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Retailers back to hiring, expansions

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After an extended hiatus, the first quarter brought some sheen back to retailers as discretionary spending by consumers rose. Add to that the ongoing festival season sales and discounts, and retailers seem confident enough to resume their expansion.

Along with tapping newer locations and opening multiple stores, once again retailers have started to hire staff, at least on the front-end. Raheja Group retailer Shoppers Stop will open 12 flagship stores in the next three years and three Hypercity large-format offerings of 50,000 square feet in Bangalore, Hyderabad and Ahmedabad starting from October and through this fiscal.

The lifestyle retailer will also open 4-5 new Crossword book stores this year, taking the total to 55. The new store openings will see Shoppers Stop generate job opportunities for around 1,000 people in this fiscal.

The group plans to operate 6 million sq ft of space by 2012 (excluding Hypercity). B S Nagesh, vice-chairman, Shoppers Stop said although there was no drastic change in the footfalls pattern, the next couple of quarters could start showing some improvement.

"Footfalls have been negative since November-December last year in the range of 0-25% year-on-year. There could be positive signs starting February 2010 owing to lower base in 2009. Consumer spending is stagnant, too. Expansion of stores is largely because work on three Hypercity and four Shoppers Stop have been completed and people will be required to manage those stores," he said.

Aditya Birla Retail, which runs supermarket and hypermarket chains under the More brand is going to launch 18 More Megastore (hypermarkets) in two years. It is going to hire about 200 people on front-end for each store. Thomas Varghese, chief executive officer, Aditya Birla Retail Ltd on Friday told DNA Money that he was in Bangalore to launch a More Megastore in the garden city.

RPG Group that owns Spencer's Retail is planning to invest Rs 1,000 crore towards retail expansion over three years. An official at Spencer's Retail said that the company was looking at hiring new staff for the stores that it will open by March 2010.

"We have plans to open 10-15 small format stores and an equal number of large format stores by March 2010. We will hire new staff but it will not be a large number," he said.

Spencer's could look at hiring people that it had last year laid off by closing over 65 super-market stores as the staff was trained, but their availability was doubtful the official said.

Other retailers like Pantaloon Retail India, Provogue and Titan Industries also are expanding their number of stores across the various formats they are present in. Hiring front-end staff for them is quite inevitable. Reliance Retail has announced that it will launch 21 large-format Reliance Digital stores with an investment of Rs 4-5 crore on each store.

Susil Dunganwal, retail and realty analyst said the way things have moved for the last two-three months, there is a lot of positive aura in the market. "You see recruitments happening again but these are mostly to fill the gap that retailers had created last year. It was easy for retailers to throw a few top management people than removing 100-odd employees, so some recruitment on top level is also expected." Dunganwal said retailers during the slowdown have learnt to optimise staff per store, which will be practiced in the long term, too.

"Filling the gap will continue for another quarter or two but the hiring will be selective and done in order to start operating newer stores. Going ahead from there we can expect the retail sector to come back with a bang. But this will not be immediately," he said.

Another sector analyst said that though retailers had started hiring front-end staff and resumed expansion, this time they are not likely to go over-board hiring like before.

"Job opportunities in retail have definitely opened up, the consumer has also started to spend on discretionary items and holidays. But employee costs have rationalised and are likely to remain this way until next year."

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