

Retail Topography of India — A Contemporary Analysis

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ABSTRACT

The detailed analysis of the data related to the size & growth, major segments and major players of Indian retail market establishes the fact Indian retail topography is still dominated by the organized. However, organized retailing is growing at a constant and rapid rate of 19 % but the unorganized retailing is also doing well with a year on year growth rate of 10-11 %. As far as the different segments of Indian retail sector are concerned, organized retailing has significantly penetrated the segments like footwear, consumer durables, clothing & textiles and food & beverages. Finally, this study concludes that though the share of organized retailing is increasing year by year but unorganized retailing will also survive in long run and the Indian retail topography will always remain a blend of various forms, types, formats and segments of retailing.

1. Introduction

Retailing is an age-old phenomenon. Started with the barter system retailing has reached at its peak with the help of latest technology. From the traditional Mandis, Haats, Melas and local Kirana Stores to the modern Supermarkets, Hypermarkets, Specialty Stores and Department Stores; Indian retailing has indeed come a long way. There is no doubt that the modern retail practices have increased customer satisfaction to many folds. But the challenges are no less for the modern retailers, especially in a country like India, where customers are highly price-sensitive and value-driven. Therefore, it becomes indispensable to understand, study and analyze the topography of Indian retailing so that the potentially growing areas of Indian retail sector may be identified in a better way. Literally, topography means the study of forms and features of a particular piece of land. Hence forth, "Retail Topography of India" stands for an understanding of the forms, formats, types and segments of retailing currently prevalent in India.

On the one hand, the traditional retailing which is popularly known as unorganized retailing, is undoubtedly a major part of Indian retail market. Examples include pavement vendors and hawkers to small kiosks, paan-beedi walas, kirana stores, chemists etc. On the other hand the organized retailing is penetrating the modern Indian retail market in the form of multi-storied shopping malls, large shopping centres, shopping complexes, supermarkets, hypermarkets and department stores; providing shopping, dining, and different forms of entertainment under one roof.

India has witnessed a revolution in the retail sector over the last one decade. Retailing has become India's largest industry after agriculture. About 8% Indian population is employed in this industry. It also contributes about 10% to the country's GDP. India is rightly called the "nation of shopkeepers" as there are more than 14 million retail outlets of different sizes across the country. The Indian Retail Industry is one of the most dynamic and fastest growing industries with a remarkable employment prospective. During the last 2-3 decades, so many international brands have become the part of Indian retail sector and thus have added to India's gross domestic product. Based on the consumers' choices,

preferences and attitudes, India's shopping and retailing scenario has got transformed dramatically.

If we are interested in exploring the reasons behind India's suitability for retailing, we will have to keep in mind that economics plays an important role. Due to the increased awareness and disposable income levels, the consumption expenditure of in India is rising constantly. In India, currently the total expenditure in consumption is around \$ 1,824 billion. India is world's fifth largest retail space which is expected to grow at much faster rate in future. FMCG market in rural India is also growing at a rapid pace, the current size of Indian FMCG market is around Rs. 3.4 lakh crore. Increasing FDI in the retail infrastructure along with world's fastest growing online market, undoubtedly Indian retailing has a very promising future. Therefore, it is quite worthwhile to understand, study and analyze the topography of Indian retail market.

2. Objective of the Study:-

The main objective of the present study is to understand study and analyze the contemporary topography of Indian retailing. More precisely, the said objective has been achieved by analyzing the secondary data pertaining to the size & growth, major segments and major players of Indian retail market.

3. Methods & Material :-

The present study is an exploratory kind of research study. The study focuses on the contemporary retail scenario in India. It is also concerned with the study and analysis of the current size, growth, segments and players of Indian retail market. Moreover, this study is based on the secondary data retrieved from reliable and well-known sources. Again, a discussion-based approach has been used to draw useful inferences and state the concluding remarks.

4. Results & Discussion: -

(a) Indian Retail Market – Size & Growth :-

The data with regard to the size and growth of Indian retail sector have been presented in Table-01, Table-02 and

Table-03. The said tabular representation of data is as below —

Table-01: Indian Retail Market Size (in \$ Billion)

S.N.	Year	Indian Retail Market Size (in \$ Billion)		
		Organised Sector	Unorganised Sector	Total
1.	2014	39.26	462.43	501.69
2.	2015	46.82	509.94	556.76
3.	2016	55.84	563.55	619.39
4.	2017	66.6	627.4	694
5.	2018	79.43	697.72	777.14

Source: Technopak Analysis, 2018

It is quite evident from Table- 01 that the total size of Indian retail market is increasing significantly year-by-year. In 2014, it was 501.69 \$ Billion and finally in 2018 it is 777.14 \$ Billion. Again, the size of organized sector as well as the unorganized sector has witnessed remarkable growth from

2014 to 2018. The size of organized sector is significantly greater than the size of the unorganized sector. Notably, the increment in the size of overall retail market has been maximum from 2017 to 2018.

