

Retail Marketing in India

*¹R.Ganeshkumar & ²DR. K Sudhakaran

¹Assistant Professor Department of Commerce (Ca) S.B.K. College, Aruppuko (India)

²Associate Professor Department of Commerces.B.K. College, Aruppukottai (India)

ARTICLE DETAILS

Article History

Published Online: 03 Oct 2018

Keywords

Retailing, Customer, Indian retailing, E-retailing,

Corresponding Author

Email: sivaranjani2015.j[at]gmail.com

ABSTRACT

The word retailing means to sell in small quantities. The origin if from the French word *retailier* which means to cut, shred, clip or dealin small pieces. In the process of reaching the product to the ultimate consumers, the distribution chain involves many players including manufacturers, raw materials and parts suppliers, aggregators, wholesalers, sub wholesalers, agents and retailers. Retailing includes selling of services. Getting a haircut is purchasing the services of the hairdresser. There is no tangible product that is being purchased; buying a service also involves more or less the same process as that of buying a product.

The public distribution system is perhaps the biggest retailer in India. In Tamilnadu, the TASMAL (wholesale and retail liquor business run by the government) earned high revenues. An equally big retailer is the Canteen Stores Department run by the ministry of defence and earlier called Military Canteen. These stores sell consumers items throughout the country. Retailing is a segment and there are frequent mergers, Collaborations, tie-ups. And changes in the industry. A number of foreign retailers may set shop in India. If the legal and political hurdles are cleared.

1. Retailing

A retailer is one whose main business is retailing. A retailer sells goods or services to consumers for their own use.

Retailing involves selling of products by the retailer. The customer buys a toothpaste or tooth brush for their own use or use by their family members. The product is bought from neighborhood store. Likewise, the fast food restaurant is a physical place. The product or offering served there is consumed immediately or within minutes.

Booking movie tickets using the internet is an example of electronic retailing or online retailing or E-retailing.

2. Importance of Retailing in India

1. Economic Impact of Indian Retailing:-

The BCG/RAI survey estimates the Indian retail industry turnover \$600 billion in 2015. The survey expects the retail market to grow by 12% and achieve a turnover of \$1 trillion by 2020. Out of this, the survey expects modern trade to grow from \$60 billion in 2015 to \$180 billion 2020.

2. Indian Retailing Provides Employment:-

An estimated 30 million people are employed in the retailing sector in India. A vast majority of those employed in retailing are small entrepreneurs. A populous country like Indian needs more entrepreneurs than those seeking employment. As such, retailing provides opportunities for entrepreneurship in urban as well as rural settings. The retailing sector is the second largest employment provider after the agricultural sector.

3. Growth in Organized Retailing:-

It is pertinent to note that early 90% of Indian retail is in the unorganized sector. In developed nations, nearly 70% of the retail market is in the organized sector. With overall growth in India, the organized sector of retailing will slowly expand and lead to further growth of towns and villages. Growth of organized retailing will lead to more jobs and income.

3. Organised Versus Unorganized Retailing

Organised Retailing

1. The organised sector comprises registered retailers, who are provided licences to trade by local authorities.
2. Their transactions are considered to be on record and there is reasonable regulation of their activities.
3. They pay sales and income taxes.
4. They operate in cities and large towns which have a variety of retail formats including malls, hyper markets, super stores, speciality stores and so on.

Unorganised Retailing

1. Unorganised retailers are not registered or regulated.
2. It is very difficult to implement labour laws, legislate or control their operations or record their transaction.
3. Many of the retailers do not play sales and income tax.
4. The unorganized sector consists of small traders, hawkers, neighbourhood stores, grocery stores, and corner shops.

4. Bottlenecks and Challenges Faced by the Retail Industry

The growth of the organized sector is a meagre 10% or less. This is largely due to the following factors:-

1. Supply Chain Bottlenecks:-

Storage facilities and transport logistics are not adequate or at best inefficient for better penetration of organized retail.

2. Heterogeneous Market:-

A boon and a bane, India's diversity provides an opportunity as well as a major drawback in growth of organized retail.

3. Real Estate Prices:-

Most mall spaces are frighteningly expensive. Most Retailers in these spaces operate initially to attract customer to their other locations, or to promote their brand. High operational costs lead to unprofitable businesses. Hence, Sustainability becomes a big question.

4. Availability of Trained Human Resource:-

Organized retail requires trained human resource. This is a major worry for most retailers.

