



## ORIGINAL RESEARCH PAPER

Economics

### AN EMPIRICAL STUDY ON ORGANIZED FOOD RETAILING IN INDIA—TRENDS/CHALLENGES AND OPPORTUNITIES-THE WAY FORWARD

KEY WORDS:

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#### ABSTRACT

The retail sector in India is emerging as one of the largest sectors of the economy and one of the top five retail markets in the world by economic value. Of the overall retail industry, food and grocery accounts for the largest share in revenue in India. India is the world's second-largest producer of food. Food and grocery retail in India exceed US \$294 billion representing 16 percent of India's GDP. By 2020, food and grocery segment is estimated to constitute 66 percent of the total revenue in the Indian retail sector, followed by the apparel segment. Modern trade is expected to grow at a rate of 20 percent per annum and traditional trade is expected to grow at a rate of 10 percent per annum.

The food retail in India is largely unorganized and the size of organized retail is merely 5%. At the same time, organized food retail has seen a significant growth in the past few years with large scale investments made by Indian corporate houses. Food Retail is one of the largest sectors in the global economy. Market also having lot of expectations like quality at competitive price with high conscious of variety of taste and preferences and hygiene. It made the producers and marketers to combine the effect and advantages to cater the difference taste and preferences of markets. The most of food are perishable in nature, need to reach consumer on time or right time, right place, right product, and right price. Moreover in addition to that it should maintain safety because quality of food is essential in nourishing physical and mental health of human beings. This paper provides insight into various factors responsible for growth of organized food retailing in India. The paper also focuses on various challenges and opportunities for growth of organized food retailing in India and focused on hygiene and safety of customers

#### INTRODUCTION

Retailing consists of all activities involved in selling goods and services to consumers for their personal, family, or household use. It covers sales of goods ranging from automobiles to apparel and food products, and services ranging from hair cutting to air travel and computer education (Chetan Bajaj, 2005). The apple tree loaded with fruits on the turf of Himachal Pradesh had never imagined in the past that his counterpart fruits will get flashy retail shelves and air-conditioned transport facility. Organized retail has made it possible & not just the tree, but the consumer & retailers are also cheerful as they are fetching benefits in terms of better quality & premium returns, respectively. The retailers with big organized shelves only constitute for 6% of the total market, so 94% of the apples are still getting the gunny bag treatment. The 6% organized retail share is lowest among BRIC competitors, in India organized retailers operate in the most "supermarket hostile" environment. The obstacles they are confronted with range from complex and sometimes nonsensical regulations to pot-holed roads, inadequate cold-storage facilities and sky-high property rentals. The retailers are running from pillar to post to penetrate deeper into the Indian wallet. The scenario is changing and the shift is towards the betterment, it is estimated that the organized segments will double its share to 12% by end of this decade.

#### LITERATURE REVIEW

1. Anirban Sengupta (Goa Institute of Management, Ribandar, India) in his article in International Journal of Retail and Distribution Management title "EMERGENCE OF MODERN INDIAN RETAIL: AN HISTORICAL PERSPECTIVE", states that this paper seeks to capture the history of the evolution of modern-formal food and grocery retail in India. Its focus is on the time period from 1971 to 2001. Emergence of modern retail in India is not just a result of increasing consumer buying power-manufacturer and unorganized retailer also have an important role to play in this process at the macro level. At the micro level, the trigger came from diverse angles like entrepreneurial desire to provide to service to consumers, social desire to provide relief to the masses in the form of lower prices, desires to capitalize on emerging business opportunities being provided by the changing business environment, etc. Dr. M.N. Malliswari in her article discussed about the emerging trends in retailing, consumers expectations and satisfaction and the strategies followed by retailers in India. To increase his competitive advantage a retailer should offer more products and services to meet the diverse needs of his customers. Retailing is not just an occupation in India, it is a lifeline for the unemployed and the under employed, the majority of India's work force. The study reveals that among the important attributes sought in a store, good quality of merchandise takes first place followed by reasonable pricing and wide variety of goods to choose from. In

large stores, infrastructure is very important for that satisfying and comfortable experience. Jabir Ali and Sanjeev Kapoor (CENTRE FOR FOOD AND AGRIBUSINESS MANAGEMENT, INDIAN INSTITUTE OF MANAGEMENT LUCKNOW, INDIA) and Janakiraman Moorthy (INDIAN INSTITUTE OF MANAGEMENT CALCUTTA, INDIA) title "BUYING BEHAVIOUR OF CONSUMERS FOR FOOD PRODUCTS IN AN EMERGING ECONOMY" explained that preference of the consumers clearly indicates their priority for cleanliness/freshness of food products followed by price, quality, variety, packaging and non-seasoned availability. The consumer's preference of market place largely depends on the convenience in purchasing at the market place along with the availability of additional services, attraction with the availability of additional services, attractive for children, basic amenities and affordability. Results suggest that most of the food and grocery items are purchased in loose form from the nearby outlets. Fruits and vegetables are mostly purchased daily or twice or week due to their perishable nature, whereas grocery items are less frequently purchased.

