

CHALLENGES AND OPPORTUNITIES OF RETAILING SECTOR IN INDIA**M. Pangrikar**MIT School of Telecom Management, AICTE Approved, Pune, India
malharpangrikar@gmail.com**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 a supply chain. Retailers buy large quantities of goods or products directly from manufacturers or through wholesale goods and then sell small quantities to the customer for that benefit. Retail can be made at a fixed location, either by store or market, door-to-door or by delivery. Retailing includes subordinate services such as delivery. India is a country of shoppers, with a busy lifestyle these days and the availability of e-resources motivates consumers to shop through e-retailing channels. The key factors a seller should consider in order to increase the sales rate are convenient availability of the product, flexible refund policies and facilitating fast shipping services. With this in mind, this paper provides detailed information on the growth opportunities of the retail industry and highlights the factors that enable e-retail in the Indian context.

Keywords: Retailing, Organized Retail, Un-organized Retail

Introduction

India has seen a rapidly changing retail landscape in recent years, and it has been scrutinized by domestic and foreign players through large investments. Today, the Indian retail industry ranks among the top ten retail markets in the world. The face of Indian retail has changed in the form of attitudinal shifts and organized retailing of Indian consumers. In recent years, consumer spending in the retail sector has been touted as a key opportunity area with a renaissance of India's economic growth. As a result, Indian corporate houses are rethinking their strategic approach to retail marketing with a view to harnessing resources to build core competencies and gain competitive advantage. Changing consumer behaviour and market liberalization have sown the seeds of retail change. At present, it accounts for about 10 per cent of the country's GDP and employment. Percentage of industries is in Indian industries.

Competition in the unorganized sector is one of the main challenges facing the organized sector today. The organized retail sector is dominated by the textile and textile sector followed by the grocery, food and beverage sector. Changing the mode of consumption is one of the challenges and opportunities for retail development in Indian urban areas. Around the world, the retail sector has played an unprecedented role in increasing the productivity of key consumer goods and services. Companies will have to come up with

innovative solutions to survive in a market like India. Organized retail has emerged as a fast-paced and fast-paced industry in which many players have entered the market. Organized retail, which currently accounts for only one per cent of the total market, is expected to grow by more than 38% by 2015, with the potential for growth in the next few years. This paper provides detailed information about the growth of retail industry in India. It also inevitably highlights the challenges and big opportunities facing the industry in the near future.

The Indian retail industry is seen by investors around the world as a potential gold mine and India is the top destination for retailers in the lucrative emerging retail market, according to a recent research. India's largest middle class and most of its unused retail industry is one of the major attractions of global retail giants seeking to enter new markets. Despite India having more than a million retail outlets in India, there is very little in this country to match the retail industry in the modern sense. In parallel with the growth of the economy and consumerism, India's retail growth can be seen in phases as seen by developed countries. So, retailers in India can learn a few things from their global parts. But at the same time, if the legacy of the property is not to be carried forward, there is plenty of opportunity for retailers in India to take the leap. Indian retailers Reliance Retail, Subhiksha and Aditya Birla Retail started from scratch.

Significance of Retailing

In today's competitive business environment, retailers have redefined their role in the value chain in general and in particular. Retailers are working as gatekeepers who decide which new products find their way onto their store shelves. As a result, they have a strong opinion about the success of the product or service launched by the business firm. Home appliance product managers claim that 'sellers often have to sell new products, first to the company, then to the retailer and finally to the user of the product'. It is true that now day's manufacturers have to identify the right retail format to sell their manufactured products and this type of retail format needs to be matched according to their business strategy, which in turn helps in construction and maintenance. The role of retailers in the current competitive environment has attracted the attention of producers from external parties such as market intermediaries and supply partners. Vendors of consumer products need to identify the needs and motivations of their partners in the marketing channel. This is especially true in the case of new products. Consumer companies can improve their new product success rate if they work harder to create retail value as well as customer-friendly benefits. If a manufacturer's objectives are not related to market mediation, then the success of the product is at stake if there is a retailer.

Advantages of Modern Retailing in India

Some of the main advantages of modern retail in India can be highlighted below.

- **Enhancing the shopping experience for customers:** Today, shopping and traffic speeds are increasing along with entertainment. Organized retailers sell to customers through a basket of multiple products and one-stop shopping in one place. This format also adds to the experience of large-scale shopping, excellent environment, customer preference and sales choice.
- **Making a Positive Social Change:** Retailing by providing adequate parking facilities improves local infrastructure ATMs and creates a safe and secure environment that encourages 24-hour installation. Convenience stores, departmental stores, supermarkets serve as

a clean environment for customers which can lead to positive change in the industry.

