

MAPIC India highlights small-town opportunities

Both physical and online retail are set for growth in India. But those attending MAPIC India were advised that retailers need to target expansion outside the country's metropolitan centres, writes **Nupur Chakraborty**

INDIA's evolution as a digital economy, plus millennial purchase behaviours, are hastening consolidation in the Indian retail real estate sector. Given the popularity of online shopping, especially among India's vast millennial population — 70% of the country's citizens are under the age of 40 — shopping centres are increasingly recalibrating their tenant mixes in favour of food and beverage (F&B), and entertainment. These were among the many insights to emerge from MAPIC India, which was held at the Renaissance Mumbai in early September. Three parallel conference tracks — Retail 2.0, Retail Real Estate and Retail Technology — explored each of the verticals through a series of panel discussions and keynotes. “The Indian consumer of today

is constantly looking for experiential shopping,” said Ramesh Nair, CEO and country head of JLL India. “Mall developers have also taken cognisance of this and are continuously working towards adding experiential value to every touch point in the shopper journey.”

Ashutosh Limaye, director and head of consulting services at Anarock Property Consultants, added: “With the advent of online shopping, F&B and entertainment now account for up to 40% for mall space, compared to 15%-17% a few years ago.” India's current mall space stock of 77 million sq ft (7.2 million sq m) is expected to rise to 100 million sq ft in five years' time, the growth largely driven by rationalisation. Superior quality malls are expected to account for 64% of the total supply by

2018-2022, compared with 46% in 2008-2012.

Concurrent stories of change are characterising Indian retail in the digital age. The rise of banking digitisation and smartphone penetration — expected to rise from 299 million users in 2017 to 442 million by 2022 — are directly influencing Indian retail, as the vast majority of traditional cash-only retailers switch to digital payments to retain customers. Large retailers such as Big Bazaar, McDonald's, Benetton and Max are countering the e-commerce challenge with experiential store formats Big Bazaar Gen Nxt, McDonald's McCafe and Max Millennial, respectively.

Many experts, however, believe that physical stores will continue to dominate India's retail eco-system. “By 2020, mobile commerce will drive the majority of all sales, but 90%-plus of these will still occur in stores,” said Prateek Sinha, industry manager of retail and e-commerce at Facebook India.

Presenting the big-picture outlook on Indian retail, Kishore Biyani, group CEO of Future Group and widely regarded as the country's retail doyen, pointed out that, as India's overall economy rises to \$5 trillion by 2030, it will trigger the consumption

Prateek Sinha
Facebook India:

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economy to \$2 trillion. The projected per capita consumption of \$2,000 will be a turning point for the country, he predicted.

Warning foreign investors and retailers against simplistic strategies, Biyani added: “The numbers don't explain — you will never understand [India] unless you get your hands dirty.”

While online and offline stores will continue to co-exist, e-commerce currently has an edge over physical retail in Tier II and III cities, according to Anarock Retail's report, *Rebirth Of Retail Malls: New, Improved And Revitalised*, which was released at the event.

“A significant portion of Indian retailers' target clientele lives in non-metro cities. Considering the rising purchasing power in these cities, the slow deployment of physical retail there is worrisome,” added Anuj Kejriwal, managing director and CEO of Anarock Retail.



MAPIC India took place in Mumbai in September.

CONFERENCES & EVENTS AT MAPIC

DESTINATION: ASIA
Special focus on India
Thursday 15 November - 14.00-15.30
Conference Room 2 - Palais -1