#### OBJECTIVES OF THE STUDY

1. To know various factors affecting the growth of organized food retailing in India.
2. To study various trends/challenges faced and opportunities available for growth of organized food retailing in india.

#### RESEARCH METHODOLOGY

The research design is descriptive in nature. Secondary data sources have been tapped efficiently and effectively. The paper is based on the use of previous research paper in the same field.

#### FACTORS AFFECTING GROWTH OF ORGANIZED FOOD RETAILING

The food retail market is on a tremendous growth trend and the drivers that are set to take this market further can be broadly classified under three pillars:

1. Supply Side
2. Demand Side
3. Regulatory

#### SUPPLY SIDE

Supply side features those factors that act majorly as change-driving agents. These include:

- **INFRASTRUCTURE DEVELOPMENT:** is the term for the basic physical systems of a business or nation — transportation, communication, sewage, water and electric systems are all examples of **infrastructure**. These systems tend to be high-

cost investments. Good roads, telecommunications and energy generation, all are needed for provision of reliable services, and to enable local businesses to grow and expand.

- **MULTI-CHANNEL MARKETING:** Refers to the practice of interacting with customers using a combination of indirect and direct communication **channels** – websites, retail stores, mail order catalogs, direct mail, email, mobile, etc. – A major advantage of marketing to multiple channels is that there is an immediate increase in market potential. And as per consumers preferences it increases the likelihood of better customer engagement. Its increases the revenue of the store.
- **EASY CREDIT AVAILABILITY--** The consumers of today are more credit friendly. Usually, when one starts a business, buys a car, purchases a house or any such investment, loans are taken. There are a no. of banks and other sources which provides money on credit and people have no hesitation taking it. Also, a lot of shopping is done using the credit cards especially the online shopping. This increased credit friendliness has lead to the increase in the organized retail formats.
- **PRIVATE LABELING----** Organized retailer getting the produce locally packed & offering the same at slightly cheaper prices. Almost all retailers have their private labels in place & wide acceptance from consumer boosts the emotion of selling better quality produce at comparatively low price. Quality is the key factor which binds the sale of private labels, as the consumer does not mind paying a bit extra for good branded quality, so if the quality is not at par with branded produce the concept of private label goes for a toss. Private label has also helped in reducing the shrinkage percentage for retailers and have also opened ways for additional employment and income.

The first three listed factors are significant drivers of growth on the supply side. The fourth, i.e. 'Private Labeling' is a relatively recent trend, which is gaining popularity and has enormous potential to drive the market scenario further.

## DEMAND SIDE

Demand side features those factors that are majorly consumer-oriented and are representative of the shifting lifestyles. These include:

- **INCREASING DISPOSABLE INCOME--** Increase in the literacy level has resulted into growth of income among the population. Such growth has taken place not only in the cities but also in towns and remote areas. As a result the increase in income has led to increase in demand for better quality consumer goods. Rising income levels and education have contributed to the evolution of new retail structure. Today, people are willing to try new things and look different, which has increased spending habits among consumer
- **GROWING MIDDLE CLASS POPULATION-** In India the number of middle class consumer is growing rapidly. With rising consumer demand and greater disposable income has given opportunity of retail industry to grow and prosper. They expect quality products at decent prices. Modern retailers offer a wide range of products and value added services to the customers. Hence this has resulted into growth of organized retailing in India. Growing consumerism would be a key driver for organized retail in India. Rising incomes and improvements in infrastructure are enlarging consumer markets and accelerating the convergence (meeting) of consumer tastes.
- **Increasing working women-** Today the urban women are literate and qualified. They have to maintain a balance between home and work. The purchasing habit of the working women is different from the home maker. They do not have sufficient time for leisure and they expect everything under one roof. They prefer one-stop shopping Modern retail outlets therefore offers one store retailing.
- **FOREIGN RETAILERS LOOKING FOR ENTRY OPTIONS**  
The increasing attractiveness of the sector is also drawing the interest of foreign retailers who are entering the Indian market of

retail through joint ventures, franchisees etc. as they cannot start operations on their own. The very first MNC to get into the business was Spencer's, a tie up between the RPG group and Dairy Farm International, a \$10 billion Hong Kong-based company, and a part of the Jardine Matheson group.

