 lakhs per month in sales of men's skincare products, whereas sales of these products in the neighboring UB City are more than ₹10 lakhs per month. I am quite confident that The Collective will fix these problems over time and be able to reach ATDs of ₹2500-3000 psfpm. The shopping experience is awesome at The Collective and one feels like going back to it. As more and more people experience this, The Collective

will "collect" loyal high spending customers.

It may be argued by the Indian NLDS chains that this kind of ATD is possible only in the top 4-5 metros and that too in much smaller stores. My counter argument would be that the Lifestyle store at High Street Phoenix – within the same complex as The Collective's Mumbai store – could have captured this ₹20 mn of sales, thus increasing both its ABV and ATD at this store. That is a missed opportunity.

Every time I go to the USA, I spend \$350 to \$500 in buying clothes, mostly formalwear, at a Nordstrom or Brooks Brothers store. I also spend an average of \$700 in buying jeans at my secret store in the New York City. If the

same choices were available in India, I would most definitely buy only in our own country. And the ABV would be ₹15,000 to ₹32,000, wouldn't it? Unfortunately, such choices are not available. How I wish that stores like Nordstrom or Brooks Brothers come to India!

Believe it or not, I do not get 42-inch waist sized denim jeans in India. No, not even at Diesel. And even The Collective rarely has shirts that fit me. Why don't the Indian retailers realize that those who can spend more are probably a little older (say 35 plus) and are more likely to have waist sizes of 32 inches to 42 inches rather than 22 inches to 32 inches? And why do not they want customers who spend an average of ₹23,500, which is 12 times their current ABV? Huh?

Last, but not the least, the Indian NLDS chains are unable to deliver the quality of in-store service that Indian consumers, who are growing in spending, tastes and expectations, want. Why can't the retailers learn from the Indian domestic airlines which are amongst the best in the world in terms of service? Service does not necessarily have to come at a high cost, as proven by Indigo.



A broken fixture at a store in Bangalore – when are we going to fix our problems?





Runners at the start of the 10.8km race Cursa el Corte Ingles, one of the most popular races in the world, now in its 33rd year at Barcelona. Last year, 58,000 people participated in this race organized by el Corte Ingles

Consider the experience that one faces at Indian retail stores. The picture of the broken fixture shown in the previous page is that of a store in Bangalore. The sales associates at this store actually put the broken flap back with cello tape each time they take out the merchandise from this storage place located just below the visual merchandising displays and therefore eminently visible to customers. It is life as usual.

The same is the story with many NLDS chains. One should visit the beauty sections of some of their stores to understand the meaning of beauty! The customer service is no different at many prestigious names in the industry.

I may be wrong but it looks like most Indian retailers just do not care. They seem to ignore the phrase “if you pay peanuts, you only get monkeys.” Maybe they cannot afford to pay more than peanuts because they are not making much money, but that is because they are only catering to the value-conscious customers. But that is exactly the problem, isn't it?

To my mind, there are only two ways that the NLDS chains will ever fix these problems. The first will be by hiring top managers who have been brought up in rich households, and can thus relate better to the needs of the 2.33 mn rich households in urban India. After all, let us not forget that these rich people – no matter how small they are in numbers – collectively spend 26.5 percent more money than the 5.85 mn upper middle class households.

The second way, which is perhaps more likely to happen, is that foreign department store chains will come to India once FDI opens up and they will raise the bar in terms of size, merchandise mix, average bill value and trading densities. This will obviously start hurting the Indian chains which will then (hopefully) wake up.

As an Indian who is concerned about this country's future and as a well wisher of the very people that I have criticized in this article, I sincerely hope (and pray) that it will

be the first way – and that too, soon, very soon.

Before signing off, I would like to say something. I hope that the constructive criticism in this article (and my other frequent articles in this publication) are taken in the right spirit. I neither claim nor pretend to know more than the leaders of the Indian retail industry, who have far



What will happen when retailers like this come to India?

more experience and insights than I myself. I just want to try and play the small role of a catalyst for change, reminding my friends in the industry from time to time that we can do much more. ✕

#### ABOUT THE AUTHOR



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*The views and opinions expressed by the author in this article are his alone, and do not necessarily reflect the views and opinions of this publication.*