Table- 02: Indian Retail Market Size (in Percentage)

S.N.	Year	Indian Retail Market Size (in Percentage)		
		Organised Sector	Unorganised Sector	Total
1.	2014	8 %	92 %	100 %
2.	2015	8 %	92 %	100 %
3.	2016	9 %	91 %	100 %
4.	2017	10 %	90 %	100 %
5.	2018	10 %	90 %	100 %

Source: Technopak Analysis, 2018

It can be observed from Table- 02 that the penetration of organized sector into Indian retailing is increasing year by year. Though this penetration is not increasing at a rapid pace but it is increasing constantly. From 2014 to 2018, the share of

organized retailing has increased from 8 % to 10 %. It is also a fact that up to the year 2005, the share of organized retailing in India was only 2 %.

Table- 03: Indian Retail Market (Year on Year Growth Rate)

S.N.	Year	Indian Retail Market (Year on Year Growth Rate)		
		Organised Sector	Unorganised Sector	Total
2.	2015	19 %	10 %	100 %
3.	2016	19 %	11 %	100 %
4.	2017	19 %	11 %	100 %
5.	2018	19 %	11 %	100 %

Source: Technopak Analysis, 2018

As far as the year on year growth rate is concerned, Table-03 clearly depicts that the organized sector has been maintaining a constant and strong growth rate of 19 % since 2015. On the other hand, unorganized retailing has also grown with a stable growth rate of 10-11 %. These figures prove that Indian retail industry is strengthening significantly year by year.

(b) Indian Retail Market – Major Segments :-

At present the major segments of Indian retail market are—

- 1) **Food & Beverages** – This segment comprise of Food & Grocery and Food & Beverages. The Food & Grocery sector includes fresh groceries, packaged branded food, personal hygiene products & toiletries and dry unprocessed groceries. On the other hand, the Food & Beverages sector includes catering services & restaurants, fast food centres etc.
- 2) **Clothing & Textiles** – This segment includes fabric and readymade garments. Readymade garments mean the ready-to-wear apparel. Readymade

garments include shirts, trousers, T-shirts, ladies' dresses and hosiery items socks, inner wear and kids wear. On the other hand, textiles refer to various types of fabric like synthetic, cotton, silk, wool and blends.

- 3) **Consumer Durables** – This segment is supposed to comprise of televisions, refrigerators, washing machines, air conditioners and microwaves. The consumer durable market in India has seen a proliferation of brands and product categories in recent years. All the major international brands from Japan, South Korea, US, Europe and China are operating in India with varying degrees of success. Most brands are still trying to build a pan-India dealer network.
- 4) **Jewellery & Watches** – The two major segments of this sector are gold jewellery and diamonds. Gold jewellery forms around 80 % of the Indian jewellery market, with the balance comprising of fabricated studded jewellery that includes diamond as well as gemstone studded jewellery. The third segment of this sector are the wrist watches, that can further be classified into mens' watches and womens' watches.
- 5) **Home Decor**-- This segment includes the products used for decorating the home such as furniture, fixtures and home accessories. Home accessories include carpets, paintings, curtains, cushions, table clothes, decorative craft products and so on. These

items are commonly used in indoor furnishings. Fixtures are the things that are permanently or semi-permanently attached to the property e.g. outdoor sheds, lamps, built-in shelves, drawers etc. finally furniture includes items like tables, chairs, beds etc.

- 6) **Beauty Care** – This segment includes cosmetics, skin care and personal care products. The can also be classified as men's care products and women's care products. The examples of beauty care products are beauty creams, face washes, beauty soaps, cleansers, face powders, moisturizers, toners, hair shampoos, hair conditioners, hair oils, hair gels, perfumes, deodorants, shaving creams & gels, after shave lotion and so on.
- 7) **Footwear** – The footwear market primarily comprises of footwear for men, women and children. This segment is classified into shoes, boots, slippers and overshoes and is further classified into active sports, spectator sports and dress wear. Within each type there are further varieties, shapes, styles and ornamentations.
- 8) **Books, Music & Gifts** – This category includes books (fiction and non-fiction), music CDs, movie DVDs, pen drives, memory cards, iPods and gift items like gift cards, mementoes, picture frames, flower pots, toys, sports goods etc.