## INTERNATIONAL TV SHOWS, FOOD FESTIVALS AND INTERNET PENETRATION

There has been an explosion in media due to satellite television and internet. Indian consumers are exposed to the lifestyle of countries. Their expectations for quality products have risen and they are demanding more choice and money value services and conveniences.

## TECHNOLOGICAL IMPACT

The most dynamic change agent today in the retailing industry is technology. With the computerization of the various operations in the retail store, things have become much easier. Much valuable information is processed very easily and the chances of theft have also gone down using the bar code systems, video cameras etc. Besides, the customer life has also become very easy using technology as one can use the debit or the credit card. Also, the toll free numbers have brought about a revolution in consumer ordering and feedback mechanisms.

All these factors majorly hint towards the changing lifestyle of Indian consumers, which translates into uptake of demand in this industry. These trends will continue to evolve and India being a very fragmented market, the penetration of these patterns deeper into the society will continue to take place, thereby confirming a sustainable growth trend in times to come.

## REGULATORY SIDE

The major features on the regulatory front are policy-driven factors initiated primarily by the Government to grow this industry. Two factors under this pillar to have contributed the most are:

- FDI policy in Multi-Brand Retail sector.
- Implementation of Goods and Services Tax to reform the tax rates and slabs for this industry.

## CHALLENGES BEFORE ORGANIZED FOOD RETAIL MARKET

Unlike in the past, the debate today is no longer whether food and grocery retail in India would grow but rather how fast can it grow and what challenges need to be overcome. The key challenges are summarize below.

### 1. Consumers avoiding center of store products

"Consumers have been shopping that perimeter of the store at the expense of the center of store categories, so that's obviously a challenge that's weighed on traditional packaged foods companies," said Erin Lash, equity analyst for Morningstar, Inc.

Consumers are looking for what they deem to be healthier products, and packaged foods companies have seen sales dip as consumers hug the outer rim of grocery stores rather than buying more of their products from center store shelves. Perimeter means fresh, natural, and whole foods while center of store foods are thought to be more processed. As a result, the top 25 U.S. food and beverage companies have lost \$18 billion in market share over the past five years, Fortune reported.

Companies like Campbell with its Bolthouse Farms and Garden Fresh Gourmet acquisitions and the formulation of its Campbell Fresh segment have begun meeting consumers at this perimeter by developing fresh products themselves. But many other companies struggle with either luring consumers back to the center store or finding ways to develop enticing products for the grocery store perimeter.

### 2. Healthy and clean label vs diet-friendly

Consumers aren't as focused on foods fit for dieting in terms of cutting fat and calories as they once were. Many are now more motivated to purchase products they deem to be more closely aligned with health and well-being, such as products devoid of

artificial ingredients, GMOs, or pesticides, Lash said. This has given rise to cleaner labels and an increase of products in the non-GMO and organic segments, which has put more pressure on major food and beverage companies to adapt to these trends.

Kellogg has struggled with this shift already, particularly with its Special K cereal and snack brand, which was previously aligned as a diet aid type product, according to Lash.

"The company over the past year has been revamping that product line from a marketing product packaging perspective to shift the messaging toward more of a health and wellness offering overall," Lash said.

Last year, companies like General Mills, Kellogg, Nestle, Hershey, and Campbell all vowed to remove artificial ingredients from all or certain segments of their portfolios. That trend will catch on more as similar announcements follow in 2016, which will be critical if manufacturers want to stay on top of this growing trend.

### 3. Rise of natural and organic products

"If you can't beat 'em, acquire 'em" has been the motto for many major food and beverage companies this year as more manufacturers acquire smaller natural and organic companies that are slowly eating away at legacy brands' market share.

General Mills and Annie's, Kellogg and Kashi, Hormel and Applegate, Campbell and Plum Organics/Bolthouse Farms, and Mondelez and Enjoy Life are just a few examples of how larger companies are expanding their portfolios with the smaller natural and organic companies they may otherwise view as threats in a particular sector.

