



ORIGINAL RESEARCH PAPER

Commerce

INDIAN RETAIL INDUSTRY: THE SPREAD OF ORGANIZED RETAILING IN INDIA

KEY WORDS: Retail sector, Consumer, stores etc...

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ABSTRACT

Retail Industry is the largest in India, accounting for over 10 per cent of the country's GDP and around eight per cent of the employment. Retail industry in India is at the crossroads. It has emerged as one of the most dynamic and fast paced industries with several players entering the market. But because of the heavy initial investments required, breakeven is difficult to achieve and many of these players have not tasted success so far. Retail is India's largest industry, accounting for over 10 per cent of the country's GDP and around eight per cent of the employment. Retail industry in India is at the crossroads. It has emerged as one of the most dynamic and fast paced industries with several players entering the market. But because of the heavy initial investments required, breakeven is difficult to achieve and many of these players have not tasted success so far.

Introduction

Retailing in India is gradually inching its way toward becoming the next boom industry. The whole concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. Modern retail has entered India as seen in sprawling shopping centers, multi-storeyed malls and huge complexes offer shopping, entertainment and food all under one roof. The Indian retailing sector is at an inflexion point where the growth of organized retailing and growth in the consumption by the Indian population is going to take a higher growth of dynamical system. The Indian population is witnessing a significant change in its demographics. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are going to be the key growth drivers of the organized retail sector in India.

Retailing is one of the pillars of the economy in India and accounts for 35% of GDP. The retail industry is divided into organized and unorganized sectors. Over 12 million outlets operate in the country and only 4% of them being larger than 500 sq ft (46 m²) in size. Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan /beedi shops, convenience stores, hand cart and pavement vendors, etc. Why Indian Retail Industry

The last few years witnessed immense growth by this sector, the key drivers being changing consumer profile and demographics, increase in the number of international brands available in the Indian market, economic implications of the Government increasing urbanization, credit availability, improvement in the infrastructure, increasing investments in technology and real estate building a world class shopping environment for the consumers. In order to keep pace with the increasing demand, there has been hectic activity in terms of entry of international labels, expansion plans, and focus on technology, operations and processes. Traditional markets are making way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. Western-style malls have begun appearing in metros and second-rung cities alike, introducing the Indian consumer to an unparalleled shopping experience. In such a scenario there is marked change in the style of shopping as well. Now the consumers are demanding all the products of their choice under one roof with variety. Since organized retail sector is the new concept in India, present study will help the retailers in understanding their customers better and help them in gaining competitive advantage, especially when

foreign companies are having huge potential market in organized retail sector.

Nature of Retailing

- Direct interaction with customers
- Buying and selling of goods.
- Effective customer service for maximum satisfaction.
- Promotions
- Place, time and possession utility for different products.
- Display goods to attract customers
- Come up with direct and personal contact with customers

Objectives of Retailing

- To find out the stocking pattern of the retailers
- To find out the market shares of various brands.
- To determine the buying behavior of the consumers at Organized retail stores.
- To explore the level of satisfaction of the consumers.
- To examine the marketing strategies practiced by the organized Retailer.

Formats in Indian Organized Retail Sector

Format	Description	The Value Proposition
Branded Stores	Exclusive showrooms either owned or franchised out by a manufacturer.	Complete range available for a given brand, Certified product quality.
Specialty stores	Focus on a specific consumer need, carry most of the brands available	Greater choice to the consumer, comparison between brands possible
Department Stores	Large stores having a wide variety of products, organized into different departments, such as clothing, house wares, furniture, appliances, toys, etc.	One stop shop catering to varied consumer needs.
Supermarkets	Extremely large self-services retail outlets.	One stop shop catering to varied consumer needs
Discount Stores	Stores offering discounts on the retail price through selling high volumes and reaping the economies of scale.	Low prices
Hyper-mart	Larger than a Supermarket, sometimes with a warehouse appearance, generally located in quieter parts of the city	Low prices, vast choice available including services as cafeterias.

Convenience Stores	Small self-service formats located in crowded urban areas.	Convenient location and Extended operating hours.
Shopping Malls	An enclosure having different formats of in-store retailers, all under one roof.	Variety of shops available close to each other

Steps in Retailing/ Process

- Deciding the store's philosophy, mission and objectives
- Situational Analysis (SWOT Analysis)
- Formulation of Retail Strategy
- Strategy Implementation and Control
- Retail Image

Changing Phase of Indian Retailing

India has the highest retail outlet density in the world; with the unorganized sector contributing a major chunk (95%) Despite the fact that the Indian retail industry shows a high growth, when compared to other countries in Asia in terms of revenue, technology and marketing strategies, India is found to have a long way to go. Retailing has witnessed drastic changes in the last few years- from a poorly stacked dirty karyana stores in the bylane of a residential area to an aesthetically decorated store with properly arranged goods, offering ambience and convenience. Instead of lanes and by-lanes growing into a bazaar, planned shopping centres well connected with all main roads, freeways are emerging today in all towns and cities. These shopping centres are complete in themselves, capable of meeting all the essential requirements of the population starting from perishable to durable goods or shopping to specialty goods. The concept of organized retailing has gained momentum in the last few years.

The 7 Emerging Trends that are Changing Retail:

- Digital in-store experiences
- Big data becomes more accessible
- Retailers take control of the value chain
- Redefining the retail experience
- Omni-channel is here
- Social is the new e-commerce
- Retail becomes borderless

The Indian market scenario has witnessed a drastic change after globalization and the entry of organized retail outlets made the consumers the king of the market. But the consumers should be careful while making purchase decisions they should not be carried away with the promotional strategies employed by the retailers and make a proper analysis and make a purchase. As far as the organized retail sector is concerned they should make a careful study before making investments because the need of the hour and biggest challenge is the retail space and the cost of rentals.

India has a maximum population residing in rural area and it is also observed that the consumers are price sensitive; in India there exist multi dimension cultured people. FDI is another hot booming area which needs attention from the policy makers. The policy makers should take utmost care in arresting the inflow of foreign capital. The new practices that have emerged such as outsourcing service franchising private labels etc. have great potential in generating employment opportunities.

Conclusion

Retailing in India has seen an appreciable boom in the recent past. The change is not only time bound but has also transformed the Indian retail market as a whole. The major causes for this change are the rapidly growing economy and changing demographics that mainly constitute young consumers. It has created a need for new and better quality products representing their lifestyle. Hence, survival of the retailer, irrespective of size, big or small, has become difficult. Organised Retail Stores are yet to get the Indian middle class people and rural consumers in to their fold which may take a very long time as it is extremely difficult to break cultural and demographic barriers.

Retail is a multi-faceted industry serving market segments carrying

diverse business needs and service requirements. Forces of globalization, consolidation and customization have significantly changed the traditional retail model. This paper concludes that retailers at present are serious in analysing these multiple challenges as they try to maximise their sales and achieve minimum profit targets.

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