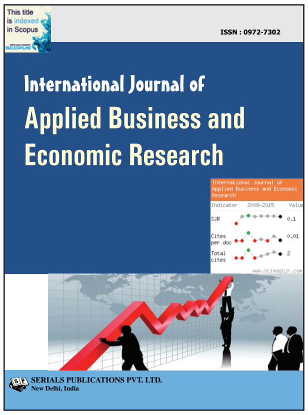

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Shopping Mall Performance in Jaipur : An Empirical Analysis

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ABSTRACT

The growth of organized retail has changed the retail landscape of the country. At present it constitutes only 9 per cent of the total retail industry against 91 percent currently dominated by the unorganised retail sector. However, modern trade is expected to grow twice as fast at 20 per cent per annum in relation to 12 per cent per annum growth envisaged for the overall retail market. This creates opportunity for new retail centres to develop in this sector on one hand and a need for repositioning of the existing centres that are not performing or not able to sustain the consumer interest on the other hand. The positive side of this growth story is that retailers have shown keen interest in moving to tier 2 & tier 3 cities and are constantly in the lookout for good quality spaces. Thus, this study becomes all the more important. This study aims to evaluate the shopping mall performance in Jaipur, find out the gaps and propose strategies for their transformation into high performing centres.

1. INTRODUCTION

Retailing in India: Retail is one of the fastest growing sectors of the Indian economy. Though our country has the highest retail outlet density in the world, the retail sector is highly fragmented. The organized retail trend started in India in 1999 with the launch of Ansal's Plaza in Delhi, which was followed by Crossroads in Mumbai and Spencer Plaza in Chennai. Until the end of 2002, only three shopping malls existed in India. Post 2003, mall culture started multiplying in the metros. Cities like Mumbai, Bangalore, Kolkata, Chennai readily accepted the mall culture and so began the trend which was adopted by many other cities. Among the cities, Delhi and Mumbai lead the rest of the country in terms of the highest concentration of shopping malls, accounting for 62 per cent of pan-India mall stock. They are followed by Chennai and Bangalore, which together constitute around 20 per cent of built-up mall space in the country. The seven metros have 190 operational malls even as more than 60 opened across India in the last one year alone, data from Bangalore-based Asipac Consulting says. And it's not just the number of malls that has more than doubled since 2008 — the average area of the top 15 malls across the country has gone up 40% (from 6.17 lakh sq ft to 8.66 lakh sq ft) in the last three years.

Retailing in Jaipur: Traditionally Jaipur, capital of Rajasthan is considered as a shopping paradise for people buying for the special occasions from all over the country. 90% of the population of the city and the prospective buyers who are seeking variety of merchandize still believe that they are most comfortable shopping in the high streets of MI road and old city of Jaipur but with rapid urbanization and city getting expanded new age organized retail started developing in Jaipur. With the peripheral development of the residential colonies and apartments, people migrating from other cities, proximity with Delhi NCR many corporate started showing interest for setting their offshore offices and back end operation units in the city. The development of SEZ's and EPIP zones with active participation of public - private partnership helped in placing export oriented units in the city. This resulted in bringing service class people creating lots of opportunities for economic development of the city and consequently the real estate sector got a significant boost. As the residential communities increased a need was felt to create an organized retail environment in the city that can provide shopping for the entire family under one roof. The first organized retail format developed in the city was in the form of shopping complex named "Gaurav Tower" in 1995. The advent of this shopping facility made people realize what is a shopping complex and how shopping can be done at one place. Many brands showed interest in becoming a part of the property and gradually the trend started to create such shopping destinations. However, with the traditional mind set, low levels of brand awareness, ample available time and easy access to the bazaars in the high street the volume of sales from these centres were quite low but these centres became a place of convergence and people started collecting at these spots which was an encouraging sign for the future. Few more such development came in but they were predominantly in mixed use format with shopping cum offices or shopping cum hotels. From the builder side planning and designing was not seen as important but idea was to develop a shopping place, sell the spaces, get the brands in and operate the centre with minimum facilities. The average leasable area of retail in these centres was between 80,000 sqft to 1,60,000 sqft which was in no way comparable to the large developments found in other tier -1 cities. To integrate various categories inside these centres and to have a proper brand mix that serves all the customer class it is important to have at least 2,00,000 sqft to 4,00,000 sqft of retail area which is the average size of successful shopping centres today. There are many shopping complexes that have come in the city since then but a shopping mall in true sense that have pure retail and a comparable scale of development as found in metros or tier 1 cities is still expected that will make people acquainted with the diversity of the brand mix, categories and world class facilities making the centre as one stop shopping destination for the entire family.

2. LITERATURE REVIEW

(Rhenjen, 2017) stated that for a mall to be successful it is important that they should provide integrated value added services and facilities. Support services play a major role in creating a mall's image that helps in attracting footfalls to the centre. Facilities such as parking, security and housekeeping have become essential for mall success.

(Pereira, 2017) suggested that F & B concepts are shopping malls new Anchor. Food and beverage is now being identified by mall developers around the world as the next wave of making shopping centres stronger and for growing their sales.

(Mahobia, Dubey and Jain, 2016) stated that consumers in Rajasthan are highly price sensitive and want a good relaxed ambience for a retail store to engage them.

(Bhandari and Mehta, 2016) concluded that physical environmental facilities inside the mall doesn't influence much in customer satisfaction.

(Bhandari and Mehta, 2016) stated that lighting, music and decoration influence the customers to visit the malls and they normally go there to relax and enjoy with their family members. Promotional activities inside the mall motivate them to purchase from the stores.

(Arora, 2014) said that people in Rajasthan shop from an organized retail store because they perceive it to be better than a traditional retail store.

(Pareek and Tak, 2013) stated that entertainment helps in attracting additional shoppers to the mall. Music, light and sound creates great atmosphere for shopping.

(Rathore, 2012) stated that majority of customers visit the mall for shopping and entertainment while lesser percentage visited for window shopping. Customers believe that organized retail offer better quality products, lower prices, one stop shopping, choice of additional brands and products, family shopping and fresh stocks.

(Sharma, 2012) stated that majority of people shop at shopping malls as they believe that they offer a convenient place to buy anything they desire and feel that they offer an ideal environment for social interaction for people of all ages. Also shopping malls offer excellent parking facilities, create value for money, credit/debit card facilities, and so on.

(Singh and Tripathi, 2012) said that vacancy in malls is a crucial factor that impacts the operational effectiveness & revenue of the mall.

(Jain, 2011) said that people visited retail malls in Jaipur as they believe that they provide variety of products at one place, display of merchandize, quality of products and availability of product offers and discounts. Customers informed that they receive information about retail malls from their family and friends through word of mouth, referrals and newspapers.

(Shajahan, 2001) suggested that shopping malls attract customers and make them stay longer and spend more time than what they had planned to.

3. RESEARCH METHODOLOGY

Present study is an empirical analysis on shopping mall performance in Jaipur. The present study is exploratory as well as descriptive in nature. Both primary and secondary methods have been used for collecting the data. Structured questionnaire has been administered for the purpose of collecting primary data. Coding and tabulation were done and analyzed by using SPSS software.

4. RESEARCH INSTRUMENTS

A questionnaire is outlined which catches the performance of mall in Jaipur city. Through organization of survey the study tries to analyse the significance given to every factor while evaluating performance of shopping malls in Jaipur city. Information was gathered from 10 malls from Jaipur through a study administrated survey.

5. VARIABLE MEASUREMENTS

Factors are the last structures on which study is directed. Based on the hypothesis, parameters have been characterized. A variable is an amount that changes over the span of research work or that have distinctive esteems for various examples in the examination.