- **Increasing efficiency and effectiveness in agriculture:** Today, farmers are growing crops as per the demand of retailers and the concept of intermediaries in the food supply chain is a matter of yesterday. Farmers are getting higher yields from their produce while consumers are getting the benefit of lower prices. Only organized retail provides mass marketing of packaged and processed foods.
- **Job Creation:** So far, modern retail is expected to provide employment to more than 2.2 million people through various retail activities up to 201 by and indirect retail activities including supply chain management and logistics, contract production and processing have created more than 1 million jobs. As retail real estate development and management.
- **The Internet raises awareness and initiates online shopping:** The number of Indians using the Internet has definitely increased and at the same time there has been a steady increase in online shopping. Today the internet is used not only for raising awareness but also for online shopping, which has opened up a whole new channel of retail in Indian retail conditions. The solution to capitalize on online opportunities in futures markets through dot com has recently been launched by a future group which includes Pantaloons. A similar initiative by Flipkart.com and Snap-deal is proving the new channel to be extremely viable, especially since it removes the biggest price from the physical store.

Emerging/Changing Trends of Indian Retailing Sector

Today around the world, compact linkages are being formed between high economic growth, per capita income is increasing as a result of gradual increase in per capita income, increasing consumerism, production of brands and retail modernization. Diversion changes customer usage patterns. In addition, as the economy liberalizes and globalizes, various international brands enter the Indian market. Consumer awareness promotes brand and retail space opportunities. As many retail chains

spread across the metropolis, especially in South India and at a rapid pace across India, the modern retail form is witnessing a vigorous development. According to AT Kirney's Global Retail Development Index (GRDI) 2012 report, India has emerged as the fifth largest destination for international retailers, surpassing the UAE, Russia, Indonesia and Saudi Arabia. The report also highlighted that, 'India is a high potential market. Expected retail growth is expected to increase by 15-20 per cent in the next five years.'

There has been an immediate change in the form and duration of all purchasing ideas and concepts and this has led to a revolutionary buying trend in Indian retail. Between 2010 and 2012, the Indian retail industry grew by 10.6%; It is projected to reach US 50 500-850 billion by 2015. This expectation is a great opportunity for the industry to recognize the industry. The Indian retail sector is slowly moving towards becoming the next business.

Recent Changing Trends in India Retail Format

The retail industry is constantly changing according to liberalization, globalization and consumer preferences. While multinational retail chains are exploring new markets, manufacturers are identifying, redirecting or developing new retail formats. In recent times, it has also created emerging and existing retailers to cope with the upcoming strong and major competition in the organized retail sector, which has changed consumer attitudes towards retailers. Now the consumers of the day are not only looking for the main products or functional benefits from the retailers but also expect the non-commercial benefits they need to be consistent with their lifestyle.

1. Kirana Stores: The emergence of new store types has drastically changed the retail sector and this type of emergence has created stiff competition in the market. Big Bazaar, Subhiksha, so-called Category Killers (giant chain) and Specialty Retailers have all developed successful retail models. Thus, emerging and thriving organized retail that competes with traditional retail in all respects by giving their target customers a more convenient and better shopping environment.

- 2. Demographic and Psychological Changes:** The demographic lifestyle, needs, wants, demands, and preferences of individuals have affected retail stores (e.g. lifestyle, attitudes, perceptions, behaviors, etc.). The percentage of young generation in the country is also increasing.
- 3. Adequate space availability:** Shops in the unorganized sector are very small and are scattered in most counter stores where the customer cannot go to the retail store due to insufficient space. Getting enough space even in the organized sector is a challenge; There is also ample space on the floor in some places in the metropolis.
- 4. Availability of a wide range of branded products:** Many products with competitive price along with quality appear in the market in today's competitive market. The growth of the retail industry also depends on the large demand for branded products made available to consumers in retail stores.
- 5. Role of Information and Communication Technology (ICT):** Technology will play an important role in the retail development of India. The impact of retailer technology is felt by retailers. Most retailers are currently running almost everything by hand. It can be estimated that retailers have operational inefficiency in such a country where almost one percent of retail sales are in the hands of unorganized retailers. Retailers need to adopt modern technology to manage certain operations, such as maintaining inventory, placing orders and tracking customers by keeping a customer data base.
- 6. Effective and efficient communication channels:** Most retailers today are using promotional campaigns as one of the major campaigns to promote their business. There is a large number of individuals available for a wide range of products with promotions and options for different sets depending on the needs and preferences of the customers.
- 7. Customer Needs and Relationship Management (CRM):** The main reason for the small crowd is the growing purchasing power of the great Indian middle class. Retailers need to focus on delivering a

great customer experience through effective and efficient customer relationship management.

