

Retail Marketing

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RETAIL MARKETING

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RETAIL MARKETING

FOREWORD

I have great pleasure in contributing foreword to the book entitled 'Retail Marketing'. In recent years, Retailing has become one of the important thrust areas of Commerce and Management attracting the attention of academicians.

Retailing comprises of business activities involved in selling goods and services to consumers for personal and family use. Retailing is the last stage in the distribution process. Today, retailing has many challenges ahead. Indian retailers need to adopt themselves to the complex, challenging, competitive environment.

This text book on 'Retail Marketing' provides various insights into the retail business for the readers. The salient features of the Book are:

- Logical presentation, starting with basic issues and then moving on to a detailed explanation about the 6 p's namely product, price, people, presentation, place and promotion, and finally explaining about the overall retailing with case analysis.
- Presentation in simple language so that students can easily grasp.
- Suitable examples from Indian retail sector to simplify the topic.
- Incorporating latest developments.
- Review questions at the end of each chapter for better understanding and quick revision by the students for examination purpose.

The present publication 'Retail Marketing' represents a timely effort to focus attention on the vital issues in retail business. The publication will be a valuable and useful addition to all Commerce and Management libraries.

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PREFACE

The success of any business firm or industry is largely determined by its ability in making the products. In recent years, vast changes are happening in the production and distribution of goods throughout the world, especially in the developing countries. In a developing country like India, we see a rise in the purchasing power, growth of middleclass following western lifestyle and change in fashion. Still, large part of the population is concentrated only in rural area. Hence, the Indian retail scenario is very much different from that of the western developed countries. Though organized retailing is slowly growing, our Indian retail market is dominated only by unorganized retailing. Although retailing in its various formats has been operated in our country for a long time, it is only in the form of “Mom and Pop” Stores.

Only in the twenty first–century, an ever–increasing series of changes happened in retailing. Retailers are increasing the sophistication of retail operation and decision making tools for coordinating their supply chains, buying merchandise and managing store operations. At this time, when retailing in India is going through a transformation, there is a compelling need to understand the retail phenomenon systematically. As Indian retail scenario is changing and competing with global giants, explaining the concepts with domestic examples and references is the need of the hour. Hence, this book on retail marketing with references and examples from the Indian retail sector is sure to help the learners for better learning. This book will prove of immense utility to students for their degree and other competitive examinations.

Authors

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Chapter

1

RETAIL MARKETING – AN OVERVIEW

INTRODUCTION

Retailing is one of the oldest business of mankind. As the development of human civilization took place, the direct business transaction from producer to consumer gave way to direct marketing. In the modern business world, any business to consumer world, any business to consumer interaction can be termed as retailing interaction and can be termed as retailing. Retailing is the final stage of any economic activity.

According to Philip Kotler, “Retailing includes all the activities involved in selling goods or services to the final consumers for personal or non-personal use”.

A retailer or retail store is any business enterprise whose sales volume comes from retailing. Retailing can be dealt with in different perspectives. Retailer is considered as one of the channel members in distribution. In this case, the retailer is serving as a postman delivering the products/ services of the manufacturer. The role of retailer is simply executing the requirements of the marketer. Any organization selling to final consumer is doing retailing. Retailing is the final step in the distribution of merchandise for consumption by the end consumers. Thus, the retailer is the last link to consumer in the channel of distribution from manufacturer to consumer. As the retailer is working close to consumers, they are able to understand the changing taste and preferences of consumers. Retailers’ feedback about consumers helps the manufacturers to convert the needs and wants of consumers into a real product in hand. Thus, retailing is the most dynamic business.

Retailing is any firm selling products in small quantities to final consumers for ultimate consumption purpose. It consists of all activities involved in the marketing of goods and services directly to the final consumers for their personal, family or household use. A retailer is a company or an organisation that purchases products from individuals or companies with the intent to resell those goods/services to the final consumers.

Retailing is such a part of our everyday lives that it is often taken for granted. Customers are not aware of the sophisticated business decisions taken by the retail managers. The modern technologies adopted by the retailers are facilitating the consumers to choose their required goods and services among various varieties and brands. Retail managers are making complex decisions in selecting target markets, retail locations, merchandise and service to offer, negotiation with suppliers, motivating sales associates and deciding how to price, promote and present the merchandise in the retail outlet. In the consumer oriented marketing, retailing may be redefined as the first point of consumer contact.

FUNCTIONS OF A RETAILER

From customer point of view, retailers supply the required goods, at affordable price, at the required time, in the required place. Thus, retailer creates time, place and possession utilities. Besides that, in modern retailing, it is the retailer who performs numerous functions for satisfying the needs of the ultimate consumers. Retailer perform various functions like sorting, breaking bulk, holding stock, as a channel of communication, advertising, storage and certain additional services, which are as follows:

1. Sorting: Manufacturer usually make one or a variety of products and would like to sell their entire inventory to a few buyers to reduce costs. Final consumer, in contrast prefer a large variety of goods and services to choose from and usually buy them in small quantities. Retailers are able to balance the demands of both sides, by collecting an assortment of goods from different sources, buy them in sufficiently large quantities, and sell them to consumers in small units. This process is referred to as the sorting process. Through this process, retailers undertake activities and perform functions that add to the value of the products and services sold to the consumer. Supermarkets offer, on an average, 15,000 different items from 500 companies. Consumers are able to choose from a wide range of designs, sizes, and brands from just one location. If each manufacturer had a separate store for its own products, consumers would have to visit several stores to complete their shopping. While all retailers offer an assortment, they specialize in certain types of assortment offered and the market to which the offering is made. For example, Westside provides clothing and accessories, while a chain like Nilgiris specializes in food and bakery items. Shoppers' Stop targets the elite urban class, while Pantaloons is targeted at the middle class.

2. Breaking Bulk: Breaking bulk is another function performed by retailing. The word retailing is derived from the French word *retaille*, meaning 'to cut a piece off' or 'to break bulk'. A retailer, thus, can be a dealer or trader, who sells goods in small quantities. To reduce transportation costs, manufacturers and wholesalers typically ship large cartons of the produce which are then tailored by the retailers into smaller quantities to meet individual consumption needs.

3. Holding Stock: Retailers also offer the service of holding stock for the manufacturers. Retailers maintain an inventory that allows for instant availability of the product to the consumers. It helps to keep prices stable and enables the manufacturer to regulate production. Consumers can keep a small stock of products at home as they know that this can be replenished by the retailer and can save on inventory carrying cost.

