



Retail Forecasting in India

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ABSTRACT

The retail industry in India is highly fragmented and unorganized. There is very huge potential for the growth of organized retailing. Indian retail industry is gradually inching its way towards becoming the next booming industry. This paper provides detailed information about the growth of retail industry in India. In this paper includes the details about Indian retail sector, Current status about Indian retail industry, overview of global retail industry, projected organized and unorganized retail in India, major players in Indian retail industry. This paper concludes with the likely impact of growth opportunities. It also highlights the importance of innovative methods to be implemented in retail sector.

KEYWORDS

Retail Industry, Growth, Organized

1.INTRODUCTION

India is a big seen as a potential goldmine for retail investors from over the world and latest research has rated India as the top destination for the retailers for an attractive emerging retail market. The industry is aggressively expanding itself great demand for real estate is being created. Further easily availability of debit/ credit cards has contributed significantly to a strong and growing online consumer culture in India[1]. Growing at faster rate than the agricultural sector, more and more agricultural product is getting processed, investment in food processing sector has been increased annually at 21.66 per cent [2].

Retail industry in India is accelerating awareness of the Indian consumers benefiting international brands. Indian retail is expected to grow 25 % annually. The mobile phone retail industry in India is already US\$16.7 billion business, growing over 20 % per year. Modern retail business focuses on maximizing customer footfalls and capturing rising volume and share of customer wallet. Retailing presently contributes about 12% of India's gross domestic product (GDP) and 6-7% of employment. Favorable government policies and the emerging technologies facilitating Indian retail industry to grow faster.

2. RETAIL SECTOR IN INDIA AND GLOBAL

India is the fifth largest preferred retail destination globally. The retail industry in India is divided into organized and unorganized sectors. Organized retailing refers to trading activities undertaken by licensed retailers who are registered for sales tax, income tax. These include the corporate backed hyper-market and retail chains and also the privately owned large retail business. Unorganized retailing, on the other hand, refer to the traditional format of low cast retailing for example, the local kirana stores, owner managed general stores ,paan bedi shops, convenience stores, hand craft and pavement vendors ect. Western style malls have begun appearing in metro and second run cities alike introducing the Indian consumer to a shopping experience like never before [3].

There has been considerable growth amongst middle class sector in India, increasing the spending power of consumers. The Indian retail market is currently estimated at USD 396 billion; food segment contributes largest part of total value of retail market, followed by leisure, entertainment and fashion.

India's organized retail spaces evolving fast and achieves penetration level of 7%.which signifies huge potential growth Indian luxury market currently stands at USD 3.5billion and expected grow to make India the twelfth largest luxury retail market in the world by 2015.

The economy must expand by 5.7 percent in Jan-march to achieve estimated GDP expansion of 49 percent in 2013-2014 growth in first nine months April-Dec was 4.6 percent. in the Oct-Dec quarter India's economy grew below expectations at 4.7 percent on falling out in the manufacturing sector. Asian development bank reduced India's growth forecast for 2014-15 from its December estimate of 5.7 percent on the back of a sharper-than expected industrial slowdown. Economic growth rate in 2015-16 is expected to pick up 6% [4].

Retail has played a major role in world over in increasing productivity across the brand especially in consumer goods and services. The impact is significant in countries like U.S.A, U.K., Mexico, Thailand and China. Economies countries like Singapore, Malaysia, Hongkong, Srilanka and Dubai are also heavily assisted by the retail sector. Retail is the second largest industry in the United States both in number of establishment and number of employees. More than 22 million Americans are employed there by generating about \$3 trillion in retail sale annually. The organized retailing share in the total retail volume has been estimated as 20% in china,25% in indonesia,35% in philippines,40% in Thailand and 50% in Malaysia,against less than double digits in India. The proportion of organized retailing in US is around 80% in Europe it 70% while as in Asia on the whole it comes to around 20% [5].

3. EVOLUTION OF THE INDIAN RETAIL MARKET

Retail sector in India is one of the fastest growing industries. Unorganized retail sector occupies nearly 80 percent of the overall retail business, but now the traditional retail stories are make a new ways like departmental stores,convenience stores, speciality stores ect.Rural people may also termed start buying goods from organized retailers. Advanced technologies like internet and other communication facilities will also helpful to the people to become more informative about various product details on the basis of price and quality.

Table 1. Projected organized and unorganized retail in India

YEAR	ORGANIZED RETAIL	UNORGANIZED RETAIL	% OF SHARE IN ORGANIZED RETAIL	% OF SHARE IN UNORGANIZED RETAIL
2012	41	455	8%	92%
2013	51	491	9%	91%
2014	63	529	11%	89%
2015	78	570	12%	88%
2016	97	615	14%	86%

Source: IBEF, Centum Research Survey.

Table.2. Major Players in Indian retail industry

SNO	COMPANY NAME	INCORPORATED	TYPE	TOTAL NO. OF OUTLETS
1	Pantaloon Fash (Adithya Birla Group)	1997	Cloth Retail	76 Fashion Stores in 44 cities
2	Trent (TATA Group)	1998	Brick and Motor Stores	60 Stores in 42 Major cities
3	Provogue	1998	Men's and Women's Apparel Watches, Footwear, Deodorants ect	250 outlets in 80 cities
4	Prozone Capital	2010	Malls and retail Stores	150 Retail Stores in Major cities
5	Kewal Kiran	1981	Clothing Manufacturing and Retail, eyewear and casual shoes.	139 Outlets in Major cities
6	Brand House	2004	Textile and fashion accessories	190 Stores in Major cities
7	V-Mart Retail	2002	Family Fashion Stores	90 Stores in major cities
8	Cantabil Retail	2000	Readymade Garments	160 Stores in Major cities
9	REI Six Ten	2007	Grocery Fruits and Vegetables	344 Franchised Outlet

Source: Data has been compiled from the website of Different Companies.

4. DISCUSSIONS

Retailers have to take some preventive measures for their survival. A simple well executed idea can lead to successful innovation: large investments are not always necessary. Successful innovation need not only be ‘new and bath breaking ideas’ but can be an adopted model tailored to meet specific market needs [6]. Supply-side innovation can lead to as high consumer impact as demand-side innovations. Raising disposable income of Indian middle class, increase in personal consumption percentage and working population are driving force to lead Indian retail industry as a fast growing industry in the world.

5. CONCLUSION

India is one of the emerging market in the world with a population of over one billion.Approximately 70 percent of the household mostly prefer traditional retail outlets, commonly called kirana stores and small shops.FDI in retail sector is one of the biggest threat of domestic retailers. Growth and performance of the retailers besides policy framed by the government. The single most important evolution that took place along with the retailing revolution was the rise and fall of the dotcom companies. However retail industry experts predict that next phase of growth in the retail sector will emerge from the rural markets. By 2017 the rural retail market is projected to have a total of more than 50 per cent market share. The total no of shopping malls is expected to expand at a compound annual growth rate of over 18.9 percent by 2025[7].

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