"Those are areas that not only should enable these firms to position their products in a faster-growing segment of the packaged foods space, but also as a means by which to try to alleviate some of the pressures with the product innovation cycle," said Lash. "These niche companies tend to do a better job of coming to market in a more timely fashion with products that resonate with consumer trends. So the onus is on the larger, more established packaged foods companies to learn from these niche operators and integrate them into their consolidated business."

### 4. Adapting to shift toward e-commerce

Industries like consumer electronics, appliances, toys and games, and other household products are already firmly established in the e-commerce space, but food and beverage manufacturers have overall been slower on the uptake. Brick-and-mortar retailers and online retailers like Amazon have been investing in grocery e-commerce, but manufacturers themselves are also getting into the e-commerce game slowly but surely.

Mondelez announced earlier this year that e-commerce would factor into its growth strategy, setting a goal of \$1 billion in direct e-commerce sales by 2020. A General Mills executive told Food Dive in November that e-commerce would be "mission critical" for the industry. PepsiCo selected a new leader for its own e-commerce expansion in September.

As more consumers shift to a preference for online shopping, manufacturers are finding ways to adopt e-commerce as part of their sales and marketing strategies. And there's good reason for that: U.S. e-commerce sales grew 15% in Q3 2015 alone, and eMarketer estimates that global e-commerce sales will surpass \$3.5 trillion, or 12.4% of total retail sales, within the next five years.

"There's just been a huge amount of activity in this space, so that's going to be a major challenge for how manufacturers and retailers within the food industry adapt to this new business model in which shelf space means something entirely different when it's online as opposed to walking down the aisle at the grocery store," said Jared Koerten, senior food analyst for U.S. packaged foods at Euromonitor.

"It presents big challenges for manufacturers to develop their

processing, shipping capabilities — a whole other world for them that they may not have focused too much effort on until this point," Koerten continued. At the same time, manufacturers would have more control over their messaging to consumers as they cut out the middle man, the traditional retailer, in favor of direct contact with consumers

### 5. The anti-sugar movement

With major organizations like the WHO and FDA coming out against high sugar intake, the latter recommending a cap of no more than 10% of daily calories, more consumers are turning away from foods that are high in sugar, particularly soda. The problem is that many manufacturers add sugar or other sweeteners to products ranging from condiments to pasta sauce, and with more consumers reading product labels these days, that could spell trouble for those manufacturers.

"It poses a big challenge for manufacturers in that consumers still want sweet products, but they don't want to see sugar on the label, and they also don't really want to see artificial sweeteners as we've seen with PepsiCo removing aspartame from diet products," said Eric Penicka, U.S. research analyst specializing in the beverage industry at Euromonitor.

Virginia Lee, senior global beverage analyst at Euromonitor, points to Coca-Cola and other soda companies' push for mini-cans as a way to lure consumers back to soda, as smaller portion sizes generally contain less sugar per can.

### 6. Adding value to products

Value-added foods and beverages, such as products fortified with vitamins, minerals, or protein, are becoming more popular as consumers look for more than just flavor and price when making purchasing decisions. Manufacturers are looking for ways to add value to their products in ways that make sense without incurring exorbitant costs or adding ingredients that consumers may not recognize and therefore could reject.

Juice is one category that has seen value-added products, as the category has been hit by the same sugar content concerns as soda.

"To offset some of the value declines you've seen in juice, you have consumers moving toward these premium, value-added juices, where it's not simply orange juice, but it'll be carrot mixed with peach and lemongrass, where the consumer feels like they're getting more out of what they're consuming," said Penicka.

### 7. Slow product innovation cycles

Bringing to market new products that align with emerging consumer trends in a timely manner is difficult for many food and beverage companies as the process of creating new, relevant products and moving them through R&D, testing, and marketing to retail takes time — often more time than companies would like.

The issue is, by the time some of these products hit store shelves, trends might be abating. Or a flood of competition particularly from smaller, more agile companies could make it more difficult for that new product to stand out.

"Arduous product innovation cycles and getting that product from development to shelf are an issue that has plagued firms throughout the industry and one that companies will probably look to address or alleviate some of those pressures going forward," Lash said..

The growth of snacking among consumers has caused manufacturers to rethink the design and packaging of their products to make them more convenient and appropriate for eating on the go. Snacking innovations have entered categories ranging from cereal to meat, and as consumers move away from the traditional three meals per day, more manufacturers may have to adopt similar innovations in the future.