H0: The malls are not performing as per national average trading densities

H1: The malls are performing as per national average trading densities

Table 1
Descriptive Statistics

		Group Statistics			
		N	*Mean*	*Std. Deviation*	*Std. Error Mean*
Trading Destiny	India	10	920.7000	451.08291	142.64494
	Jaipur	10	1088.8000	649.29736	205.32585

Table 2
Independent Sample t test

		Independent Samples Test						
		Levene's Test for Equality of Variances		*t-test for Equality of Means*				
		F	*Sig.*	*t*	*Df*	*Sig. (2-tailed)*	*Mean Difference*	*Std. Error Difference*
Trading Destiny	Equal variances assumed	1.412	.250	-.672	18	.510	-168.10000	250.01257
	Equal variances not assumed			-.672	16.046	.511	-168.10000	250.01257

Source: Output of IBM-SPSS 22.

Above table shows **Independent Samples Test**, displays the results most relevant to the Independent Samples *t* test. There are two parts that provide different pieces of information: (A) Levene's Test for Equality of Variances and (B) t-test for Equality of Means.

The *p*-value of Levene's test, it is evident that sig. value is 0.250 so we can see in first row of *t-test for Equality of Means* where the sig. value is 0.510 which is more than 0.05. In other words, it can be concluded that there is significant difference between performance of India and Jaipur mall.

Analysis show that **the malls are not performing as per national average trading densities thus null hypothesis (H0) is accepted.**

The study was further expanded to evaluate the trading density of various operational malls at Jaipur and the data was tabulated.

Above table represents the average trading density of Jaipur shopping centres. Results have shown that out of 10 shopping centres, GT has the highest ATD (1841) than WTP and Pink Square which have the second highest (1109). Third highest ATD is for Crystal Court (1096) than fourth highest ATD is Crystal Palm (1051). Fifth highest ATD is (1026) MGF mall. Sixth highest ATD is (733) Triton Mall. Seventh highest ATD is (507) Crystal Mall. Eighth highest average trading density is (502) Mansarovar plaza and

Table
Average Trading Density (ATD) of Jaipur Malls

Average Trading Density of Jaipur Malls (Sales Per Sq ft Per Month)	
WTP	1109
Pink Square	1109
Triten Mall	733
Element Mall	233
MGF Mall	1026
Crystal Palm	1051
Crystal Court	1096
GT	1841
Crystal Mall	507
Mansrover Plaza	502

