

# Conceptual Framework on Challenges of Organized Retail in India

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## ABSTRACT

India is turning out to be most preferred retail destination on the planet. Today retail area contributing 10% to nation's GDP. Indian retail industry is positioned among the ten biggest retail showcases on the planet. The difference in attitudes of Indian consumers and the rise of organized retail designs have changed the substance of retailing in India. Retaining clients through unwaveringness in monetarily lower layers is another test which they should consider. The proposed examination depends on researching the key factors of organized retail stores and unorganized ones spread across different urban areas. The socio - monetary foundation of the consumer restricts the quantity and quality of utilization however the goals are unbound and should be tended to with specific item structures and creative assistance and financial contributions.

## 1. Introduction

Retail showcasing as a control has experienced a drastic change since its inception and along these lines it gets basic on our part to deliberately comprehend and look at its different components. One fascinating situation that we have run over the most recent two decades is a fast flood in new retail formats. The retail area of India is witnessing a total modification in its growth and speculation situations; there has been a great deal of investigation in the formats of retail by both new and the old players in the market. In the current market structure two retail formats which have been picking up notoriety are hyper markets and stores. One factor that has given an absolutely new measurement to retailing is 'globalization'; globalization is continually assuming an essential job in changing and rebuilding the retail formats all over the globe. This part has offered street to free development of products and ventures over all the retail stores around the world.

Retail is the offer of merchandise to end clients, not for resale, however for use and utilization by the buyer. The word retail is gotten from the French word retailer, which means to slice a piece off or to break mass. In basic terms, it suggests a first – hand transaction with the client. Retailing can be characterized as the purchasing and selling of merchandise and enterprises. It can likewise be characterized as the convenient conveyance of merchandise and ventures requested by consumers at costs that are serious and moderate. In 2004, The High Court of Delhi characterized the term 'Retail' as a deal for conclusive utilization rather than a deal for additional deal or preparing (for example discount), a deal to a definitive consumer. Accordingly retailing can be supposed to be the interface between the maker and the individual consumer purchasing for personal utilization. This avoids direct interface between the manufacturers and institutional purchasers, for example, the administration and other mass clients. Retailing is the last connection that associates the individual consumers with the assembling and circulation chain. A retailer is engaged with the demonstration

of offering products to the individual consumer at an edge of profit.

Retailing is a procedure of reaching the end clients thanks to products and ventures taking advantages of the different channel of circulation for the age of profit and therefore possesses a significant spot in the field of business. Retailing is the capacity that will be performed by the people known as retailers. Flexibly chain the board is the one of the significant capacities engaged with retailing and is organized by the way toward retailing. The merchandise and ventures gave by the retailers are to the utilization of the personal, family or family unit. The retailing segment is a significant angle for the general middle people in the channel of appropriation, for example, manufacturers to empower them to have an authority over their creation without having any interruption while keeping up end connection with the client the same number of endeavors are engaged with keeping up the end connection with the end client or the consumer. The way toward retailing makes the acquisition of products and enterprises simple for the client; along these lines, it is significant on some portion of the retailers to be watchful in their exchanging exercises.



Figure 1: Indian Retail Market

## 2. Literature Review

K. Bhaskar (2017) India is a nation with tremendous population, high heterogeneity and different needs. The retail segment which takes into account this need is exceptionally organized. In this manner there is a requirement for developing and embracing more current retail strategic approaches and rebuilding the retail plans of action of Indian markets. Coming not many years will observe these new practices and plans of action. The Indian Retail Industry offers lucrative advantages to existing and new players. The Indian Retail Industry is one of the largest and quickest developing enterprises adding to over 13% of nations "Gross domestic product and 10% of the absolute employment. Today organized retail outlets and chain stores are expanding with quick pace which is reinforcing the rural division, aside from foundation and different areas. The organized retailing is growing quick as it is being praised by the shopping center culture of urban India. In the race of improvement, level 2 urban areas are not, at this point behind level 1 urban community. What's more, they are creating at a more prominent pace. Studies show that the shopping centers will twofold in numbers in next 6 - 8 years. This shows the shrouded open door in the organized retail industry. This all shows the Indian retail industry is on its way towards turning into the Industry of future India very soon.

B. Kusuma (2013) India is turning out to be most preferred retail destination on the planet. Today retail segment contribute 10% to nation's GDP. Indian retail industry is positioned among the ten largest retail advertises on the planet. The difference in attitudes of Indian consumers and the development of organized retail formats have changed the essence of retailing in India. Organized retailing offers gigantic potential for future growth of retailing in India. This paper gives data about the growth of retailing in India. And furthermore centers around the difficulties looked by organized retail part in India. It likewise stress on significant players of retailers in India and client administrations gave by the retailers. This paper likewise manages different retail formats and the open doors for the growth of retail industry in India and furthermore gives a few proposals to conquer the difficulties.