2016 won't be without its challenges for food and beverage manufacturers. Consumers' tastes are fickle, and targeting them with the right messaging at the optimal place and time is

increasingly more crucial. But when manufacturers look inward to find ways to be more nimble and adapt to these consumer trends, they may find ways to not only be more appealing to consumers but to be more profitable in the process.

### **The challenges restricting this industry can also be classified under three pillars – Supply side, Demand Side and Regulatory.**

Challenges on the demand side relate to consumer and lifestyle driven factors that hamper the growth of the industry. These include:

#### **DEMAND SIDE**

##### **• PENCHANT FOR FRESH/HOME-MADE AND VALUE CONSCIOUSNESS**

The Indian consumer, unlike his western counterpart, has a penchant for freshly cooked food over packaged food. This is a result of dietary patterns, poor electricity supply, low penetration of refrigerators and a family structure where one of the primary roles of the housewife is feeding the family. The Indian consumer is extremely value conscious. A TSMG study indicates that packaged food players need to drive down prices by almost 35-40% to be comparable on cost with home made food.

##### **• DIVERSITY OF TASTES AND PREFERENCES**

Multiple cultures, languages and religions have a huge bearing on the tastes and preferences of the Indian consumer. This will pose a challenge for players aspiring to develop a pan Indian presence.

##### **• WILLINGNESS TO TRAVEL**

Given the current density of retail outlets in India, retailers will have to motivate the consumer to trade convenience with price, range and ambience.

#### **SUPPLY SIDE**

##### **• SOURCING BASE AND EFFICIENCY**

The fragmented agri supply base coupled with an inadequate legal framework make it difficult for retailers and food processors to procure quality produce at competitive costs directly from farmers. The small size of the food processing industry further limits the supply option

##### **• REAL ESTATE AVAILABILITY AND COST**

Rentals account for 7-7.5% of the total costs for organized retail in India against global benchmarks of less than 3%. Real estate availability and costs will continue to remain a challenge in the retail industry with factors like adequate parking, ambience and proximity being the key drivers of footfalls.

##### **• MANPOWER AVAILABILITY**

As organized retail expands, there is expected to be a dearth of skilled manpower. The lack of institutions and courses for different aspects of retail management will have an impact on the overall supply of quality manpower.

#### **REGULATORY SIDE**

Challenges on the regulatory side are the stringent FSSAI norms and high duties and taxes. These are the two major factors that challenge the food retail market in India.

### **EMERGING TRENDS AND SCOPE OF INNOVATION IN FOOD RETAIL MARKET**

**• BIG PLAYERS OF THE INDUSTRY ARE BECOMING BIGGER:** This trend is helping the bigger players to innovate and create new markets opportunities.

**• RISE OF ORGANIC FOODS AND HEALTH AND WELLNESS SEGMENT:** To keep up with the changing lifestyle of the average Indian consumer, companies are pushing them more to satisfy the needs of their consumers, which open a whole lot of opportunities for product and market innovation.

**• INCREASED FOCUS ON PRIVATE LABELS:** Following the trend of the Western world, private labels is something that everyone is banking on for the Indian market as well. The results are very positive in numbers and show a great potential and scope of

improvement in the future.

As the organized food retail market matures in India, there would be an increased need for retailers to differentiate through innovation. Innovations would mostly come under two heads:

**1. INNOVATION IN THE RETAIL FORMAT:** Players can innovate on retail formats in different ways:

- by targeting specific customer segments and serving their needs better; e.g. working women, single office goers, etc
- by changing the product mix; e.g. special private label stores, exclusively fresh produce stores, etc.
- by offering new forms of convenience and a broader range of products to the customer; e.g. Tele-retail and Internet retail

**2. TECHNOLOGICAL INNOVATION:** By using advanced technologies like artificial intelligence and predictive analytics, retail players can gain a competitive advantage. Examples include:

- Self-scan checkouts have the potential of both decreasing check-out time and manpower cost.
- Web-enabled POS systems, e-Procurement systems, e-SCM systems, and advanced warehouse management systems can help food retailers in integrating the entire agri-value chain leading to efficient procurement and supply chain management.
- RFID tags can be used to track and reduce in-store inventory management costs and give retailers better insights into customer in-store movement patterns. This will also reduce the chances of stock-outs.
- Use of predictive analytics can bring insights into customer buying behaviour with implications on store layout, pricing, and promotions.