4. Additional Services: Retailers handle the change in ownership of merchandise by providing services that make it convenient to buy and use products. Providing product guarantees, after-sales service, and dealing with consumer complaints are some of the services that add value to the actual product at the retailers' end. Retailers also offer credit and hire-purchase facilities to the customers to enable them to buy a product now and pay for it later. Retailers fill orders, promptly process, deliver and install products. Salespeople are also employed by retailers to answer queries and provide additional information about the displayed products. The display itself allows the consumer to see and test products before actual purchase. Retail essentially completes transactions with customers.

5. Channel of Communication: Retailers also act as the channel of communication and information between the suppliers and the consumers. From the advertisements, salespeople, and display, shoppers learn about the characteristics and features of a product or services offered. Manufacturers, in their turn, learn of sales forecasts, delivery delays, and consumer complaints. The manufacturer can then modify defective or unsatisfactory merchandise and services.

6. Transport and Advertising Functions: Small manufacturers can use retailers to provide assistance with transport, storage, advertising and prepayment of merchandise. This also works the other way round in case the number of retailers is small. The number of functions performed by a particular retailer has a direct relation to the percentage and volume of sales needed to cover both their costs and profits.

CHARACTERISTIC FEATURES OF RETAILING

Retailing can be distinguished in various ways from other businesses such as manufacturing. Retailing differs from manufacturing in the following ways:

- (i) Location is a critical factor in retail business.
- (ii) There are a larger number of retail units compared to other members of the value chain. This occurs primarily to meet the requirements of geographical coverage and population density.
- (iii) In most retail businesses services are as important as core products.
- (iv) It is the only point in the value chain to provide a platform for promotions.
- (v) A sale at the retail level is generally in smaller unit sizes.
- (vi) There is direct end-user interaction in retailing.

The various characteristics features of retailing are:

Point-of-Purchase Display: A significant relevant chunk of retail sales comes from unplanned or impulse purchases. Therefore, display, point-of-purchase merchandise, store layout and catalogues become important. Impulse goods like chocolates, snack foods and magazines can sell much more quickly if they are placed in a high visibility and high traffic location.

Larger Number of Retail Business Units: Location of retail store plays an important role compared to other business units. Retailers consider factors like potential demand, supply of merchandise and store image-related factors in locating the retail outlet. The number of operating units in retail is the highest, primarily to meet the needs for geographic reach and customer accessibility.

Direct Interaction with Customers: Retail businesses have a direct interaction with end-users of goods or services. They act as intermediaries between consumers and suppliers who may be wholesalers or manufacturers. Therefore, they are in a position to effectively communicate the response and changing preferences of the consumers to the suppliers or salespersons of the company. This helps the manufacturers and marketers to redefine their product and change the components of its marketing strategy accordingly.

Lower Average Amount of Sales Transaction: Many consumers buy products in small quantities for household consumption. Due to lower disposable incomes, some consumer segments in India even buy grocery items on a daily basis rather than a weekly or a monthly basis. Inventory management becomes a challenge for retailers as a result of the many minor transactions with a large number of customers. Hence, retailers must take care in determining average levels of stock, order levels and the popularity of different brands.

RETAILER IN THE MARKETING CHANNEL

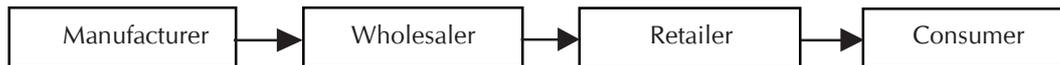
Channel is the path through which transfer of title is effected from the hands of manufacturer to the hands of ultimate consumer. With the growth of industrialization and urbanization, the distance between the manufacturer of the product and the actual consumer has increased. Many products are manufactured in one country and sold to a market in another. Most producers no longer sell their products directly to the consumer. They use intermediaries to get their products to the final consumer. The marketing channel design is largely based on the level of service desired by the target consumer. In consumer market retailer is working close to the ultimate consumer. The retailer provides valuable feedback to the manufacturer which helps to introduce product modification as per customers' changing taste and preferences.

The shortest consumer market channel is as follows



The channel clearly indicates that the retailer is acting as a connecting link between the manufacturer and consumer.

The traditional consumer market channel is as follows



The traditional consumer market channel shows that retailer is working close to consumer rather than close to manufacturer. Hence in the consumer market the consumers mainly depend on their nearby retailer rather than the manufacturer to satisfy their dynamic needs and wants.

RETAILER AND MARKETING MIX

Marketing mix is defined as “the setting up of the decision variables or 4Ps, viz., Product, Price, Promotion and Physical distribution at a particular point of time”. Retailing which forms an integral part of the marketing mix includes elements like Product, Price, Promotion, Place, People and Presentation. Here place related to the distribution and availability of products in various locations. Thus in retail marketing, we concentrate on 6Ps.

Customers are first introduced to the product at the retail store. Organisations sell their products and services through these retail outlets and get feedback on the performance of their products and customers’ expectations about them.

Retail stores serve as a communication hubs for customers. Point Of Sale (POS) and Point Of Purchase (POP) advertisement in retail stores transmit information to the customers. Hence, the role of retailing in the marketing mix is very significant.

In Retail marketing as a course, the learners are expected to know about the 6Ps namely,

- Product and Merchandise Management (**Product**)
- Retail Consumer (**People**)
- Retail Pricing (**Price**)
- Retail Location, Planning, Design and Layout (**Presentation**)
- Retail Channels (**Place**)
- Retail Promotion and Communication (**Promotion**)

MAIN DRIVES OF RETAILING IN INDIA

1. Raising Incomes

Over the past decade, India’s middle-and high-income population has grown at a rapid pace of over 10% per annum. Though this growth is most evident in urban areas it has also

taken place in rural markets. Further, the number of households with double earning is also on an increase. This growing high-income population is triggering the demand for consumer goods, leading to the proliferation of higher quality\higher priced products.

2. Consumerism Cycle

The consumer cycle starts with the industry dictating the market. Eventually over time the distributor gains control over the market; at this stage the distributor becomes an important link between manufacturer and consumer. When the market starts developing and expanding its horizons, retailers turn into the vital link in this supply chain. India is entering this third stage where retailers control the market. Being the closest link to the consumer in the supply chain, retailers benefit accordingly. Manufacturers spend a lot of money promoting a product, but if it's not on the shop-shelf, consumers won't be able to buy it. Manufacturers have also realized that retailer recommendations matter, particularly in smaller towns where retailers are figures of authority or opinion leaders. With shopping attitudes changing, the Indian market today desires value-added products and services with good ambience and brands, which only a retailer can provide. Hence good retailer relations are a must. Manufacturers are ready to pay listing fees to get retailers to stock a product, or display charges to place it prominently.

3. Establishment of the Supply Chain

Over the past few years, the consumer goods sector has been transformed by increased liberalization, continuous reduction in customs duty, a shift from quota to tariff-based systems for imports and sophistication in manufacturing. Entry restrictions for multinationals have been removed in nearly all sectors. All this has enabled chain retailers to enjoy better range depth and sourcing options as well as improved average margins. There has been a proliferation in the range across all categories, with a simultaneous increase in the supply of products and quality retail space. According to a study, there are over 18,000 stock-keeping units (SKUs) while most retailers have the space for only 5,000 - 7,000 units. This has tempted a number of real estate companies and other corporate into investing in malls and other retail formats.

4. Change in Consumer Behaviour

The urban woman today is literate and, in many cases, employed. There is greater work pressure and increased commuting time. And with a shift in the family structure, nuclear families have become a significant component of urban markets. According to a recent market research conducted in Bengaluru, the share of nuclear families is estimated to be as high as 70%. Besides all these factors, the increase in the variety, quality and availability of products, and higher spending power has led to the growing popularity of supermarkets. There has been a change in shopping behaviour in urban India over the past few years with customers looking for convenience. That is, they want everything under one roof and a bigger choice of products. With an increase in double-income households, people do not have much leisure time and

seek the convenience of one-stop shopping in order to make the best use of their time. They also look for speed and efficiency. Increased awareness has also meant that consumers now seek more information, variety, product availability, better quality and hygiene as well as increased customer service. The concept of “Value for Money” is picking up.

Traditionally, children seldom accompanied their parents while shopping for groceries. Shopping for children was confined to festivals when dresses were bought for them. But now, because they are pressed for time, working parents prefer to spend as much time as possible with their children; this includes their shopping hours also. As malls and supermarkets offer the option of entertainment along with shopping, younger couples prefer to shop there. Also driving the retail industry is impulse buying spurred on by higher brand awareness.

Consumer niches have begun propelling the market and are becoming more important, with positive and negative sub-segments of consumers gaining significance. The growth accelerator has definitely been the working woman, with the money spent by her averaging 1.3 times that of a housewife.

5. Consumer Pull

In the pre-liberalisation, supply-led market, the power rested clearly with the manufacturers. In today's demand-led market, it's the consumer who calls the shots. Over the last decade, there has been a significant evolution in the Indian consumer, mainly due to the liberalisation of the consumer goods industry that was initiated in the mid-eighties and accelerated through the nineties, combined with a growing consumerism driven by the media, new opportunities and increasing wealth. Although this change is most noticeable in the metros, it has affected consumers in smaller towns as well.

6. New Entrepreneurs

The growing attractiveness of the retail trade has begun to attract new entrepreneurs with ideas, and venture capitalists with funds. Subhiksha, an innovative discount grocery chain in Chennai, has expanded to a total of 50 stores in less than three years, and is one of the most successful retail start-ups of the recent past. Venture capitalists like ICICI also increasingly willing to invest in retail businesses.

7. Explosion of Media

There has been an explosion in media as well, during the past decade, kick-started by the cable explosion during the Gulf War, television has accelerated to a point where there are more cable connections than telephones in Indian homes and about 90 channels are being aired at all times. This media bombardment has exposed the Indian consumer to the lifestyles of more affluent countries and raised their aspirations and expectations from the shopping experience – they want more choice, value, service, experience and convenience.

8. Foreign Retailers Looking for Entry Options

The increasing attractiveness of the sector has drawn the interest of a number of global retailers. With the opening up of the economy, more and more MNCs have entered the Indian business arena through joint ventures, franchisees or even self-owned store. 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 company. While foreign retailers cannot start operations on their own mainly because of FDI restrictions on the sector, in apparel, Benetton, Lifestyle, etc., are starting retailing joint venture in India.

9. Technological Impact

Technology is probably the most dynamic change agent in the retailing industry. The computerisation of the various operations in a retail store – including inventory management, billing and payment as well as database (of customers) management – widespread use of bar coding, point-of-sale terminals and Management Information System has changed the face of retailing drastically. Technology not only provides timely information but also prevents theft and promotes in-store appearance. Technology makes the customers life a lot easier through debit cards, credit cards and smart cards.

10. Building Chains Around Brands

Apparel, footwear and consumer durable brands have driven the growth of specially chains and upgraded existing multi-brand outlets. Many emerging large retailers like Titan, Raymonds developed their retailing business through their brands. Thus, there is consumer brand seeking than product seeking in stores.

11. Expansion of Family-Owned Businesses

The most successful of these are the ₹ 150 crore Viveks, the 40-years old Chennai consumer durables chain, the ₹ 50 crore Pantaloon apparel retail business, and Bangaluru's food retailer Nilgiris. This gradually compels the local small retailers transforming into supermarkets. Managing inventory in a small space and keeping low turnover is also becoming difficult. Hence, moving up to newer business opportunities and creating the space for a new model will take top priority.

12. Awareness in Rural Market

The rural market is beginning to emerge as an important consumption area, accounting for over one-third of the demand for most key consumer durables and non-durable products. In response, manufacturers of consumer goods have begun developing new products and marketing strategies with the rural consumer in mind.

13. Emergence of Hubs of Retail Activity

Chennai, Bangaluru and Hyderabad have become major retail hubs. In Chennai about 20% of food sales flow through supermarkets and 25-30% of consumer durable sales come from speciality chains such as Viveks and Vasanth.

14. Change in Scale of Operations

Subhiksha has over 50 stores in Chennai and Food World has 41, spread over Chennai, Bangaluru and Hyderabad. The growing scale enables the supermarkets to eliminate links in purchasing chain and to make deals with food processors directly. For example, Hindustan Lever Limited (HLL), one of the India's largest consumer goods company supply directly to the retailers operating with a special team.

15. Entry of the Corporate Sector

Due to the fast development of retail sector even big corporate houses like Tata, Birla and Reliance has entered into retailing. Big business houses in India today are in the position to provide the Indian masses with shopping satisfaction, quality products, product information and discounts. Retail store remain popular in the minds of consumer because of their social interaction, variety offering and polite salespersons.