5. Retail Shrinkage:-

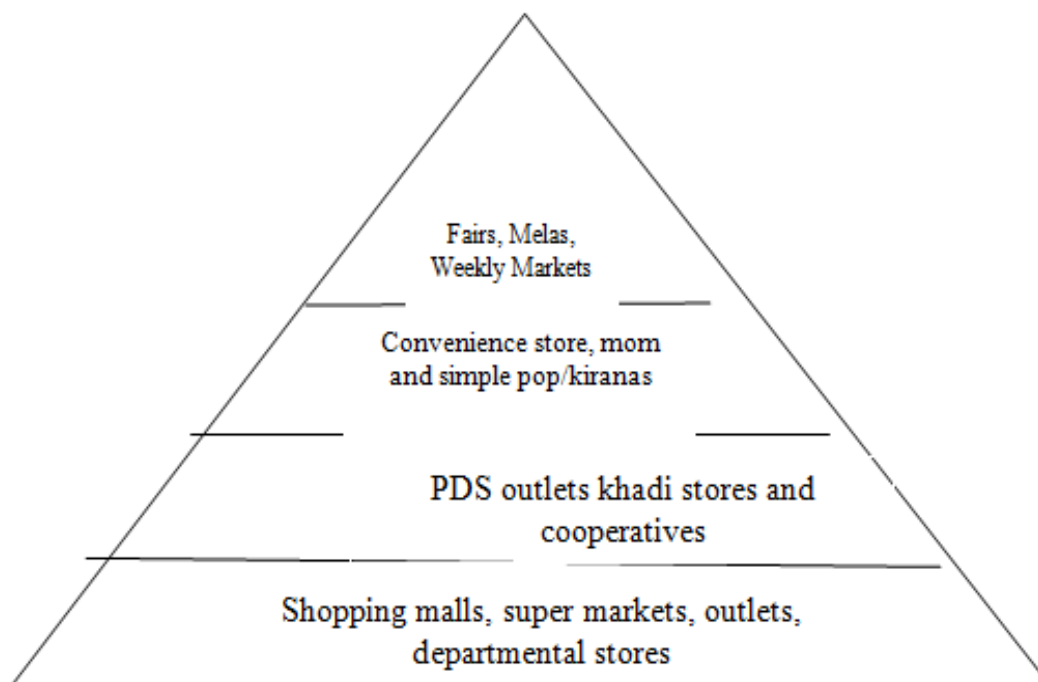
Theft and losses due to unaccounted stock lead to unprofitable businesses.

6. Competition:-

Retailers face competition from amongst themselves, small traders and now from e-retailers.

7. Political/ Legal Hurdles:-

Retailers face multiple and complex taxation regimes. They also face inter-state political rivalries and uncertainty.

5. Evaluation of Indian Retail

Retail World over has been influenced by economic, social and cultural facets of a country are region. Buying goods from fair and near and selling it in places wherever they need the goods is old as civilization. India is a vast country with a large populations mainly dependent an a agriculture as a way of life. So Indian retailing can be traced to villages growth of small stores

6. Indian Retail Industry: Growth, Challenges, and Opportunity

Retail industry in India is undoubtedly one of the fastest growing retail industry in the world. It is the largest among all industries accounting to 10 per cent of the country GDP and employs around 8 per cent of the workforce. India has seen a drastic shopping revolution in terms of format and consumer buying behaviour. From shopping centers to multi-storied malls to huge complexes offering shopping, entertainment and food all under one roof and it is because of this trend that the retail

industry is witnessing a revolution as many new format markets like hypermarkets, supermarkets, departmental stores have made their way in the market.

India has also been world's top sourcing destination in 2016-17 and the share in this category is 55 per cent. In India, a major chunk of the middle class and also the untapped market of retail is an attractive force for all the retail giants from across the globe. Our working population with a median age of 24 years, along with emerging opportunities in the retail sector is one of the major factors of the growth in the retail industry of India. As many new businessmen are entering the industry, there is expected to be a growth in the retail sector.

1. Growth:

The large scope of business and high growth potential, India is attracting investors across the globe. In FDI Confidence Index, India ranks 8th (after U.S., Germany, China, UK, Canada, Japan, and France).

2. Challenges:

Although retail industry in India is on a growing track not everyone has tasted success. Due to various diversities in the state policies and local influences, it becomes a larger hindrance for the retail to expand rapidly.

The high cost of real estate, deep discounting from e-tailers, non-availability of skilled labor in rural market are a few challenges that may hinder the growth of retail industry. Innovative concepts and model shall survive the test of time and investment.

3. Opportunities:

Rural markets show high growth potential if tapped with the right set of products and pricing. With increasing investments in infrastructure, connectivity to such towns is now becoming easier. This helps the retailer to increase reach in such high potential markets.

The private label space in the organized Indian retail industry has begun experiencing an increased level of activity.

The share of private label strategy in the US and the UK markets is 19 per cent and 39 per cent, respectively, while its share in India is just 6 percent. Thus this gives a tremendous opportunity for the homegrown label to expand its base.

India's price competitiveness attracts large retail players to use it as a sourcing base.

Many international retailers are increasing their sourcing from India and are moving from third-party buying offices to establishing their own wholly-owned/wholly-managed sourcing and buying offices

7. Conclusion:

Indian retail industry is no doubt one of the largest and fastest growing industries. Like most developed countries, India's growth also relies on growth of its retail industry. India is a becoming a dynamic market with many international brands entering India to capitalize on the growing consumption pattern shown by the country. With right reforms and government initiatives, India retail industry looks promising, as more and more government policies have come into play, making it favourable to do business.

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