

AN EMERGING TRENDS IN RETAILING SECTORS IN INDIA

K. Senthil Ganesh¹ & S. Mohammed Yasin²

^{1,2} MBA, Anna University, Madurai

Abstract

Retail is the sale of goods and services from individuals or businesses to the end-user. Retailers are part of an integrated system called the supply chain. A retailer purchases goods or products in large quantities from manufacturers directly or through a wholesale, and then sells smaller quantities to the consumer for a profit. Retailing can be done in either fixed locations like stores or markets, door-to-door or by delivery. Retailing includes subordinated services, such as delivery.

Introduction

In this paper explained about the retailing sector. Retailing may be understood as the final step in the distribution of merchandise, for consumption by the end consumers. Retailers attempt to satisfy consumer needs by having the right merchandise, at the right price, at the right place, when the consumer wants it. Retailers are the final business in a distribution channel that links manufacturers to consumers Indian retail industry is the second largest employer in the country with almost 12 million retail stores in India.

Definition of Retail

According to Philip Kotler “retailing includes all the activities involved in selling goods or Services directly to final consumers for personal, Non business use”. “Every sale of Goods and Services to final consumer”- Food products, apparel, movie tickets; services from hair cutting to e-ticketing. A retailer or retail store is any business enterprise whose sale volume comes primarily from retailing”. A retailer may be defined, as a ‘Dealer or trader who sells goods in small quantities’. Any Organization Selling to final consumer is retailing, whether they are

- A Manufacturer
- A Wholesaler
- A Retailer.

What Is Retailing?

Retail Philosophy – “*By The People, For The People and of The People*”

Retailing involves selling products and services to consumers for their individual or family use. As the final link between consumers and manufacturers, retailers are a vital part of the business world. Retailers add value to products by making it easier for manufactures to sell and consumers to buy.

Characteristics of Retailing

- It offers direct interaction
- Sale volume is comparatively large in quantities
- Customer service
- Sales promotions are offered at this point only
- Different forms
- Location and layout are critical factors
- More employment opportunities

Retailing Formats in India**Malls**

It Located mainly in metro cities, in proximity to urban outskirts. Ranges from 60,000 sqft to 7,00,000sqft and above. They lend an ideal shopping experience with an amalgamation of product, service and entertainment, all under a common roof. Examples include Shoppers Stop, Primary, Pantaloons

Specialty Stores

Chains such as the Bangalore based Kids Kemp, the Mumbai books retailer Crossword, RPG's Music World and the Times Group's music chain Planet M, are focusing on specific market segments and have established themselves strongly in their sectors.

Discount Stores

As the name suggests, discount stores or factory outlets, offer discounts on the MRP through selling in bulk reaching economies of scale or excess stock left over at the season. The product category can range from a variety of perishable, non-perishable goods.

Department Stores

Departmental Stores are expected to take over the apparel business from exclusive brand showrooms. Among these, the biggest success is K Raheja's Shoppers Stop, which started in Mumbai and now has more than seven large stores (over 30,000 sq. ft.) across India and even has its own in store brand for clothes called Stop!.

Hypermarkets/Supermarkets

Large self service outlets, catering to varied shopper needs are termed as Supermarkets. These are located in or near residential high streets. These stores today contribute to 30% of all food & grocery organized retail sales. Super Markets can further be classified in to mini supermarkets typically 1,000 sqft. to 2,000 sqft. And large supermarkets ranging from of 3,500 sq.ft. to 5,000 sq. ft. having a strong focus on food & grocery and personal sales.

MBO's

Multi Brand outlets, also known as Category Killers, offer several brands across a single product category. These usually do well in busy market places and Metros.

Convenience Stores

These are relatively small stores 400 -2,000 sq. feet located near residential areas. They stock a limited range of high-turnover convenience products and are usually open for extended periods during the day, seven days a week. Prices are slightly higher due to the convenience premium.

Emerging Trends in Retailing Sector

- **Experimentation with formats:** Retailing in India is still evolving and the sector is witnessing a series of experiments across the country with new formats being tested out. Ex. Quasi-mall, sub-urban discount stores, Cash and carry etc.
- **Store design:** Biggest challenge for organized retailing to create a “customer-pull” environment that increases the amount of impulse shopping. Research shows that the chances of senses dictating sales are up to 10-15%. Retail chains like MusicWorld, Baristas, Piramyd and Globus are laying major emphasis & investing heavily in store design.
- **Emergence of discount stores:** They are expected to spearhead the organized retailing revolution. Stores trying to emulate the model of Wal-Mart. Ex. Big Bazaar, Bombay Bazaar, RPGs.
- **Unorganized retailing is getting organized:** To meet the challenges of organized retailing such as large Cineplex’s, and malls, which are backed by the corporate house such as 'Ansals' and 'PVR' the unorganized sector is getting organized. 25 stores in Delhi under the banner of Provision mart are joining hands to combine monthly buying. Bombay Bazaar and Efoodmart formed which are aggregations of Kiranas.
- **Multiple drivers leading to a consumption boom:**
 - Favorable demographics
 - Growth in income
 - Increasing population of women
- **Raising Aspirations:** Value added goods sales, Food and apparel retailing key drivers of growth. Organized retailing in India has been largely an urban phenomenon with affluent classes and growing number of double-income households. More successful in cities in the south and west of India. Reasons range from differences in consumer buying behavior to cost of real estate and taxation laws.

Recent Trends Retailing in India

- Retailing in India is witnessing a huge revamping exercise as can be seen in the graph
- India is rated the fifth most attractive emerging retail market: a potential goldmine.
- Multiple drivers leading to a consumption boom:
 - Favorable demographics

- Growth in income
- Increasing population of women
- Raising aspirations: Value added goods sales
- Food and apparel retailing key drivers of growth
- Organized retailing in India has been largely an urban
- Phenomenon with affluent classes and growing number of double-income households.
- More successful in cities in the south and west of India. Reasons range from differences in consumer buying behavior to cost of real estate and taxation laws.
- IT is a tool that has been used by retailers ranging from Amazon.com to eBay to radically change buying behavior across the globe.
- E -tailing slowly making its presence felt.

E-Tailing in India: Present Scenario and the Way Forward

- The Indian retail scene has witnessed too many players in too short a time, crowding several categories without looking at their core competencies or having a well thought out branding strategy. The growth rate of super market sales has been significant in recent years because greater numbers of higher income Indians prefer to shop at super markets due to higher standards of hygiene and attractive ambience. With growth in income levels, Indians have started spending more on health and beauty products. Here also small, single-outlet retailers dominate the market. India has a large and growing retail market, but very little of it can be attributed to organised retail - that is, retail sales generated by organised establishments such as supermarkets. The overall retail market generated more than USD500 billion in 2011 and is expected to grow at a CAGR of 8-9% over the next 3-5 years. Much debate surrounds the blooming ecommerce industry in India, with different views on whether the proliferation and growth of ecommerce companies and the valuation that some of them have generated is merely a bubble or just the tip of the iceberg. This article discusses the projected size of the opportunity and the growth drivers, examines the realities behind commonly discussed challenges, and assesses the debate around recent valuations.
- E-tailing is a new industry in India. With broadband internet access still accessible to entire population, this industry may see an explosive growth. Most growth drivers are in India's favor - demographics, economy, changing lifestyle, exposure to new ideas. It is just a question of creating a sustainable eco system for E-tailing, which is at an inflection point.

Emerging Trends

- The single most important evolution that took place along with the Retailing evolution was the rise and all of the dotcom companies, more importantly; the very nature of the

customer segment being addressed was almost the same. The computer - Savvy individual was also a scale- sector of the store.

- Internationally, the concept of net shopping is yet to be proven. Now ever, the size of the direct market industry is too limited to deter the Retailers, for all companies that it offers, electronic retailing does not suit products where “look” and “see” attributes are of importance.
- Thus retail marketing strategy would not only yield benefits for consumers. Manufacturers and wholesalers but also creates economic utility.

Retailing - no marks for guessing this is the most active and attractive sector of the last decade in India. While the Retailing industry itself has been present through history in our country, it is only the recent past that has witnessed hordes of players leaping onto it. The Emergence of Retailing in India has more to do with the increasing purchasing power buyers, explicable post- liberalization increases 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. The “Revolutionaries” include many commotional stores upending themselves to modern Retailing, companies in competitive environment entering the market directly to ensure exclusive risibility for their products and professional chain stores coming up to meet the need of manufacturers. **Attractiveness, accessibility and absorbability seen to be the key offering of the retailing chain**

Indian-Retail

The Indian retail sector is highly fragmented with more than 90 per cent of its business being carried out by traditional family run small stores. This provides immense opportunity for large scale retailers to set-up their operations - a slew of organized retail formats like departmental stores, hypermarkets, supermarkets and specialty stores are swiftly replacing the traditional formats dramatically altering the retailing landscape in India.

Conclusion

There is a huge untapped opportunity in the retail sector, thus having immense scope for new entrants, driving large investments into the country. A good talent pool, huge markets and availability of raw materials at comparatively cheaper costs are expected to make India lead one of the world’s best retail economies by 2042. The industry is also slated to be a major employment generator in future.

Though much is yet to be achieved, remember E-tailing is a new industry in India. With broadband internet access still accessible to entire population, this industry may see an explosive growth. Most growth drivers are in India’s favor - demographics, economy,

changing lifestyle, exposure to new ideas. It is just a question of creating a sustainable eco system for E-tailing, which is at an inflection point.

Time to fasten the seat belts! Customers are also looking for convenience in shopping. This would continue more strongly in the next couple of years. In future the 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, though the more successful retailers will be those that will provide faster service.

References

1. Sinha Piyush Kumar, "Shopping Orientation in the Evolving Indian Market", Vikalpa, Vol. 28 (2), April - June, 2003, pp. 13 - 22.
2. Sinha Piyush Kumar, Mathew Elizabeth, Kansal Ankur (2004), "Format Choice of Food and Grocery Retailers", Working Paper, 2005-07-04, IIMA
3. Sinha Piyush Kumar and Dwarika Prasad Uniyal (2005), "Using Observation Research for Segmenting Shoppers", Journal of Retailing and Consumer Research, Vol. 12, pp. 35 - 48.
4. Tandon S., Landes M., Woolverton A. (2011), "The expansion of Modern grocery retailing and trade in developing countries". USDA, Economic Research Report, No.122.
5. Philip Kotler, marketing management, Tata McGraw Hill,
6. Ramasamy, Namakumari, Marketing management Mac Millan Publication.
7. Veeck, A., and G. Veeck (2000), "Consumer Segmentation and Changing Food Purchase Patterns in Nanjing, PRC," World Development, Vol.28 (3), pp. 457-4