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An Empirical Study of Satisfaction Rate of Retail Tenants of Thane Malls

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Abstract: *Organized retail or modern retail sector is projected to be 5.5 trillion Rs. in 2018-19 in India. And mall is playing a big role in the Indian organized retail. Mall or Shopping centre development is a direct function of the health of the country's organized retail and the real estate sector in general. Driven by a growing economy, changing lifestyles, strong income growth and favourable demographic patterns, malls in India are expanding at a rapid pace. The malls in India today are reflections of lifestyles of catchments. Shopping centres, today are more than just shopping avenues. But to make a mall run successfully in today's cut throat competition, management has to provide all the possible services to the customers of all age group. And quite a lot depend on relation between tenants (small retailers) and mall management. But there are some tenant's issues which majority of malls is facing today.*

This research paper attempts to find out the satisfaction rate and the problem areas of retail tenants working in a mall at different levels. Researcher takes Korum mall and R mall from Thane district as a sample for the purpose of the study. Twenty two stores from Korum mall and eighteen stores from R mall constitute as a sample for the study. After the analysis of the study, researcher suggests that both mall management and tenants should work together and offer the customers a complete experience which includes a good variety of products, a good number of eating outlets and attractive fun & entertainment of all age's customers.

Key Words: *India's Retail sector, Organized Retail, Shopping Mall, Retail Tenants*

I. Introduction

The size of India's retail market is estimated to be 31 trillion Rs. in 2013-14, with a CAGR of 15% over the last five years. It is predicted to grow to 55 trillion Rs. in 2018-19, and out of that, organized retail or modern retail sector is projected to be 5.5 trillion Rs. [KPMG (2014)].

Shopping Mall development is a direct function of the health of the country's organized retail and the real estate sector in general. India has 570 operational malls (as of May 2013) with a total area of 180 million sq ft compared to just 225 malls that were up and running five years ago (Sharma S. & Dhamija A., 2013). Shopping mall means group of number of small and big independent retail stores doing business in malls in different formats (such as department store, hypermarket, supermarket, restaurant, multiplex etc.). That means all formats of organized retail sector are available in malls. Customers are getting shopping (from variety of branded stores), dining and entertainment under one roof. Therefore, people are shifting their preferences to malls from traditional retailers. The occupancy and success of a mall is largely depending on the relation of tenants (small retailers) and mall management. But there are certain issues of this tenants which should be addressed of first. This paper highlights satisfaction rate and issues of tenants of Korum mall as well as R mall and also suggests some measures to resolve it.

II. About Malls In Thane

	Korum Mall	**R Mall**
Beginning Year	September 2009	March 2010
Developed by	Kalpataru	Runwal Group
Total Mall GLA	2,86,321 sq. ft.	5,00,000 sq. ft.
Total Floors	Two basements + 4 floors	Basement+LG+Grd+3 floors
Total Stores	132 stores	67 stores
Total Anchor Stores	8	7
Parking for 4-wheeler	1,100	400
Avg. footfall on weekends	35,000	25,000

Source: Taneja, Amitabh (2011), "Shopping Centre News", *Images Multimedia Pvt. Ltd.*, New Delhi, Vol. 4, No. 1, Jan-Feb, pp. 230-254.

III. Review Of Literature

Dahiya Vivek (2008) carried out a detailed study of 10 malls in Mumbai to evaluate the tenant mix in those malls. The study found out tenant mix in Mumbai malls as follows: (1) Apparels - 41%; (2) Eating Out - 26%; (3) Accessories (Bags, Footwear, etc.) - 10%; (4) Departmental Stores - 7%; (5) Jewellery, Watches, Optical - 5%; (6) Electronics - 3%; (7) Books, Music, Stationery - 3%; (8) Fun and Entertainment - 2%; (9) Health, Fitness, Beauty - 2%; and (10) Home Solution/Furniture - 1%. Priyanka A. (2004) examined the strategies followed by Forum mall to create an image for itself in Kolkata. The study found out one of the best strategy adopted was zoning of tenants in the mall. Forum mall (total 6 floors) had zoned together a complete range of similar tenants selling similar products at each floor, so customers could easily compare and purchase similar products present on the same floor. It was also found out that stores with unfavorable business were replaced by store of similar product category in order to provide continuity in shopping to customers.

Services providing by employees, tenants and overall mall, remain always one of the important criteria for customers to visit the mall as revealed in the following paper. Mehta Sandhya (2006) studied the preferences and shopping habits of 120 residents of Ludhiana city in Ansal Plaza Mall. The study revealed the ranking given by the sample people to the features of the mall in the order of preferences: *Shopping experiences (including services)*, Eating Joints, Entertainment, Apparel section, Jewellary, Music and Book section, Grocery section, Reasonable prices, Decoration items and Beauty salons.

