

“TO STUDY THE IMPACT OF SHOPPING MALLS LIFE CYCLE ON THE GROWTH OF ORGANISED RETAILING”

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Abstract

Malls have all the necessary ingredients as such to transform into futuristic consumer engagement hubs in the urban landscape. They need not be required to be very large in size, but they do need to provide the customer with some unique experiences alongside convenience as well as satisfaction, which will in end ensure repeat visits to the mall. It was found that besides the top-7 cities, 13 Tier-I & II cities also offer immense potential for growth of organized Retailing. The Retail malls and shopping centres are a necessity for nowadays modern retail to tackle the challenges from e-commerce and other emerging retail formats too. There is huge potential for present retail sector and malls provided developers do good research on the concept of catchment, are required to apply their mind while deciding the tenant-mix, in order to put in place a professional mall management. The shopping malls life cycle resembles very closely with PLC model and it shows how different retail companies undergoes the Introduction, Growth, Stability and Decline stage, so this study puts light on the significance of growth of any mall and how it has also has to undergone the recession or declining stage and its impact on the organised retailing and the economy of any country.

Index Terms: **organised retailing, Shopping Malls, consumers, life cycle, retail sector, customers, stores, shoppers, merchandise, e-commerce.**

Introduction

Organized retail is a sector which consists of the companies which are associated with production or sales of goods and services that operates as private limited organizations which are governed by companies act. The organized retail sector can be characterized as follows

1. The retail setups are owned by companies.
2. Few of the employees on the payroll of the organization with others are on contract.
3. The employees are governed under the act of minimum wages.

Organized retail is associated with customers walking into the stores for the showrooms and buying their necessary products. Huge quantities of goods are stocked up in the retail store and huge discounts which are gained by the company are passed down to the customers. Many retailers like Walmart, IKEA, Costco, and Target have been an attraction for customers for a long time because of their discounted pricing structure. There has been an increasing retail store establishment in North American countries Canada with stores like Target and Nordstrom which have been establishing their bases from some time. Many categorize 7-eleven under the retail formats thus widening the definition of the organized retail sector.

Advantages of the organized retail sector

1) An economic win for customers

The prominent advantage of having organized retail for customers is that they get a wider selection of goods along with more convenience and an enhanced shopping environment. The organized retailer has several formats and

presence write from a small neighborhood in small towns or cities to a high air conditioned Mall where the real estate is cheaper.

Therefore it caters many customers going to its wide presence. For example, Walmart is present even in the tier two cities as well as the major areas of tier one cities thereby reaching all the kinds of customers. Apart from these advantages, a major advantage for customers is that these retail formats have huge discounts which unorganized retail formats may not be able to provide. Since organized retailers buy goods in huge quantities they also able to reap the benefits of huge discounts.

This discount is passed on to the customer on all the goods that are purchased over there and thus the customer is at the gain and it is a Win-Win situation for both retailer as well as a customer. Presence of 7-eleven in small cities and big cities has benefited the customers in both retailers and customers equally.

2) Big gains for farmers

Another advantage of the organized retail sector is that it provides a big gain for farmers. Since these retail formats buy in bulk from the farmers themselves it is beneficial for farmers to deal with one customer rather than hundred customers and also it provides greater convenience and ease of trade along with better profits for both the customer as well as the farmer. The retail sector has given a huge push to the farming sector.

This also leads to an increase in the use of modern equipment and tools in farming along with more employment opportunities for unskilled laborers to work on a farm thereby providing employment opportunities.

3) Growth of Mid-level customers

Because of the organized retail number of middle-class people or middle-income group, people are increasing and having a better lifestyle. These mid-level customers indirectly help the industry and the economy to grow and prosper which is why it turns out to be a cycle which benefits each other. The retail sector benefits the customers who intern benefits the retail sector.

4) Economies of scale for Organized Retailers

All of the organized retail players preferred to buy the products in bulk at having a discounted price. The purchases are frequent and masking is done in order to fulfill the needs of the customers. This helps the players to achieve economies of scale and a part of the discount is passed on to the customers as well. Apart from that they also enjoy cost advantage on many factors such as advertising expenditures purchases and a few other recurring costs.

Organized retailers tend to have multiple branches of their stores in different locations which is why one purchase. Is preferred it to conduct business. The processing is done at one point why the distribution is done at every store so that the product reaches every customer.

In terms of customer, it is advantages to have one store with which they can conduct business and make their purchases.

5) Minimization of risks

Another advantage of organized retailing is that there are multiple stores present and this reduces the distribution cost. This also minimizes the risks associated and the possibility of losses is reduced.

This is advantages to the retailer's sunset also avoids unnecessary costs which are levied. Even in case of taxation, it is easier for the retailers to files for a tax from one point rather than having multiple stores.

6) Employment Opportunities

The need for organized retail chains is increasing all over the market in every country. More and more people are preferring to work for a discounted organized retail store other than purchasing it is a local vendor who might have different and increase price consumer products.