Indian Retail Sector Challenges and Opportunities

Organized retail in India is more than a decade old. The pace of growth is still slow and is largely an urban phenomenon. Some of the major challenges facing retail development in India can be highlighted below.

1. **Not Known as Major Industry:** Lack of recognition as a major industry hinders the availability of finance to existing and new players. It also affects development and expansion plans.
2. **High Stamp Duty for Transportation:** In addition to the high cost of real estate, the retail sector also faces very high stamp duty on property transfers. This problem is exacerbated by the clear title of the property, while at the same time the land use conversion is time consuming and the legal process for resolving property disputes is also complicated.
3. **High Cost Retail Estate:** In some of the major cities in India retail estate prices are amongst the highest in the world. The rent or lease of property is one of the major areas of expenditure. A high lease rental reduces the profitability of a particular project.
4. **Lack of adequate infrastructure:** Poor roads and lack of infrastructure hamper food and grocery retail development. Existing retailers and supermarkets have to spend a lot of time and money to build a network.
5. **Channel Conflict:** Vendors have a direct relationship with their suppliers globally. Due to the complex taxation and geographical spread of the country, most FMCG companies have developed regional distribution and redistribution networks. Disrupting the distribution network will hurt the operating structure of the distributor.
6. **Shortage of Skilled Manpower:** The bulk of the employment in the retail sector comes from 75-80% of the total manpower working in the organized retail sector from the retail and retail support profile in store operations. But unfortunately there are a lot

of courses that are specific to the retail sector and other streams are undergraduate / postgraduate.

Opportunities of Retailing in India

There are a million middle-class families in the United States, or 300 million middle-class families in the United States, who want to buy value-added products. The US \$ 500 million people in the country under the age of 25 have the right to use more money with the necessary consequences for self-government, aspirations and products. According to a study by MasterCard Worldwide Index of Consumer Confidence, Indian consumers have been ranked as one of the most trusted in the world. The most specific customers are about the strength of the financial system, their personal finances, their career development, etc., increasing their costs, purchasing complementary products, experimenting with products, brands, categories, etc. more than 700 million people in India.

- **Urbanization in the retail sector:** Increased urbanization has shifted customers to one place and thus more and more customers can be caught in a single retail chain today.
- **Atomic family:** The joint family came into existence in a new form as time went on. The income level of the separated family increases as both the members start earning. This definitely shows increasing power and lack of time. The concept of organized retail was as separate families wanted everything under one roof.
- **Employment Opportunities:** Today's retail marketing is the largest job generating industry. Employment in the retail industry is provided to skilled, semi-skilled and unskilled persons which contributes to the socio-economic development of the country.
- **Contract farming:** Retailers today buy most of their produce from farmers and thus reduce the number of middle-aged people, which also gives farmers a fair cost and a fair price to consumers. Most of the retail chains make proper deals with the farmers to get the right amount of crops and vegetables.

- **Price war:** Competition grows in the number of retailers among retailers. Retailers also offer various promotional plans and discounts, purchase a free offer, special celebration offers etc.
- **Reduces supply chain management:** Most manufacturing companies and major retailers come into direct contact with each other, which reduces many intermediary chains. Manufacturers have also come up with many promotional plans for their products that are beneficial to consumers.

Conclusion

There is a huge untapped opportunity in the retail sector, which is a huge investment for new entrants in the country. With a good talent pool, huge market and availability of raw materials at relatively inexpensive cost, India is

expected to be one of the best retail economies in the world by 2050. In the future, this industry will be a major source of employment. The retail industry in India has emerged as the fastest growing and fastest growing industry, with many players entering the market. But all of this has not yet been successful because other start-up investments need to compete with other companies with a break. India retail industry is slowly moving towards becoming the next fastest growing industry. Retail and government need a balanced approach. It must play a very important role in shaping the future. Although tradition is playing an important role in the retail economy, its shortcomings and inefficiencies need to be addressed and that is what is actually happening.

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