



## The Evolution and Trends of Retail Sector in 2015

### KEYWORDS

Retailing, Merchants, Distribution Channels, Purchasing Power, E-commerce.

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**ABSTRACT** *The past years have brought important evaluation into the Indian retailing sector. The various researches which have been made in the retail domain reveal the development of the new ways of trading, leaving the traditional trading many step behind. Through this discussion we would like to bring out current scenario concerning the evolution of "retail" in the last years in India. The last few years have brought especially important changes in the retail sector in India. And the prediction of the trends which will go to happen in 2015*

### Overview of Retail Sector in India:- Sector Profile

The Indian retail industry has experienced high growth over last decade. The India retail industry is the largest among all the industries, accounting for over 10 % of the countries GDP and around 8 % of the employment. The retail industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments to break even with other companies and compete with them. The India retail industry is gradually inching its way towards becoming the next boom industry.

Purchasing power of Indian urban consumer is growing and branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches, Beverages, Food and even jewelry, are slowly becoming lifestyle products that are widely accepted by the urban Indian consumer. Indian retailers need to advantage of this growth and aiming to grow, diversify and introduce new formats have to pay more attention to the brand building process. Transition from traditional retail to organized retail is taking place due to changing consumer expectations, growing middle class, higher disposable income, preference for luxury goods, and change in the demographic mix, etc. The convenience of shopping with multiplicity of choice under one roof (shop-in-shop), and the increase of mail culture etc. are factors appreciated by the new generation. These factors are expected to drive organized retail growth in India over the long run.

In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the India Retail Industry to grow faster. Indian retail is expected to grow 25 % annually. Modern retail in India could be worth US\$ 175-200 billion by 2016. The food retail industry in India dominates the shopping basket. The Mobile phone retail industry in India is already a US\$ 16.7 billion business, growing at over 20% per year. The future of the India retail industry looks promising with the growing of the market, with the government policies becoming more favorable and the emerging technologies facilitating operations.

### REVIEW OF LITERATURE:

Copeland (1942) In his commodity theory suggests he need to classify goods and services based on consumer need in order to make distribution easy.

Zanna and Fazio (1982) and Ajzen (1989) point out that an evaluative dimension is a common feature of all.

Specialized retailers are developing rapidly in segments such as consumer durables and white goods, books, music, lifestyle goods, household furnishings, healthcare and beauty, In the late 80's there were approximately 300 different types of cars, 400 brand of bear, and 21000 products in the average super market in the United States (McKenna,1988). Literature in marketing and related behavioral sciences suggest a breadth of consumer motives for shopping. Howard and sheth (1969) have developed the idea.

### Retail classification:-

Retail Industry can be mainly classified into two categories namely – organized and unorganized.

#### • Organized retail:-

Organized traders retailers, who are licensed for trading activities and registered to pay taxes to government.

#### • Unorganized retail:-

It consists of unauthorized small shops – conventional Kirana shops, general stores, corner shops among various other small retail outlets – but remain as the radiating force of Indian retail Industry.

### Key factors for the growth of Retail Industry.

- o Growing preference for branded products.
- o Emergence of nuclear families.
- o Increasing urbanization.
- o Increasing middle class.

### RETAILING FORMAT IN INDIA

#### Malls:

The largest form of organized retailing today. Located mainly in metro cities, in proximity to urban area. Range from 60,000 sq ft and above. They land an ideal shopping experience with a combination of product, service and entertainment, all under common roof. Examples include Shoppers Stop, West Side and Pantaloon.

**Discount Stores:**

As the name suggests, discount stores or factory outlets, offer discounts on the MRP through selling in bulk reaching economics of scale or excess stock left over at the season. The product category can range from a variety of perishable and non-perishable goods. Discount Stores:

**Department Stores:**

Large stores ranging from 20000-50000 sq. ft, catering to a variety of consumer needs. Further classified into localized departments such as clothing toys, home, groceries etc. Departmental stores are expected to take over the apparel business from exclusive brand showrooms. Among these, the biggest success is Raheja's Shoppers Stop, which started in Mumbai and now has more than seven large stores (over 30,000 sq. ft) across India and even has its own in store brand for clothes called stop.