Ashish Pandey (2017) this complete exploration paper centers upon the nuts and bolts and certain pivotal structure squares of retail advertising as a control. The paper expects to learn and break down subjects, for example, seeing how new retail formats have taken a flood in our nation, profoundly understanding the Indian retailing industry, perceiving the different stands up to that our organized retail part is confronting, distinguishing and talking about the different effective strategies of organized retailers up until now, understanding the different consumer tendencies in ASEAN economies and how their retail showcases are developing, retail advancement the board, goes up against and openings that lie for the retailing segment in India. What's more, the paper additionally endeavors to discover and break down a few others components of retail promoting.

Dr Vishal Srivastava (2019) this article is an endeavor to distinguish the deterrents for the relentless growth in the Indian retail advertise. This paper follows the quantity of corresponding exploration and investigated different business parts of the nation for the decade 2010. It distinguished major infrastructural and operational difficulties of the Indian market looking by organized retails for their reasonable growth. The

examination is constrained to those significant difficulties which significantly affect the general organized Indian retail showcase as it were. Further examinations on a different sub segment of the market can distinguish a couple of increasingly pertinent difficulties too. The retail showcase has colossal employment and economy improvement opportunity inside. The great condition for retail will help India consequently. In understanding, very much encircled strategies considering the recognized difficulties will upgrade the profitability of the segment.

Dr. Sunil Kakkar (2020) The investigation basically centered around the audit of accessible written works for the exploration thought and issues recognized, on the advancement of retail exercises, arranging and strategies of retail exercises and business, models and hypotheses of progress in retail exercises, functions of retailing and conduct of consumers related with purchasing of merchandise and enterprises with specific reference to Indian consumers. The investigation presumed that traits like picture, arrangement and design of the retail store, tidiness, lighting, music, fragrance, data graphics in the retail store, offices offered to consumers and after deal administration of the retail store are the primary factors leading to outline purchasing conduct of consumers.

## 3. Challenges In Retail Sector

The Indian Retail Industry is as yet creating and needs a ton of progress to turn into a prospering Industry. There are such a large number of difficulties looked by Indian Retail Industry like unorganized showcase, stopping issue, Visa issues, scarcely any limited time exercises, long charging lines, less number of preliminary rooms, Competition, less gifted human asset, government approaches, charge structure, unorganized retail segment and so forth. Indian retail Industry needs progressively considerable venture from leading Indian and remote players. Following are the difficulties looked by the Indian retail outlets:-

**Lack of Technology Adoption:** The accessibility, practicality and selection of technology is the significant test looked by the Indian retail outlets. Technology is being utilized for the everyday functioning the retail out lets like charging and installments, anticipation of shrinkage, keeping record of stock, gracefully chain the board. In any case, the extent of technology is more extensive. Other programming's can be utilized like RFID for understanding customer preference, CRM for customer relationship the board and ERP apparatuses for different exercises of the outlets. Indian retail outlets need to receive technology and utilize distinctive top of the line programming's for dealing with the functioning of retail outlets.

**Absence of Infrastructure and Logistics:** Lack of foundation and coordination's is the test looked by organized retail industry. Inefficient foundation and coordination's is bringing about inefficient procedures. This is the significant obstacle of the retailers as non-proficient distribution channel is hard to deal with and brings about tremendous misfortunes. Foundation doesn't have solid base in India. Association and Globalization are compelling organizations to create framework offices transportation including railroad framework must be progressively proficient. Thruway needs to satisfy worldwide guidelines. Air terminal limits and force gracefully must be enhanced. Stockroom offices and opportune distribution are different regions of challenge. To completely use India's

potential in retail area, these significant impediments must be evacuated.

**Price War:** There is value war between various retail associations. Each association is attempting to give products requiring little to no effort and offers different lucrative promotional plans. In such circumstance, it is hard to achieve customer faithfulness and organizations keep peripheral profit to give the merchandise at serious prices.

**Complexity in Tax Structure:** In India charge structure is mind boggling. This assessment structure multifaceted nature is another significant test for Indian retail outlets. The deal charge shift from state to state while organized player need to confront numerous point control and framework. In numerous areas, retailers need to confront a multi point octroi with the presentation of Value Added Tax (VAT) in 2005. Certain oddities in the current deal charge framework causing disturbance in the gracefully chain are, be that as it may, prone to get remedied over some undefined time frame.

**Understanding customer:** Nowadays it is extremely hard to comprehend the customer conduct. Such huge numbers of factors assumes a significant job in affecting the customer conduct and unwaveringness, for example, item quality, administration quality, customer fulfillment, advancements, and offers gave by different players in the market. To achieve the customer reliability such an extensive amount endeavors are required to comprehend the customer conduct and normal market overview is required.

**Online selling companies:** Nowadays such a significant number of web based promoting organizations are coming up. These organizations are giving merchandise to the customer at their entryway step and at lesser prices when contrasted and retail outlets. Online organizations are giving such a significant number of lucrative proposals to the customers. So this is likewise a significant test for the retail outlets.