Table 04- Indian Retail Market across Segments

S.N.	Retail Segment	Indian Retail Market		
		Organised Sector	Unorganised Sector	Total
1.	Food & Beverages	13.08 %	86.20 %	100 %
2.	Clothing & Textiles	16.39 %	83.61 %	100 %
3.	Consumer Durables	17.04 %	82.96 %	100 %
4.	Jewellery & Watches	6.19 %	93.81 %	100 %
5.	Home Decor	8.76 %	91.24 %	100 %
6.	Beauty Care	3.56 %	96.44 %	100 %
7.	Footwear	32.84 %	67.16 %	100 %
7.	Books, Music and Gifts	0.98 %	99.02 %	100 %

Source: Orsil Research

Table-04 exhibits that almost all the segments of Indian retail market are still being dominated by the unorganized retailers. However, the significant penetration of organized retailing is clearly visible in Footwear, Consumer Durables, Clothing & Textiles and Food & Beverages segments. Again, Books, Music & Gifts; Beauty Care, Jewellery & Watches and Home Decor are the segments which have been least tapped by the organized retailers so far.

(c) Indian Retail Market – Major Players :-

At present the major players in Indian retail market are—

- 1) **Pantaloon Retail**-- It is headquartered in Mumbai with 450 stores across the country employing more than 18,000 people. It can boast of launching the first

hypermarket Big Bazaar in India in 2001. With an all-India retail space of 5 million sq. ft., it is the largest retailer in India. It is present across most retail segments -- food & grocery (Big Bazaar, Food Bazaar), home solutions (Hometown, Furniture Bazaar, Collection-i), consumer electronics (e-zone), shoes (Shoe Factory), books; music & gifts (Depot), health & beauty care services (Star, Sitara and Health Village), e-tailing (futurbazaar.com) and entertainment (Bowling Co.).

- 2) **K Raheja Group**-- They forayed into retail with Shopper's Stop, India's first departmental store in 2001. It is the only retailer from India to become a member of the prestigious Intercontinental Group of Departmental Stores (IGDS). They have signed a

50:50 joint venture with the Nuance Group for Airport Retailing. Shoppers Stop has 7, 52, 00 sq ft of retail space. The first Hypercity opened in Mumbai in 2006 with an area of 1, 20,000 sq. ft. clocking gross sales of Rs. 1 bn. in its first year. Crossword brand of book stores, Homes Stop (a store for home solutions) and Mothercare (a concept stocking merchandise related to childcare) are also owned by them. Raheja's have also signed an MoU with the Home Retail Group of UK to enter into a franchise arrangement for the Argos formats of catalogue & internet retailing.

- 3) **Tata Group**-- Established in 1998, Trent -- one of the subsidiaries of Tata Group operates Westside (a lifestyle retail chain) and Star India Bazaar (a hypermarket with a large assortment of products at the lowest prices). In 2005, it acquired Landmark, India's largest book and music retailer. Trent has more than 4 lakh sq. ft. space across the country. Tata's has also formed a subsidiary named Infiniti retail which consists of Croma (a consumer electronics chain). It is a 15000-17000 sq. ft. format with 8 stores as on September 2007. Another subsidiary, Titan Industries, owns brands like "Titan", the watch of India has 200 exclusive outlets across the country and Tanishq, the jewellery brand, has 87 exclusive outlets. Trent plans to open 27 more stores across its retail formats adding 1.5 mn. sq ft of space in the next 12 DLF malls.
- 4) **RPG Group**-- One of the first entrants into organized food & grocery retail with Foodworld stores in 1996 and then formed an alliance with Dairy Farm International and launched Health & Glow (pharmacy & beauty care) outlets. Now the alliance has dissolved and RPG has Spencer's Hyper, Super, Daily and Express formats and Music World stores across the country. RPG has 6 lakh sq. ft. of retail space. It is planning to venture into books retail, with the launch of its own bookstores "Books and Beyond" very soon. An IPO is also in the offering, with expansion to 450+ MusicWorld, 50+ Spencer's hyper outlets covering 4 million sq. ft.
- 5) **Landmark Group**— Landmark group was launched in 1998 in India. Lifestyle is spread across six cities, covering 4.6 lakh sq. ft. with a turnover of Rs 3.5 billion in 2005. A new division named Lifestyle International has emerged for their international brands business comprising Bossino, Kappa and Springfield in their portfolio. Their retail mix includes Home solutions (Home centre), fashion (lifestyle, landmark International), value retailing (max retail), hypermarkets & supermarkets (Max), kids entertainment (Fun City). They have plans to expand their Max chain and Citymax 3 star hotel chain. They have already instituted a separate company christened Citymax Hotels (India).
- 6) **Piramal Group**— In September 1999, Piramal Enterprises announced their arrival into retail with the launch of three retail concepts: India's first true shopping mall of international standards, called Crossroads; a lifestyle department store named Piramyd Megastore; and a family entertainment centre

known as Jammin. Piramyd Megastore and Jammin were anchor tenants for Crossroads (sold to Pantaloon for Rs 4 billion). In 2001, the group entered the business of food & grocery retail with the launch of TruMart supermarkets in Pune. They have around 18 TruMart stores covering 1.90 lakh sq. ft. