



RETAILING –A STEP TOWARDS PROGRESS

Commerce

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ABSTRACT

Indian retail sector is one of the five top most attractive places in the world. The Indian Retail Market has faced a significant number of changes in the last few years due to evolving Consumer's spending pattern, increase in disposable income, changing life style, etc. Government and Retail Companies are also taking new initiatives and following techniques such as SWOT Analysis, various models, using different strategies like Omni channel retailing which focuses on seamlessly blending the off-line and on-line retailing so that consumers could stay connected and all the features are provided by Retailers using Modern Retail format.

This paper intends to provide a detailed and comprehensive quantitative analysis of the trends affecting Market development through both historic and forecast data to know about future aspects of modern retail format.

KEYWORDS

Modern Retail format, SWOT analysis, Omni channel retailing, Future prospects.

INTRODUCTION

In today's Scenario, Indian retail sector is the fastest growing market and it effects the growth and development of the country and receiving global recognition. Rising income and changing life style of consumers effect the demand especially of branded product and retailers keeps an eye on changing trends and left no space to capture the potential market. The domestic corporate Industries as Reliance Industries, Aditya Birla Group, Bharti Group as well as the global players like Wal-Mart, Tesco and Metro Group are targeting Indian retail market. Government also plays the role as a facilitator and to provide conducive environment. Recent Initiatives and policy on FDI like 100% FDI in single brand retailing and 51% Foreign Direct Investment in multiple brand retailing.

E-retailing opens a door for remote areas also and consumer can experience the international and popular brands and access to which could otherwise not possible. In fact, 70% of consumers do research of the product online before purchasing actually from the store. Market scenario has been changed changing trends to maintain the growth and progress in their business. This can be done by developing marketing campaigns to increase awareness of their brands, engage consumers and create loyal, lasting relationships.

Objectives

1. To analyses the changes in economic sector made in past few years and its impact on retail sector.
2. To study the Government initiatives to promote the retail sector.
3. To understand various strategies used by retailers to capture the potential market.
4. To understand the challenges, opportunities and future of the retail sector.
5. To find out some measures which needs to be taken by Indian retailers to face global competition in the sector.

Methodology

This study intends to provide a detailed and comprehensive quantitative analysis of the trends affecting Market development through both historic and forecast data to know about future aspects of modern retail format. An attempt has been made to understand the retailers expected future changes in the Indian retail market and the implications of recent policy changes adopted by Government of India.

PREVAILING TRENDS

Trends are changing and things get outdated very soon. There are many reasons behind this. Some of the reasons are given below:

From Customer's prospective

Increasing income, changing life style, modernization, increases the demand in the organized sector. Customer's uses the online shopping experiences before purchasing.

Customer's are very conscious today and like to buy on-line but at the same time they are connected with their roots. They want to enjoy

traditional customized services provided by small shops i.e., Credit payment system, trial before purchasing, suggestions regarding product. They want to know detailed information, transparency, product suggestions but like personalization from retailers. Today's generation are highly influenced by social information and like to read reviews found on a company's website.

Government prospective

Government has taken initiatives such as major decision regarding FDI (About 51 %FDI is permitted in multi-brand, FDI of up to 100 per cent in single -brand retail and for cash and carry (wholesale) trading and exports also. Government has introduced Goods and Service Tax. Latest bold step taken by government is digitalization which greatly affects the retail sector in a big way.

Retailer's prospective

Foreign retailers as well as Indian bigger retailers are increasing investment due to highly potentiality and growth in this sector. 68.8% of the population is living in rural market and investors have an eye to capture this market especially in FMCG products. Financial houses and banks collaborate with retailers to enabling consumers to access the durable goods with installment system also. In this way the prospective consumers also buy the product and retail market keeps on a peace way.

CHALLENGES IN ORGANIZED RETAIL SECTOR

Retail sector in India is on emerging stage and has faced many challenges. Some of the challenges faced are as follows:

- (a) 97% of the market is unorganized .It has low cost, negligible real estate, little or no taxes to pay. Consumers for generations to generations tend to visit these mom and pop stores and have gained favorability.
- (b) Modern retail format need huge expenses to be spend on infrastructure and demanded to keep the prices low so as to face the competition from local stores.
- (c) The organized retail sector is not set as an industry. Thus it is very difficult to arrange finance and to convince the foreign players to invest in retail sector.
- (d) Modern retail format has to be spent large amount of investment on real estate. Real estate is very expensive. Even to take it on rent or lease to be paid is high so it affects the profitability a negative way.
- (e) Government charges multiple taxes, Value added taxes, stamp duties it leaves a bad impact on retail sector.
- (f) Lack of infrastructure facilities i.e., Poor roads, transportation, lack of cold storage poses a challenge to retailers.
- (g) Approval of foreign retail in India is not a simple process.
- (h) Purchasing of real estate is not simple. Retailers have to show the details and lots of time is wasted during the approval.
- (i) Supply chain and information technology infrastructure is very poor.
- (j) Skilled and professional manpower is needed in modern retail format those have a complete knowledge regarding inventory

management, supply chain management and marketing etc. It is very difficult to arrange that kind of manpower.