RETAILING IN INDIA

Retailing is one of the pillars of the economy in India and accounts for 35% of GDP. Over 12 million outlets operate in the country and only 4% of them being larger than 500 sq ft in size. Most Indian shopping takes place in open markets and in millions of independent grocery shops. Indian market has high complexities in terms of a wide geographic spread and distinct consumer preferences varying by each region necessitating a need for localization even within the geographic zones. India has highest number of retail outlets per person. It is around 11 per thousand people. The traditional grocers, by introducing self-service formats as well as value-added services such as credit and home delivery, have tried to redefine themselves. However, the boom in retailing has been confined primarily to the urban markets in the country.

While barter is considered as the oldest form of retail trade, since independence retail in India has evolved to support the unique needs of the country, given its size and complexity. Early retailing in India can be traced back to the weekly haats or gatherings at the market place and melas, where not only the local products, but also products from outside used to be on display for sale. They still continue to present in most part of the country and form an essential part of life and trade in various areas. Later on, local mom-and-pop stores (kirana stores) sprung up in the landscape to cater to the needs of the local population. Hence, the early Indian retail scenario was primarily dominated by local products and local vendors. There were no branded

products at that time. The local manufacturer simply used to put up his wares for sale. Although this trading of goods was going on for ages, yet only in the recent past the buying and selling of goods has become more of finesse and brand dominated activity.

Since liberalisation, the Indian economy slowly progressed from being state led to become market friendly. This is the beginning of a new era for retail in India. The emergence of the modern Indian housewife, who managed her home and work, led to a demand for more products, a better shopping ambience, more convenience and one stop shopping. Hence, retailers have started providing some pleasant enjoyable experience to the consumers by providing improved facilities like shopping ambience, friendly layout and a single point-of-purchase laced with the lure of discounts. The modern, systematic and consumer oriented shopping culture is the mainstay of organised retailing. This fuelled the growth of supermarkets, hypermarkets, departmental stores, malls, etc.

Organised retailing appeared in the Indian horizon in the 70s when shops like Raymond's, Nalli and Bata set up their exclusive stores and / or franchisees. The early 80s witnessed the emergence of "Akbarally's" in Mumbai and "Spencer's" in Chennai. These stores later evolved into multi-chain outlets and were the first to establish the concept of organised retail in India. During the 90s, with the opening up of the Indian economy through Liberalisation, Privatisation and Globalisation, new retailing formats and exclusive outlets like Shoppers' Stop (1991) and Pantaloon (1997) appeared in India.

Towards the end of the 20th century, Indian retailing underwent a sea change with the opening up of numerous supermarkets, department stores, chain stores, hypermarkets, big discount stores and malls throughout the length and breadth of the country. The booming of the retail sector opened up new vistas so much so that this sector is now treated as the sunrise sector with prospects of unlimited growth. National players like Tata, RPG, ITC, Reliance, etc., are cashing on this booming sector. Therefore, the country is witnessing introduction of many modern formats and techniques, which are changing the retail landscape for most of the product categories.

In India, retailing is the buzz word now-a-days. This sector has modernized and expanded at a rapid pace in synchronization with India's economic growth. Retail industry is continuously going through changes on account of liberalisation, globalisation and consumer preferences. While multinational retail chains are looking for new markets, manufacturer are identifying, redefining or evolving new retail formats. The existing retail houses are also gearing up to face the emerging competition from the organised sector and the changing outlook of the consumers. For example, consumer spending is shifting from goods to services. Accordingly, the retailers too are fast adjusting to the changing consumer preferences.

Consumers are not only looking for the core products or functional benefits from the retailers but also the non-functional benefits, which need to be compatible with their lifestyles. For example, most of the traditional eating joints in India such as Haldiram, Ananda Bhavan

have revised their product offerings and atmospherics on the lines of the multinational chains to compete with them and to serve changed expectations of the consumers. The retail sector is changing as new store categories have started dominating the marketplace. Mass merchandisers (Wal-Mart, Big Bazaar), discount clubs (Subhiksha), so-called category killers (Home Depot, Vishal chain) and speciality retailers (Time Zone, Tanishq) have all developed successful retail models.

In the Indian context the various studies conducted regarding retailing in India reveals the following:

- In India, the major drives for a grocery stores is nearness to the place of residence and the comfort level that the customer has in dealing with the store owner like personal relationship.
- The Indian consumers are price sensitives so the retailers have to manage with razor thin margins in order to compete in the competitive grocery store market.
- Indian retailers understand the culture, taste and preference of the Indian consumers better than others.
- In food and grocery retail sector, it was found that customer's loyalty in grocery stores was found to be positively related to location, cleanliness, quality, helpful and trustworthy salespeople, home shopping, etc.
- Seasonality affect apparel sector so the retailer has to clear of the stock at the end of the season. So the apparel retailer use ends of season sale twice in a year where discount is given up to 50 per cent of the Maximum Retail Price (MRP).
- If customer is satisfied with the product and service they will come again to the retail shop. The customers show their interest to visit organised retail malls. Every retail shop wants to create their target customer.

ORGANISED RETAILING IN INDIA

After agriculture, retail is the second largest employer in India. But in India, retail sector is fragmented and consists of predominantly small, independent and owner managed shops. There is a boom in the retail trade in India owing to a gradual increase in the disposable income of the middle class household. The local kirana stores are growing at the rate of 8% per annum but the need for retailing is growing at a rate of 15% per annum. As the local stores are not able to satisfy the total demand, more and more players are coming in the market with new attractive retail formats like supermarkets, hypermarkets, departmental stores, malls, etc. These organised retail sectors are keeping almost all convenience goods under one roof which attracts more customers. More number of national and international players are entering into the Indian organised retail sector. So the organised retail sector is becoming large. The Indian market is currently witnessing a retail boom with organised retailers offering a whole assortment of

goods to consumers under one roof with congenial shopping ambience. Modern organised retailing competes based on the price and variety. They also exploit the fact that due to the hectic lives and changing lifestyle, today's consumer simply doesn't have as much time as before to do the shopping.

With liberalisation, privatisation, globalisation and modernisation, a modern competitive business is based on understanding the mind of the consumer and providing the kind of products and services that he wants. Considering the truth that the customer is the king, every organisation wants to increase market share and profit. The competitors are also following the same strategy. So, all of them try to get more customers which leads to increased market share and profit through different marketing activities. If the customers' wants matches with what the companies are offering, then the company will succeed.