Sharma S. & Dhamija A. (2013) shows in their article that only around 40% of the malls in the country are performing well. That means, nearly 60% of shopping malls are not performing upto the mark. Various reasons are found for the less or no business in malls such as more vacancy rate, wrong tenant-mix, poor choice of anchors, selling mall space to investors, lack of professional management of mall, lack of service quality etc. According to Jones Lang LaSalle Research Report (2014), Delhi NCR had the highest vacancy rate in malls at close to 25%, followed by Mumbai and Pune at nearly 20% each. Chennai, Bangalore, Kolkata and Hyderabad all had a high vacancy rate, featuring in the top 10 of 16 cities surveyed in the report. The report concluded that malls that sell space outright have a higher rate of vacancy than those that lease out spaces and have them professionally managed.

IV. Objectives Of The Study

Following are the objectives of the study.

- to find out the satisfaction rate of store tenants in working in the mall.
- to study and understand from the store tenants regarding the problem areas in working in the mall.
- to give suitable suggestion and recommendation on the basis of the study.

V. Scope Of The Study

For the purpose of this study, twenty two stores of Korum mall and eighteen stores of R mall are taken as a sample from Thane district mainly to find out their satisfaction rate.
The Period of the data collection for the study is January 2015.

VI. Limitation Of The Study

The present study has some limitations like:

- It is restricted to only tenants of only two shopping malls of Thane district.
- Sample size of 40 stores is taken for the study.

VII. Research Methodology

The study is conducted by collecting data through primary sources like questionnaires and observation. All the datas are properly classified and arranged in tabular form and simple percentage method is used as statistical tool for this study.

VIII. Results And Discussions

1) Sample of Store Retailers of Malls in Thane

Table 1.1: Profile of Stores of Malls in Thane

Categories	No. of Retailers	
	Korum Mall	**R Mall**
Cloth	5	4
Footwears	5	4
Watches	4	4
Electronics Items	4	3
Food Outlets	4	3
Total	**22**	**18**

Table 1.1 depicts that total 22 stores of Korum mall and 18 store of R mall are taken as a sample for the study which includes five categories of stores such as cloth (apparel), footwear, watches, electronics items, and food outlets.

Table 1.2: Since when, you are doing business in this mall?

Years	Korum Mall		R Mall	
	No's	**%**	**No's**	**%**
2011	12	54.55	11	61.10
2012	6	27.30	5	27.80
2013	3	13.60	2	11.10
2014	1	4.55	0	0
Total	**22**	**100**	**18**	**100**

It can be seen from the table 1.2 that majority of stores started to function in the year 2011 in both the malls, i.e. 54.55% of stores in Korum mall and 61.10% in R Mall.

Table 1.3: Have you owned the store or taken on lease basis.

	Korum Mall		R Mall	
	No's	**%**	**No's**	**%**
Owned	4	18.20	2	11.10
Lease Basis	18	81.80	16	88.90
Total	**22**	**100**	**18**	**100**

From the above table 1.3, it is found out that majority of stores are functioning on lease basis in both the malls, i.e. 81.80% in Korum mall and 88.90% in R mall.

Table 1.4: What is the monthly sales (approx.) of the store?

Sales (Rs.)	Korum Mall		R Mall	
	No's	**%**	**No's**	**%**
>=50,000	6	27.30	4	22.20
51,000-1,50,000	9	40.90	8	44.40
1,51,000-3,00,000	5	22.70	3	16.70
Above 3,00,000	2	9.10	3	16.70
Total	**22**	**100**	**18**	**100**

It can be found out from the table 1.4 that majority of stores (i.e. 40.90%) in Korum mall and 44.40% of stores in R mall are having monthly sales between 51,000 Rs. to 1,50,000 Rs.

Table 1.5: How annual maintenance is charged by mall management from your store?

	Korum Mall		R Mall	
	No's	**%**	**No's**	**%**
Fixed Charges	20	90.90	14	77.80
Flexible (% of Sales)	2	9.10	4	22.20
Total	**22**	**100**	**18**	**100**

It is evident for the above table 1.5 that 90.90% of stores in Korum mall and 77.80% in R mall are paying maintenance charges on fixed basis.

Table 1.6: Are zoning of the mall is proper?

	Korum Mall		R Mall	
	No's	**%**	**No's**	**%**
Yes	14	63.60	15	83.30
No	8	36.40	3	16.70
Total	**22**	**100**	**18**	**100**

It can be understood from the table 1.6 that nearly 36% of stores in Korum mall and 17% of stores in R mall are saying that zoning of the malls are not proper.