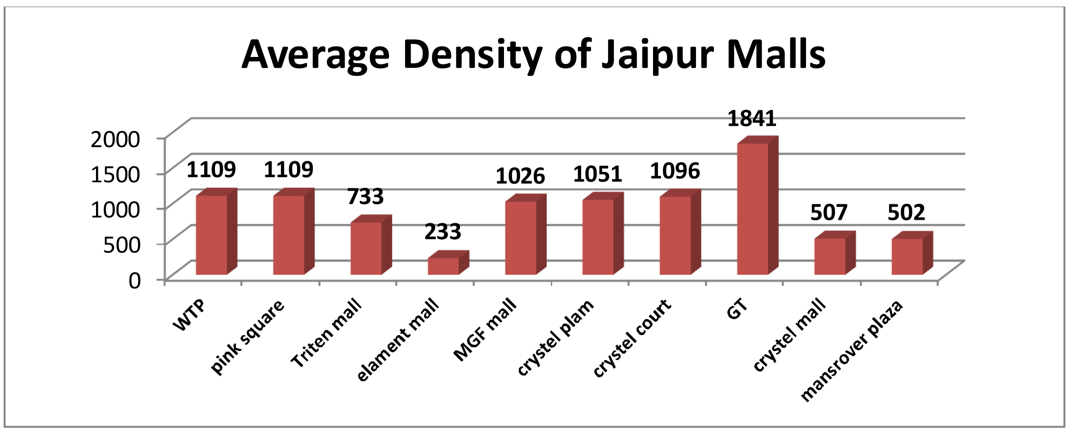

Chart 1: Average Trading Density of Jaipur Malls

the lowest average trading density is (233) for Element mall during the period of this study. The average trading densities of the Jaipur Shopping Centres was compared with the Malls in Tier -1 cities. As per ASIPAC study, it was found that the overall ATD for most of the shopping malls nationwide is INR 1184 per sq ft per month whereas the estimated ATD for the best performing mall in the country – Select City Walk is INR 2300 per sq ft per month which is almost double the national averages. There are Shopping Centres/Malls in Jaipur that show performance but that is also below the averages recorded at the national level and moreover they are not able to maintain their level of performance consistently.

Limitation of the Study: This study was carried out in the city of Jaipur thus the findings cannot be universally applicable. It was limited to evaluate the mall performance and check whether the malls are performing or not. This study could lead to new areas of research on how to improve the mall performances in relation to the successful grade – A malls in tier 1 cities and develop them as centre of convergence and one stop destination.

6. CONCLUSIONS

This study gives insights on the current status of shopping malls at Jaipur and their relative performance against their counterpart in tier-1 cities. It was found that malls in Jaipur are performing below the average sales per sq feet achieved in the malls in tier 1 cities. There are various reasons for their non performance which are enumerated below;

- The customer buyer behaviour at Jaipur still favours traditional buying from the shops in old city than from the organized stores.
- Flooding of the market. As a thumb rule, for every 10 Lac population a city should have a 1 Lac sq ft mall. The city of Jaipur with a population of 35 Lacs can sustain maximum 3 to 4 malls whereas in Jaipur there are 10 malls currently. Thus the sustenance of the mall and their ability to provide differential advantage is missing.
- To place diverse categories, the retail area in the mall should be between 2 Lac sq ft to 4 Lac sq ft whereas in Jaipur the maximum retail area that is available is only 1.6 Lac sq ft in WTP which is supposed to be the biggest in Jaipur.
- The strata selling model adopted by the mall owners lead to loosing control over the mall operations. This leads to no control on selection of brand mix and poor planning of mall management activities. There is no effort by the operations to keep proper maintenance of the facilities inside the mall.
- No market research is done by the developers to identify the target audience, their preferences and aspirations thus there is no right positioning for the mall resulting in poor brand mix selection.
- High rental demand by the mall owners leads to non viability of operations for the retailers thus regular exit of brands are seen. The revenue sharing model is not yet accepted as the realty in the market. This results in many brands not committing themselves for their entry into the Mall.
- Due to high visibility, footfalls and higher sales conversions, the brands still prefer high streets as their ideal location for expansion and for that they are even open to pay higher rentals as well.
- There is no effort done to plan optimal layouts so that the floor achieves higher efficiencies. The circulation areas are constricted resulting in difficulty in movement.
- The parking spaces are not planned sufficiently resulting in parking in nearby streets and long travel for the customers to reach their destination.
- Casual shops are more favoured by the developers than proper shops resulting in small sized shops of 50 – 150 sq ft occupying the retail spaces which otherwise could have been given to the brands. These shops are planned inside the same mall and generally sold to the investors as they sell faster.
- The shopping centres are seen as commoditized centres rather than the places that offer value proposition to the shoppers.
- The brand width and depth is not there and many categories are missing due to space constraints thus these centres are not able to become one-stop shopping destination for the entire family.

7. RECOMMENDATION

The requirement in Jaipur is for a shopping mall with an average retail area of 2 – 4 Lac sq ft that can accommodate diverse categories after carefully studying the market requirements. The mall developer should have a long term vision rather than the intention of fast recovery of the capital invested. Lease model to be the accepted norm rather than the strata sale model currently being adopted. The effort should be to place best mix of brands and revenue maximising categories, mall management to be taken as priority and mall maintenance should be addressed so that shopping malls become the place of convergence.

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