Indian organised retailing is under transition today, bringing a lot of changes in the formats of retailing. The shoppers enjoy the privilege of shopping the goods and services required by them in variety of formats. The shoppers are exposed to various formats of shopping ranging from local kirana's shop, convenience stores, supermarkets and hypermarkets. The growth of retailing in India has impact on formats. While the traditional models of retailing-street-end pan shop, kirana shop, fancy shop and department store continue, the new formats like supermarkets, malls, hypermarkets and speciality stores are running parallel.

The retail industry is divided into organised and unorganised sectors. Organised 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. Organised retailing in India initially began in the south. The availability of land at prime locations with lower real estate price compared to north made multistoried shopping complexes possible. In south India Chennai, Bangalore and Hyderabad has emerged as a centre of organised retailing. In Chennai nearly 20% of food sales is accounted for by supermarkets and an equal share of consumer durables is sold through speciality chains like Vivek's. This concept of shopping took route in major cities like Mumbai and Delhi after 2 years following the south.

Organised retailing got a fillip in 2004 with the opening of new format stores, new generation shopping malls, FDI investment in retail and formation of Retailer's Association of India. The booming economy led to higher purchasing power of the consumers and market for consumer durables, clothing, automobiles, telecom products, etc. India is rapidly evolving into an exciting and competitive market place with potential target consumers in both the rich and middle class segment. Organised retailing are springing up in urban areas to market consumer goods in a style similar to that of malls. Even though big retail chains like Shopper's Stop are concentrating on upper segment and selling their product at higher prices some other big retailers like Food World and Big Bazers tapping the huge middle class population. Over the years international brands like MacDonalds and Pepsi invaded and thrived in India. Retailing is one

of the fastest growing industry in India, catering to the world's second largest consumer market. However, the boom in organised retailing has been confined primarily to the urban markets.

Unorganised retailing refers to the traditional formats of low-cost retailing, for example, the local grocery shops, owner manned general stores, convenience stores, handcart and pavement vendors, etc. It took ten years for the first 2,500 organised retail stores to emerge in India. Organized retailing accounts for just 4% of the market as of 2008. Even there, large chunks are yet to feel the impact of organised retailing. There are two primary reasons for this. First, the modern retailer is yet to feel the saturation effect in the urban market and has, therefore, probably not looked at the other markets as seriously. Second, the modern retailing trend, despite its cost-effectiveness, has come to be identified with lifestyles. Organised retailing has definitely made headway in the upper class. However, even in this segment, items such as milk, fruits, vegetables and a significant portion of 'through-the-month' purchases seem to be done at traditional outlets. The middle income class prefer shopping for processed food and personal care in supermarkets and fall back on traditional outlets for bulk shopping. Organised retail outlets seem to be associated with branded items/special purchases. Organised retailing does not seem to have made an impact on the lower class, except for 'curiosity' shopping. The biggest question before organised retailers therefore, is whether this really means a huge untapped potential for the organised retailers and whether, the conversion in mindset is going to be easy.

Retailing, one of the largest sectors in the global economy, is going through a transition phase not only in India but the world over. For a long time, the corner grocery store was the only choice available to the consumer. This is slowly giving way to international formats of retailing. The traditional food and grocery segment has seen the emergence of supermarkets/grocery chains (Food World, Nilgiris, Apna Bazaar), convenience stores (ConveniO, HP Speedmart) and fast-food chains (McDonalds, Dominos). It is the non-food segment, however, that foray has been made into a variety of new sectors. These include lifestyle/fashion segments (Shoppers' Stop, Globus, LifeStyle, Westside), apparel/accessories (Pantaloons, Levis, Reebok), books/music/gifts (Archies, Music World, Crosswords, Landmark), appliances and consumer durables (Viveks, Vasanth & Co.), drugs and pharmacy (Health and Glow, Apollo). The emergence of new sectors has been accompanied by changes in existing formats as well as the beginning of new formats. Retail marketing in India on the basis of their size can be classified as

- Hyper markets above 50,000 sq. ft.
- Large supermarkets, typically 25,000-50,000 sq. ft.
- Mini supermarkets, typically 1,000-2,000 sq. ft.
- Convenience stores, typically 750-1,000 sq. ft.

The traditional grocers, by introducing self-service formats as well as value-added services such as credit and home delivery, have tried to redefine themselves. In order to appeal to all classes of the society, retail stores would have to identify with different lifestyles. In a sense,

this trend is already visible with the emergence of stores with an essentially 'value for money' image. The attractiveness of the other stores actually appeals to the existing affluent class as well as those who aspire to be part of this class. Hence, one can assume that the retailing revolution is emerging along the lines of the economic evolution of society.

Organised retailing is spreading and making its presence felt in different parts of the country. The trend in grocery retailing, however, has been slightly different with a growth concentration in the South. Chennai which was considered a 'traditional', conservative' and 'cost-conscious' market, proved to be the home ground for most of the successful retail names - Food World, Music World, Health and Glow, Vasanth, Subhiksha and Viveks-to name a few.

The choice of Chennai as the 'retail capital' has surprised many, but a variety of factors acted in its favour. Chennai, in spite of being a rapidly growing metropolis offers reasonable real estate prices, one of the most critical elements for the industry. Chennai has been witnessing a high industrial growth and increasing presence of the MNCs, both in the IT sector as well as outside it. The industrial boom has led to the emergence of new residential areas with aggregation of professionals as well as a rapid increase in the number of 'double-income' households and growth of the rich/upper middle class with increased purchasing power. All the factors have acted favourably in nurturing the retail industry.

GROWTH DRIVES OF ORGANISED RETAILING IN INDIA

The phenomenal growth in the retail sector in India can be attributed mainly to:

1. The booming Indian economy.
2. Increasing proportion of young working population.
3. Increase in the number of working women providing for double income households.
4. Changing value orientations of the population from austerity to conspicuous consumption.
5. Increasing use of debit cards and credit cards.
6. Rapid urbanisation.
7. Provides an alternative investment opportunity.
8. Tremendous scope for expansion in Tier II cities.
9. Sectors with High Growth Potential: Food and Grocery (91 per cent), Clothing (55 per cent), Furniture and Fixtures (27 per cent), Pharmacy (27 per cent), Durables, Footwear and Leather, Watch and Jewellery (18 per cent) are poised for very high growth in coming years.
10. Retailing in Rural Areas: Retail sector offers opportunities for exploration, expansion and investment in rural areas, in spite of the fact that some of the Corporates and Entrepreneurs earlier have made a foray into it. ITC launched the country's first rural

mall 'Chaupal Sagar', offering a diverse product range from FMCGs to electronic appliances to automobiles, attempting to provide the farmers with a one-stop destination for all their needs. There has been yet another initiative by the DCM Sriram Group called the 'Hariyali Bazaar' that initially started off by providing farm related inputs and services but plans to introduce the complete shopping basket in due course of time. Other corporate bodies include Escorts and Tata Chemicals (with Tata Kisan Sansar) setting up agri-stores to provide product/services targeted at the farmer in order to tap the vast rural market.