- (k) Prices are changing day by day.
- (l) Product gets outdated very soon.

Strategies Followed by Key Drivers

Retailers are using various strategies to maximize the sales and to create a long lasting relationship with customers. Customers do not like to stick to one seller normally until it reaches to a significant level of satisfaction. Competition is at a peak level and every retailer does not want to leave opportunity and follow different strategies to attract customers.

Discount facilities: Most retailers provide a discount facility at off-season sales on certain products to attract the prospective consumers.

Offering value-added services: Companies offer innovative value-added services like Gift vouchers provided which can be utilized to do extra shopping in future to stay the customers towards their products, Happy hours selling, contest, home delivery etc.

Strong supply chain management: To take the advantage over competitor retailer uses innovative ideas to resolve supply chain problems i.e., inventory planning, demand planning, services management, sales operation management.

Complaint cells: Retailers try to solve the problems of consumers by providing immediate feed back services maybe replacing ,return or money back as convenient to consumer if product is not up to mark to show loyalty and faith towards customer.

Omni channel Retailing: Retailers are opting strategy of Omni-channel retailing to enhance the productivity as well as to increase the sales. E-tailing vs. brick and mortar debate of is no longer relevant.

Focus on private label: Retailers are no longer limits on branded product which is provided by manufacturer showing quality goods but changing the perception and move on development of own private branded products by label own firm's name.

Collaboration with foreigners: Indian retailers are doing partnership with foreigners to get the benefit of investment, advanced technology and name of international brand.

Rural marketing: Large number of population is living in rural areas. Now, Companies are making the strategies to capture the rural market especially in FMCG goods.

Vertical integration: Retailers are not restricted to single branded goods but are provided different branded products to consider the demand of different customers.

Back-end resource sharing: Companies are using the strategy of Back-end resource sharing to provide better service management and making proper utilization of resources.

Direct sourcing arrangements: Retailers are getting the goods directly from farmers. It will help in reduction of cost by removing the middleman. It gives the benefit to seller and buyer. Farmer can get the fair prices of their selling unless they are exploited and retailer cost be reduced due to elimination of middleman.

Future prospective in retailing

- 1) India's modern retail to be three times in next 5 years.(Ernst & Young, Tech Science Research)
- 2) The modern retail market is expected to grow from USD60 billion to USD180 billion during FY15-FY20.(Ernst & Young, Tech Science Research)
- 3) Robust consumption, rural markets to augment FMCG market. FMCG market expected to increase to USD103.7 billion by 2020 from USD 47.3 billion in 2015(India retailing, Tech Science Research)
- 4) Revenue generated from online retail is projected to grow to USD70 billion by 2020 from USD6 billion in 2015(India retailing, Tech Science Research)
- 5) Retail market in India to reach USD1.3 trillion by 2020 from USD600 billion in 2015 (Source: Ernst & Young, Tech Science Research)

- 6) Rising number of tier-2 and tier-3 cities to enhance supermarket space in the country (India retailing, Tech Science Research)

Suggestions

Today's retail market is going at a very critical state. At one hand they possess strength and opportunities to develop the retail market and on the other hand they have a constraint and threats which push the hands of retailers at a peak level. So retailers will have to take the step with an intelligent way and make the strategies in this way that help the retailers to overcome from threats and take the opportunities which generates the huge potentiality to cover the market. It is the time to stop, think, understand the scenario and then takes the action which is the key of success. Shopping Malls to be reinvent by providing multidimensional services like opening recreation centers, host concerts and also provide the food and beverage services so that customer's get all things at one stop shop.

Innovation, Integration, Penetration is the things that have to be created in their malls to retain customers and no go elsewhere. Besides re-innovation concentrate on reimbursement the things with a proper way. Periodical revaluation helps in Proper supply chain management helps in cost reduction of goods. to be done so that customers to be provided those Goods which are on trend and quality too.

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