**Hyper market/Supermarkets:-**

Large self-service outlets, catering to varied shopper needs are termed as supermarkets. These are located in or near residential high streets. These stores today contribute to 30% of all food & grocery organized retail sales. Super markets can further be classified in to mini supermarkets typically 1000 sq ft 2000 sq ft and large supermarkets ranging from of 3500 sq ft to 5000 sq ft having a strong focus on food

**Hyper-marts/Supermarkets:**

Large self-service outlets, catering to varied shopper needs are termed as Supermarkets. These are located in or near residential high streets. These stores today contribute to 30% of all food & grocery organized retail sales. Super Markets can further be classified in to mini supermarkets typically 1,000 sq ft to 2,000 sq ft and large supermarkets ranging from of 3,500 sq ft to 5,000 sq ft. having a strong focus on food & grocery and personal sales.

**Convenience-Stores:**

These are relatively small stores 400-2,000 sq. feet located near residential areas. They stock a limited range of high-turnover convenience products and are usually open for extended periods during the day, seven days a week. Prices are slightly higher due to the convenience premium

**EXPECTED TRENDS IN RETAILING IN 2015****• Social networks will serve as shopping platforms.**

Over the last several years, brands have used social media to market their products, talk to customers, and even make merchandising decisions; but in the coming months, I anticipate merchants to add "selling" to the list of things they can do on social sites. The recent launches of shopping functionalities in the social realm (i.e. Facebook's and Twitter's "buy" button and Curalate's Like2Buy platform for Instagram) tell us that social is going to get a whole lot more shoppable in 2015. Retailers that have already started participating in the trend.

**• Brands will increase their spending on Corporate Social Responsibility.**

Consumers these days are more drawn to retailers that invest in Corporate Social Responsibility (CSR). A survey by Cone Communications and Echo Research uncovered that 87 percent of global consumers factor in CSR into their purchase decisions. How does CSR improve the shopping experience? Simple, It makes customers feel good knowing that they were contributing to a worthwhile cause.

In 2015, I expect more merchants to launch ethical and good deed initiatives.

**• The points-for-purchases model will no longer be effective.**

Enriching and personalizing the shopping journey will no longer be limited to tailored product recommendations and offers. Forward-thinking retailers will find additional ways to make each customer's experience unique and memorable. That's why in 2015, retailers would have to deliver more imaginative efforts to reward and incentivize shoppers. In addition to giving away generic points, the loyalty programs of the future will reward shoppers for their actions and engagement, rather than just purchases.

**• Retailers will adopt and experiment with technology.**

Merchants will adopt and experiment with tech innovations and figure out how they can use them to improve the shopping experience. We will likely see more of the technology like digital merchandising, virtual cart etc, in coming year.

**• More retailers will improve their value chain to better fulfillment of the customer order.**

The most successful retailers will be the ones that have "complete control of their value chain, from creation all the way to consumption." Retailers will realize this in 2015, which is why we will likely see an increase in value chain initiatives, single product retail, and private label merchandise. Additionally, more retailers will get creative with how they fulfill orders and distribute products. Speed and convenience will become more important than ever, so merchants will come up with better and faster ways to get products into the hands of their customers.

**• More E-commerce sites will be set up shop offline:**

We anticipate that the trend of offline setup will increase in 2015. Because the majority of overall retail sales are still taking place offline, and ecommerce sites have realized that they need to set up physical shops if they want to gain significant market share. Additionally, the need to provide seamless online to in-store experience continues to grow, and successfully pulling this off requires both a digital and physical presence.

**• Retailers localize their product mix and store formats.**

Localization will be more important than ever. Merchants that customize their stores and merchandise according to the needs of their local communities will find great success in 2015

It's important to note however, that neighborhood-specific merchandise is only one part of a good local strategy. In addition to inventory, retailers will also need to tailor each of their store formats based on their respective communities and locations.

**CONCLUSION:**

The retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. It is also the fourth largest industry in India in terms of number of employees and establishments. There is no denying the fact that most of the developed economies are very much relying on their retail sector as a locomotive of growth. The India Retail Industry is the largest among all the industries, accounting for over 10 percent of the country's GDP and around 8 percent of employment. The Retail industry in India has come forth as one

of the most dynamic and face paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry. The future trend in retail will be more technology driven. In 2015 it is expected that India will pick up growth momentum will seen into retail. And it is also expected that the retail will come out from the fragile growth.

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