TRENDS AND OPPORTUNITIES FOR ORGANISED RETAILING IN INDIA

- Even though India has well over 5 million retail outlets of all sizes and styles, the country sorely lacks anything that can resemble a retailing industry in the modern sense of the term. This presents international retailing specialists with a great opportunity.
- As much as 96 per cent of the 5 million-plus outlets are smaller than 500 square feet in area. This means that India's, per capita retailing space is about 2 square feet (compared to 16 square feet in the United States). India's per capita retailing space is thus the lowest in the world.
- Just over 8 per cent of India's population is engaged in retailing (compared to 20 per cent in the United States).
- Given the size, and the geographical, cultural and socio-economic diversity of India, there is no role model for Indian suppliers and retailers to adapt or expand in the Indian context.
- The first challenge facing the organised retail industry in India is competition from the unorganised sector. Traditional retailing was established in India for some centuries. It is a low cost structure, mostly owner-operated, has negligible real estate and labour costs and little or no taxes to pay. Consumer familiarity that runs from generation to generation is one big advantage for the traditional retailing sector. But they are growing only at 8% p.a. whereas the need for retailing growth is 15% p.a.
- Players in the organised sector have big expenses to meet, and yet have to keep prices low enough to be able to compete with the traditional sector. High costs for the organised sector arises from: higher labour costs, social security to employees, high quality real estate, much bigger premises, comfort facilities such as air-conditioning, back-up power supply, taxes, etc. Organised retailing also has to cope with the middle class psychology that the bigger and brighter a sales outlet is, the more expensive it will be.
- The above should not be seen as a gloomy foreboding from global retail operators. International retail majors such as Benetton, Dairy Farm and Levis have already entered the market. Lifestyles in India are changing and the concept of "value for money" is picking up.

- India's first true shopping mall – complete with food courts, recreation facilities and large car parking space – was inaugurated as lately as in 1999 in Mumbai. (This mall is called “Crossroads”).
- Local companies and local-foreign joint ventures are expected to more advantageously positioned than the purely foreign ones in capturing organised India's retailing industry, in India and benefit from it.
- The prospects are very encouraging. The first steps towards sophisticated retailing are being taken, and “Crossroads” is the best example of this awakening. More such malls have been planned in the other big cities of India.

While the retailing industry itself has been present through history in our country, it is only the recent past that has witnessed so much dynamism. It is the latest bandwagon that has witnessed hordes of players leaping onto it. The emergence of retailing in India has more to do with the increasing purchasing power of buyers, specially post- liberalisation, increase in product variety, and the increasing economies of scale, with the aid of modern supply and distribution management solutions.

The current retailing revolution has been provided an impetus from multiple sources. These ‘revolutionaries’ include many conventional stores upgrading themselves to modern retailing, companies in competitive environments entering the market directly to ensure exclusive visibility for their products and professional chain stores coming up to meet the need of the manufacturers. Attractiveness, accessibility and affordability seem to be the key offerings of the retailing chain.

Retailing in India has a very long haul ahead. The process of getting into newer forms of purchasing has been gradual because of traditional buying habit and the manner in which traditional retailers manage relationship. There is no specific international format or existing role model that can be easily adopted and applied in the India context. The growth and development of organised retailing in India will be driven by two factors namely low price and benefits the consumer cannot resist. Economies of scale will help the retailers to bring down the cost and increase the benefits offered to the consumer. The key drivers for growth of organized retailing in India are

- Growing consumerism paving the way for greater consumer enlightenment.
- Liberalised economic platform enabling the entry of global retailers to set up shop in India through joint ventures, franchisees etc.
- Expansion of organized retailing through scaling up to minimize cost and increase margin.

MAJOR INDIAN RETAILORS

Indian apparel retailers are increasing their brand presence overseas, particularly, in developed markets. While most have identified a gap in countries in West Asia and Africa,

some majors are also looking at the US and Europe. Arvind Brands, Madura Garments, Spykar Lifestyle and Royal Classic Polo are busy chalking out foreign expansion plans through the distribution route and standalone stores as well. Another denim wear brand, Spykar, which is now moving towards becoming a casualwear lifestyle brand, has launched its store in Melbourne.

The low-intensity entry of the diversified Mahindra Group into retail is unique because it plans to focus on lifestyle products. The Mahindra group is the fourth large Indian business group to enter the business of retail after Reliance Industries Ltd, the Aditya Birla Group, and Bharti Enterprises Ltd. The other three groups are focusing either on perishables and groceries, or a range of products, or both.

- Vivek Limited Retail Formats: Viveks, Jainsons, Viveks Service Centre, Viveks Safe Deposit Lockers
- REI AGRO LTD Retail-Formats: 6Ten Hyper and 6Ten Super
- RPG Retail-Formats: Music World, Books & Beyond, Spencer's Hyper, Spencer's Super, Daily & Fresh
- Pantaloon Retail-Formats: Big Bazaar, Food Bazaar, Pantaloons, Central, Fashion Station, Brand Factory, Depot, aLL, E-Zone etc.
- The Tata Group-Formats: Westside, Star India Bazaar, Steeljunction, Landmark, Titan Industries with World of Titans showrooms, Tanishq outlets, Chroma.
- K Raheja Corp Group-Formats: Shopper's Stop, Crossword, Hyper City, Inorbit
- Lifestyle International-Lifestyle, Home Centre, Max, Fun City and International Franchise brand stores.
- Pyramid Retail-Formats: Pyramid Megastore, TruMart
- Nilgiri's-Formats: Nilgiris' supermarket chain
- Subhiksha-Formats: Subhiksha supermarket pharmacy and telecom discount chain.
- Trinethra- Formats: Fabmall supermarket chain and Fabcity hypermarket chain
- Vishal Retail Group-Formats: Vishal Mega Mart
- BPCL-Formats: In and Out
- Reliance Retail-Formats: Reliance Fresh
- Reliance ADAG Retail-Format: Reliance World
- German Metro Cash and Carry
- Shoprite Holdings-Formats: Shoprite Hyper
- Aditya Birla Group - more Outlets

IMPACT OF ECONOMIC SLOWDOWN ON INDIAN RETAILING

The organised retail business in India has been affected by economic downturn, raising unemployment, inflation and the consumer's unwillingness to spend. This has resulted in lower sales, and in some cases, retail outlets have also had to be shutdown. Several corporate entrants into India's retail sector including the Aditya Birla Group, Pantaloon Retail, RPG Group's Spencer's Retail, Reliance and Vishal Retail among others have been affected by the reduced rate of economic growth.