With the second largest population, a more prominent number of white collar class, quick urbanization and relentless growth of the web Indian Retail Industry communicating colossal potential for global just as the domestic retailer. Indian is a demonstrated potential market for global retail players. This market is currently served by practically all the perceived retail houses. The demography as well as the administration arrangements are supporting the global players to put resources into this profitable geology. By and by retail advertise represents about 10% of the country's Gross Domestic Product (GDP) and around 8 % of the complete employment. Developing youth based economy lead colossal open door in way of life item retailing in India. The Indian market has set up as 'Most Promising Land' for the retailers. With assessed growth at a CAGR of over 17% by the Indian Brand Equity Foundation (IBEF), it is normal that the Indian retail market will reach to more than USD 1,300 billion by 2020. Thinking about Private Final Consumption Expenditure (EPFC), Indian retail market will develop by about 12.5% year-on-year till 2020. In addition, Credit Analysis and Research Limited (CARE) determined that by 2010, the nation's retail industry would accomplish a growth rate of around 12-14% and reach about USD 1,150 billion. Another exploration work recognized that with around 9% organized and just 2% web based retailing, the domestic retail is developing at 8-10 percent a year on a normal.



Figure 2: market size of Retail Industry

#### 4. Structure of retail market in India organised and Unorganised Retail

The complete retail segment in India can be partitioned into organized and unorganized areas. The trading exercises attempted by authorized retailers are classified as organized retailing. Authorized retailers are the individuals who are enlisted for deals charge, annual duty, and so forth. These incorporate the corporate-upheld hypermarkets and retail chains, and furthermore the privately claimed enormous retail organizations. Unorganized retail or customary retail then again, incorporate an enormous number of little retailers that comprises of nearby kirana shops, proprietor kept an eye on broad stores, scientists, footwear shops, clothing shops, paan and beedi (neighborhood betel leaf and tobacco) shops, wheel barrow sellers, asphalt merchants, and so on. Retailing is one of the most unmistakable businesses in created markets while in creating economies the idea had happened a lot later. The commitment of US retail division to the GDP was 31% at current market prices in 2008. In created economies, organized retail has a 75-80% offer in all out retail while in creating economies; it is the un-organized retail that has a predominant offer. The Indian retail area is exceptionally divided. More than 90% of its business is being controlled by the unorganized retailers like the conventional family run stores and corner stores. The organized retail in India is at an incipient stage. In any case, so as to build its offer in absolute retail, endeavors are being made to acquire a gigantic open door for forthcoming new players. India's retail part is going towards modernization.

#### 5. Opportunities for Organized Retail Sector

There are numerous factors which go about as open doors for the organized retail players and have a positive effect. As Indian economy is the fourth largest economy on the planet and third largest regarding buying power equality. This blasting economy is one of the central points of chance for the organized players. The higher dealing intensity of the retailers with the providers is another open door for organized retailing. Huge retailers buy in mass and appreciate low prices. Huge retailers operate on low edges and receive the reward of economies of scale. In house brands or private names are acquainted by the retailers with increment the deals and in this way expanding the piece of the pie. Private names are utilized by the retailers to separate themselves from the contenders. Another enormous open door for the Indian retailers are the changing age profile of spenders. India is a youthful country when contrasted with different nations. This would bring about elevated level of spending on relaxation exercises and

furthermore the consumption level would go up on a higher side. It would likewise bring about higher interest in economy and generate exchange openings. There is a proportionate increment in spending of the overall population likewise as of late. Consumer spending the expanded pattern of incautious shopping is the significant wellspring of chance for the organized retailers. A hasty purchase is a spontaneous buy, a purchasing choice taken in the wake of seeing the product. This child of purchasing is typically found in adolescent and would be a major aid for the organized retailers as the dominant part population in India is youthful. The gigantic growth occurring in level II urban communities like Bhopal, Ahmedabad, Nagpur, Hyderabad, Lucknow, Jaipur and so forth is greatest open doors for the organized retailers. Additionally the quickly developing white collar class population is significant lift for the organized retailers. Extra cash of this segment is relied upon to be around 8.5 % dad. in 2015. Nagpur is a significant destination in Vidharbah area of Maharashtra and the winter capital of Maharashtra. It has a significant commitment for the improvement of the locale. Since its focal point of India the city appreciates different advantages .Its population are multi lingual and multi social. Individuals across focal India settle down in Nagpur for different reasons like advanced education, work position, business openings and so on.

## 6. Conclusion

This paper endeavors to the scene of the retail advertise in India, types of retail showcases in India, winning retail formats in India and it chiefly centers around the market space and growth for organized retail showcase and the special difficulties. Unorganized retailers overwhelm the Indian retail division retailers as this area own 92 percent of the retail stores and the portion of the organized retail part is just eight percent. At present, the organized retail industry is in growth stage, where quantities of retail formats are entering step by step. The significant chance and difficulties for both organized and unorganized retailers stay same as they see each other as their greatest danger. There would be a success win circumstance for both on the off chance that they relieve the difficulties and influence on the open doors that could profit the two areas. It is difficult to deal with all the chance and difficulties factors at the same time. To improve the growth the organized retailers needs to receive strategies regarding interest in technology and in gracefully chain the board. Interest in technology would lessen their wastage of time, merchandise and endeavors. Retail showcasing has been considered as a race without the completion time. The current examination has it restrictions as the determination of test was critical and this may not be totally illustrative of current retail situation in India.

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