Table 1.7: Whether anchor stores are placed properly for pulling the crowd in the mall?

	Korum Mall		R Mall	
	No's	**%**	**No's**	**%**
Yes	16	72.70	15	83.30
No	6	27.30	3	16.70
Total	**22**	**100**	**18**	**100**

From the above table 1.7, it is found out that 27.30% of stores in Korum mall and 16.70% of stores in R mall are not satisfied with the placement of anchor stores in their respective malls.

Table 1.8: Are events or shows conducted regularly by mall management for pulling crowd in the mall?

	Korum Mall		R Mall	
	No's	%	No's	%
Yes	14	63.60	16	88.90
No	8	36.40	2	11.10
Total	**22**	**100**	**18**	**100**

It is clear from the table 1.8 that 36.40% of stores of Korum mall and 11.10% of stores of R mall are saying that events are not organized regularly in the mall by management.

Table 1.9: Whether mall management listen your problem.

	Korum Mall		R Mall	
	No's	%	No's	%
Yes	17	77.30	17	94.45
No	5	22.70	1	5.55
Total	**22**	**100**	**18**	**100**

Table 1.9 shows that nearly 27% of stores of Korum mall and nearly 5% of stores of R mall says that mall management does not listen their problem.

Table 1.10: Are they showing interest to solve your problem?

	Korum Mall		R Mall	
	No's	%	No's	%
Frequently	13	59.10	16	88.90
Rarely	9	40.90	2	11.10
Total	**22**	**100**	**18**	**100**

It is understood from the table 1.10 that 40.90% of stores of Korum mall and 11.10% of stores of R mall say that mall management show interest rarely to solve their problem.

Table 1.11: Are you satisfied doing business in this mall?

	Korum Mall		R Mall	
	No's	%	No's	%
Yes	18	81.80	18	100
No	4	18.20	0	0
Total	**22**	**100**	**18**	**100**

Table 1.11 shows the satisfaction rate of stores doing business in the mall. 18.20% of stores of Korum mall are not satisfied in doing business in mall, whereas every stores of R mall are satisfied in having business in the mall.

Table 1.12: Are you going to continue the business in future in this mall?

	Korum Mall		R Mall	
	No's	%	No's	%
Yes	19	86.40	18	100
No	3	13.60	0	0
Total	**22**	**100**	**18**	**100**

It is evident from the table 1.12 that nearly 13% of stores of Korum mall do not want to continue the business in this mall, whereas every store of R mall wants to continue the business in the mall in future also.

Findings, Conclusion And Suggestions

- Majority of stores started to function in the year 2011 in both the malls, i.e. 54.55% of stores in Korum mall and 61.10% in R Mall.
- Majority of stores are functioning on lease basis in both the malls, i.e. 81.80% in Korum mall and 88.90% in R mall.
- 40.90% of stores in Korum mall and 44.40% of stores in R mall are having monthly sales between 51,000 Rs. to 1,50,000 Rs.
- Nearly 36% of stores in Korum mall and 17% of stores in R mall are saying that zoning of the malls are not proper.

- It is found out that 27.30% of stores in Korum mall and 16.70% of stores in R mall are not satisfied with the placement of anchor stores in their respective malls.
- 36.40% of stores of Korum mall and 11.10% of stores of R mall are saying that events are not organized regularly in the mall by management.
- Nearly 27% of stores of Korum mall and nearly 5% of stores of R mall says that mall management does not listen their problem.
- 40.90% of stores of Korum mall and 11.10% of stores of R mall say that mall management show interest rarely to solve their problem.
- 18.20% of stores of Korum mall are not satisfied in doing business in mall, whereas every stores of R mall are satisfied in having business in the mall.
- Nearly 13% of stores of Korum mall do not want to continue the business in this mall, whereas every store of R mall wants to continue the business in the mall in future also.

It can be concluded in sample malls that placement of anchors is not given careful thought. Anchor stores should be placed at each end in the mall and small (or vanilla) stores in the middle to evenly distribute the crowd inside the mall. Successful examples are Inorbit Mall in Mumbai and Forum Mall in Bangalore. Zoning in malls should be done with practical consideration and catchment analysis. It is suggested to both mall management and retailers that they should understand that their relation is not merely landlord and tenant relation. They must consider each other partners or associates, whereas one’s growth is largely dependent on the other. Nowadays, every customer seeks two major benefits from the shopping in the mall. First is overall experience in the mall and second all variety of goods under one roof. Individually, both mall developers and tenants (retailers) cannot meet the expectation of the customers satisfactorily. So, both mall developers and tenants should work together and offer the customers a complete experience which includes a good variety of products, a good number of eating outlets and attractive fun & entertainment of all age’s customers.

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