According to the Indian retail sector outlook 2009 by Fitch Research, the Indian retail industry has been affected over the past year by various factors including slow economic growth, high interest rates and liquidity crunch. The industry was also affected by the high cost of real estate rents. Most retailers experienced a drop in footfall and demand, reflecting in slowing store sales and in a greater time to break even. The crisis in consumer confidence and discretionary purchases has had a major effect on retail strategies.

Change in Consumer Buying Behaviour

Consumers have changed their spending priorities. They are taking care of their needs, rather than their wants. In order to be successful, it is important for the retailer to respond to the nuances of the changing consumer mood. Consumer's commitment to helping themselves and their families survive hard times overrides any other loyalty.

Retailers should help the consumers to achieve these goals. So the retailers have to provide consumers with the right kind of product at the right price and create brand loyalty. This is also the right time for the retailer to focus on long term plans and to larger market share, as weaker players disappeared.

Decline in Footfalls in Retail Stores

The number of consumers frequenting shopping malls and large department stores has also decreased considerably. Malls have been adopting different promotional campaigns to attract customers.

For the retailers, innovative Customer Relationship Management (CRM) activities are the need of the hour along with different product ranges catering to the changing needs of the customers. Value for money products will sell, as the customer is looking for long term investment and not just short term delight.

Heavy Toll on Jobs

The retail sector employs 24 million people, but only 500,000 work in the organised sector. While there are no official numbers on retail job losses, industry experts say it is around 15%.

This is, however, the right time for the retailers to pick and choose the right talent so as to bring in fresh energy and insights. Gaining employees' loyalty through internal marketing and looking for talent within the organisation are some ways for optimizing the productivity of shop floor employees.

Decline in Sales

Major departmental stores like Shoppers' Stop have experienced a decline in sales, prompting them to close some of their airport shops and food outlets. The Adithya Birla Group, which began retailing operations in 2007 after acquiring Hyderabad based Trinethra chain of stores, is believed to have incurred a net loss of ₹ 534 crore on the sales turnover of ₹ 1030 crore during 2008-09. Pantaloon Retail India Ltd., showed a decline in sales of household products and durables. Despite a healthy 21% rise in sales during the quarter ended March 31, 2009, it posted a less than expected rise in the net profit. Spencer's Retail, known mainly for food and grocery retail, made a foray into lifestyle retailing, but ended the year with no growth in 'same store sales.'

The solution to counter this problem is that big retailers take up private labels business more aggressively as the new mantra to beat the slowdown. This will enable them to leverage the benefits of branded products, while keeping the prices lower and more cost effective for consumers, rather than the corresponding national brands. Private labels offer better value for money to the consumers.

Many Stores are Shutting Shop

Retailers expanded without adequate backend logistics and supply chain, leaving the outlets vulnerable. High rentals, coupled with low returns and mounting interest rates, made once successful Subhiksha close 1200 stores across India. Reliance shut around 50 of its Reliance Fresh stores and laid off 13% of its 30,000 strong workforce.

It is time to enter into alliances or partnerships, manage stores more effectively, take help from experts and change product profiles to match customer needs. Diversify and move towards niche rather than mass markets. Renegotiate rentals, effective inventory management and cost cutting techniques making the front-line sales people more productive and cutting down marketing and advertising budgets.

Retail sector will recover and get back on track, in spite of the effects of the economic slowdown. Consumer will emerge as the king, compelling the retailers to make necessary changes in order to survive.

FUTURE OF RETAIL IN INDIA

In India, the retail sector is the second largest employer after agriculture. The retailing sector in India is highly fragmented and consists predominantly of small, independent and owner-managed shops. There are some 12 million retail outlets in India. Besides, the country is

also dotted with low-cost kiosks and pushcarts. There has been a boom in the retail trade in India owing to a gradual increase in the disposable income of the middle-class households. More and more players are venturing into the retail business in India to introduce new attractive retail formats like malls, supermarkets, discount stores, department stores and even changing the traditional look of the bookstores, chemist shops and furnishing stores. Food sales constitute a high proportion of the total retail sales. However, the non-food retailing sector registered faster year-on-year growth than food sales.

The retail business in India is expected to expand widely with further growth of organised retailing in both food and non-food segments. The proportion of sales through organised retailing is estimated to increase to around 6% by 2010 which presently account for only 4%. The Indian retail market, which is the fifth largest retail destination globally, is estimated to grow to 427 billion US dollars by 2010 and 637 billion US dollars by 2015. A strong trend in favour of organised retail format is being witnessed in both food and non-food sectors as people are showing preference of one-stop shops. Customers are also looking for convenience in shopping.

In future, with more dual income families, the consumer's ability to spend will increase, but at the same time, it is predicted that the time available for shopping will go down. In such scenario, the retailers will have to take steps to develop shopping as an experience, through the more successful retailers will be those that will provide faster services.

The shopping mall phenomenon is not likely to be restricted only to metros as malls are also coming up in non-metro cities and larger towns across the country. It is stated that there are immense opportunities and possibilities for mall developers and retailers to explore beyond metros. The growing consumer needs in the mini metros, Tier II and Tier III cities are almost matching up to that in the metros. Nearly a decade after the first signs of organised retail format evolution, India is expecting to, develop vast retail real estate space. India has one of the largest number of retail outlets in the world. Still, organized retails accounts for only 4% of the total market, opening huge growth potential in this segment. India represents an economic opportunity on a massive scale, both as a global base and as a domestic market. Retailing business is playing a major role throughout the world, increasing productivity across a wide range of consumer goods and services. Its fruits have been witnessed by many developed nations like USA, UK and Mexico. The retail sector is slowly developing in India and its impact has also started in India. This is happening due to the Indian consumer class. The modernization of the Indian retail sector will be reflected in the rapid growth in sales in supermarkets, departmental stores and hypermarkets. This is because of the growing preference of the affluent and upper middle classes for shopping at these types of retail stores, given the conveniences they offer such as shopping ambience, variety and a single-point source of purchase.