This has resulted in retail stores opening branches in multiple locations. This, in turn, has affected and generated employment for many local people. Retail stores have constant job opportunities for people from different backgrounds.

Right from Cashier to store manager people from various backgrounds can apply in a retail store without age restriction and get employed and start earning daily wages have the employment opportunities increase more and more people get employed and this results in the betterment of the economy overall.

As more and more retail store is open more and more job opportunities are surfaced. Thus organized retail has opened and expanded opportunities of the job for many people.

STAGES OF RETAIL LIFE CYCLE



Introduction Stage

This is the first stage of the retail sector is the Introduction stage as the chart above depicts that this stage is mainly dominated by aggressive entrepreneurs by that we mean as the product or services are entering this stage the young entrepreneurs are using an aggressive approach to tackle with the initial hitches as far as product and services which are new has to be established in the mind of the customers as this stage also witnesses a large amount of promotional expenses and customer expectations. This stage is also characterized by Pop up retailers by that we mean a retail store that is opened temporarily to take advantage of a faddish trend or seasonal demand. Demand for products sold in pop-up retail is typically short-lived. Pop-up retail stores are found most often in the apparel and toy industries.

Growth Stage

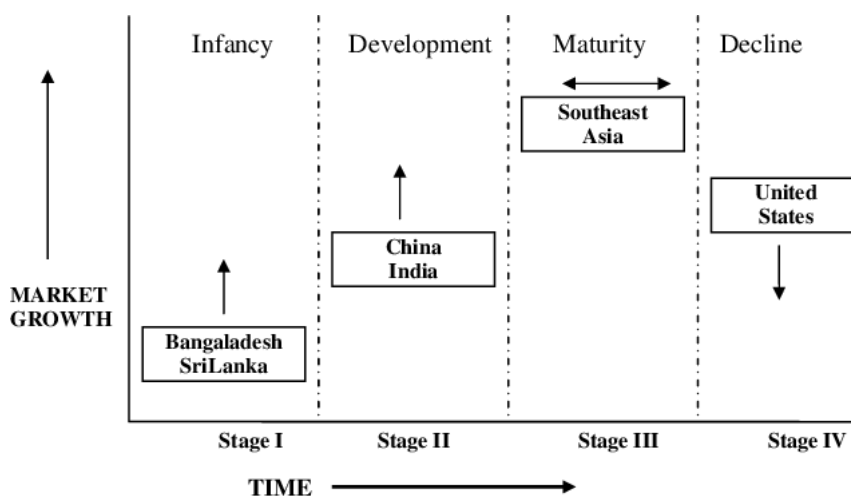
Under the growth stage of Retail Life Cycle the organized retail undergo the rich benefits of profit making and consistent growth of sales grow along with new competitors and stores expand offering are the key features of this stage. This stage is featured by cashing the profits as sales grows at a faster rate and the malls are having the advantage of dominant monopoly on the market and other features is emerging new competitors and companies has to follow new and innovative ways to tackle the cut throat competition and other significant highlight of this stage is stores are expanding by introducing new offerings like product improvement, research and development, new uses of product, new features and pricing and brand strategies.

Maturity Stage

This stage is predominated by emergence of multiple competitors by that we mean with the opening of more malls and retail shops a stiff competition is becoming part and parcel of modern retail management, apart from that there is sudden fall in the profit margin of the mall owners or organized retailers as a large variety of merchandises are comfortably available and it ultimately lead to go for new products or services being offered by different mall owners in order to lure the customers who are exhausted with the present product range and services and are fed up with the present promotional services.

Decline Stage

The ultimate truth of this stage is that malls or organized retailing are now offering obsolete merchandises or services which in end show declining of malls or retail outlets as at this stage the cost of operation of malls increased manifold, there is sudden increase of promotional expenses and footfall of customers decline drastically. This is the end of life of mall or organized retailing and lead to shutdown of the mall operations.



Leading Countries Mall Life Cycle Stages

Objectives of study

1. To study the Impact of different stages of mall life cycle on the prospects of organized retailing.
2. To study how the mall owners are facing and dealing with its effects on their future growth.

Conclusion

In the end we can conclude that Shopping Mall Life Cycle mainly deal with firstly the innovation stage, in which the reformation and development of business methods and approaches which promote the emergency of new retail formats, It has been found that the operating characteristics of new formats have not been understood by both consumers and the industry. In the growth stage, what we have found that the new business formats start to be accepted by consumers and traits of new formats are also very widely understood in the industry. As a result of that, the market share begins to rise and copying of ideas are also on the rise. In the maturity stage, companies which are involved in the new retail formats are showing incapability of taking more market share and also to expand the customers base. It has been discovered that companies which won out in the growth stage are found trying to maintain the market share. And eventually in the decline stage, the new formats somehow become the traditional ones and as there is a change of consumers buying behavior and with the appearance of newer formats, the market begins to be totally shrunked and traditional formats (original new formats) could not able make any profit but may suffer great loss due to the decreasing sales.

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