### **Trends of organized food retailing in India**

Indian Retail Industry is ranked among the ten largest retail markets in the world. The retail sector in India is emerging as one of the largest sectors of the economy and one of the top five retail markets in the world by economic value. India has replaced China as the most favorable market for retail expansion, supported by a fast-growing economy, increasing consumption rates, rising urbanizing population and a burgeoning middle class. The total market size of Indian retail sector was estimated to be around US \$641 billion in 2016, thereby registering a compound annual growth rate (CAGR) of around 7.5 percent since 2000. The retail industry is expected to grow to US \$1.6 trillion by 2026, registering a CAGR of about 10 percent. However, modern trade is expected to grow at a rate of 20 percent per annum and traditional trade is expected to grow at a rate of 10 percent per annum. Of the overall retail industry, food and grocery accounts for the largest share in revenue in India. India is the world's second-largest producer of food. Food and grocery retail in India exceed US \$294 billion representing 16 percent of India's GDP. By 2020, food and grocery segment is estimated to constitute 66 percent of the total revenue in the Indian retail sector, followed by the apparel segment.

#### **TRENDS**

The two most significant trends emerging rapidly in the Indian food market are:

- The expansion of imported food categories and products
- The incremental popularity of gourmet food market amongst Indian consumers

### **Imported Food Market**

Imported food constitutes about 15-20 percent of the total organized retail space. Vegetables, fruits, and nuts are the major imported categories contributing 80 percent of the total food imports in India. The imported food market in India is growing at a rate of about 30-40 percent per annum from the last 4-5 years.

Rising urbanization, changing lifestyles, increased foreign travel, increasing health awareness and the boom in organized retailing have resulted in increasing the demand for imported food products. Relaxed import regulations and reduced import duties have further increased the demand for imported food products.



The categories showing growth in the imported food segment are dairy items such as cheese, creams, chocolates and dips followed by wine and packaged food. However, the imported food business is subject to severe competitive pressure – with the power shifting to retailers from manufacturers/ importers, resulting in shrinking margins at the back-end.

### Gourmet Food Market

The gourmet food market has witnessed a major transformation in recent years and is expected to grow at a CAGR of 20 percent in the coming years. Prominent players like Godrej's Nature's Basket, Le Marche, Foodhall, Nuts & Spices, Brown Tree are very positive about the ongoing trend. The segment offers high margins to retail for high-end products as it caters to premium customers who look for quality and variety and are willing to pay a premium price. The young urban Indians aged 16 to 40 years constitute the major segment of this market. They spend over 40 percent of their income on food, are ready to experiment, and are willing to pay a premium for better quality, variety, and taste. Chocolates, cookies, juices, honey, sauces and certain fruits are the major categories constituting the bulk of the gourmet market in India. Also, products such as truffles, artichokes, asparagus, Australian lamb and Norwegian salmon have also found their way into the gourmet food and beverage space.

### CONCLUSION

The Indian retail market is still in its nascent stage. The organised retail market is valued at US \$60 billion, which constitutes about 9 percent of the total retail sector and the unorganized retail market represents the remaining 91 percent of the sector. The same is the case with the food retail market where the organized market constitutes only 3 percent in comparison to the unorganized segment that forms 97 percent of the food retailing market. The organized retail in India is growing at a CAGR of 20-25 percent per year, which is a strong indicator of its growth potential in the years to come. The unorganized sector in food retail is predominantly dominated by general stores, kirana stores, convenience stores and street markets. There are more than 15 million mom-and-pop stores. On the other hand, the organized sector includes gourmet stores, department stores, discount stores, supermarkets and hypermarkets, e-tailers and cash-and-carry formats.. Retailers have started coming up with similar products within same price range. Staples, noodles, honey, juices, pickles, snacks, breads are some of the key categories in which private label is flourishing. To sum up it can be said that the organized food retail has attained a promising size which is bound to grow manifolds in the coming years. Indian customers visit both traditional (kirana) stores and modern stores in the ratio of 5:1 times per week. The number of modern retail stores has grown more than four times since 2006 and is currently estimated to be around 50,000 in the country and expected to reach 100,000 by 2020. Modern retail is seeing a fast growth in Tier-II and Tier-III cities but the challenges for organized retail players include brand building, pricing, logistics, trained workforce, hygiene concerns, rental costs, etc. Modern trade is now being used by many food processing companies to introduce new products, build brands, improve customer awareness, etc. This could be followed by volume ramp up from the general trade channels, which shows the companies' belief and vision in this channel for their growth.

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