CHALLENGES TO RETAIL DEVELOPMENT IN INDIA

Organized retail in India is little over a decade old. It is largely an urban phenomenon and the pace of growth is still slow. Some of the reasons for this slow growth are:

1. Retail not Recognised as an Industry in India

Lack of recognition as an industry hampers the availability of finance to the existing and new players. This affects growth and expansion plans.

2. The High Costs of Real Estate

Real estate prices in some cities in India are among the highest in the world. The lease or rent of the property is one of the major areas of expenditure; high lease rentals eat into the profitability of a project.

3. High Stamp Duties

In addition to the high cost of real estate, the sector also faces very high stamp duties on transfer of property, which varies from state to state (12.5% in Gujarat and 8% in Delhi). The presence of strong pro-tenancy laws makes it difficult to evict tenants. The problem is compounded by problems of clear titles to ownership, while at the same time land use conversion is time consuming and complex as are legal processes for settling of property disputes.

4. Lack of Adequate Infrastructure

Poor roads and the lack of a cold chain infrastructure hampers the development of food and fresh grocery retail in India. The existing supermarkets and food retailers have to invest a substantial amount of money and time in building a cold chain network.

5. Multiple and Complex Taxation System

The sales tax rates vary from state to state, while organised players have to face a multiple point control and tax system, there is considerable sales tax evasion by small stores. In many locations, retailers have to face a multi point octroi. With the introduction of Value Added Tax (VAT) in 2005, certain anomalies in the existing sales tax system causing disruptions in the supply chain are likely to get corrected over a period of time.

6. Threat of New Entrants

In the case of the Indian retail sector, there exists a high threat of new entrants as the sector itself is in a nascent stage and is growing. Limited barriers to entry exist.

7. Threat of Substitutes

In Indian retail, the threat of substitutes is very high. The unorganized retailing in India is still the largest wherein cheaper versions of products are available. This still services most of the middle and poor income families in the country.

8. Bargaining Power of Suppliers

The price at which the product is available to the retailer for selling to the end consumer is very important in retail, as it plays a large role in the actual profitability. The suppliers to the retailing industry are the companies who provide the finished products to make various retail products. The bargaining power of suppliers is low because there are a large number of potential suppliers in the market. Therefore the prices become competitive. The emergence of private labels in apparel and food has in fact played a key role in controlling the bargaining power of suppliers.

9. Bargaining Power of Buyers

In Indian retail, the bargaining power of buyers is fast increasing and can be termed as moderate to high, depending on the product or service. The buyers are the most powerful in the retailing industry. In an age of the informed consumer, meeting the buyer's expectations in terms of product, price and service is increasingly becoming difficult.

10. Intensity of Rivalry

The intensity of rivalry between competitors in an industry depends on the structure of competition – for example, rivalry is more intense where there are many small or equally sized competitors; rivalry is less when an industry has a clear market leader. The competition among the existing firms in the Indian market is not very high as there are few players in the market. High product differentiation is a major factor that intensifies the competition.

11. Technology

Most of the organised retailers are using available and affordable technology to capture consumer information. Modern retailers are using scanned data to figure out the answers to a lot of questions. Through technology, retailers can capture a whole lot of segmentation variables and subsequently use them for shopper segmentation. Technology helps to take better decisions in some critical areas such as new product introduction, suitable product offering, quicker ordering and assortment planning. Retailers use shopper's loyalty data to design customized promotional offering for different set of customers.

12. Human Resources

At present talent is in short supply and employee churn has been high for all players. It is very difficult to get experienced stores managers to run stores. The retailer is ready with retail space in different malls and high traffic retail location but availability of qualified and experienced personnel is still a big concern for the retailer. Almost all retailers resort to poaching which is at best a temporary solution. In view of the rapid expansion of retail business in India, retaining and developing workforce is of utmost importance to supply a talent pool to cater to the needs of this sunrise sector.

13. Store Positioning

The success of any retail business depends upon attracting and retaining the customer base. Therefore, retail stores should position themselves in such a way so that customers would find it convenient to come to their retail store. If store position is not done in a proper location, the success ratio does not improve. Big international players like Nanz failed to take because of their improper positioning, they targeted the upper end of the market and they could not survive. They faded away from the retail scenario in India. In the same line, Indian players like Subiksha and Big Bazaar are able to attain success through “value proportion” positioning.

14. Foreign Direct Investment

Though talk of opening up of the retail sector for FDI has been going on for quite sometime, no major break through has taken place in retail sector so far. FDI would bring a lot of positive changes both for the operators and the consumers. The infusion of much-needed foreign investment would result in retail consolidation, increasing supply chain efficiency, flow of technical know-how and global practices. It will make shoppers feel that they are having an informative shopping experience.

To summarise, the retail sector in India is a highly fragmented sector. In India, it is characterized by low entry barriers, the absence of economies of scale, high transportation costs and diverse market needs. Retailers need to take these factors into consideration and work towards creating economies of scale. Retailing is a dynamic field which requires dynamic individuals to implement innovative, dynamic retail programmes that will generate significant returns to the retailers.

Questions

I. Fill in the Blanks

1. Retailing includes all activities involved in selling goods to the final _____ .
2. In retailing SKU means _____.
3. Majority of the retail business in India is _____
4. Organised retailing in India initially began in _____ India
5. Organised retailing in India are springing up in _____ areas.

Answers

- 1.consumer 2. Stock Keeping Unit 3. unorganised. 4. South 5. urban

II. Choose the Best Answer

1. The word retailing is derived from the French word *retaille* which means _____
 (a) to cut (b) to break bulk (c) to sell (d) to trade

2. _____ is a critical factor in retail business
(a) Store site (b) Finance (c) Location (d) Merchandise
3. Retail business has a direct interaction with the _____
(a) end user (b) seller (c) trader (d) manufacturer
4. In India the retail sector is the _____ largest employer
(a) third (b) fourth (c) first (d) second
5. _____ is the retail capital
(a) Mumbai (b) Chennai (c) Delhi (d) Bangaluru

Answers

1. b 2. c 3. a 4. d 5. b

III. Answer in One Word

1. What is retailing?
2. What are the 6Ps in retail marketing?
3. How Indian retail industry is divided?
4. What is unorganized retailing?
5. Mention any five major retailers in India.

IV. Essay Questions

1. Define retailing. What are the functions of a retailer?
2. Discuss about the main drives of retailing in India?
3. Explain organized retailing in India.
4. Discuss about the trends and opportunities for organized retailing in India
5. Explain the challenges to retail development in India

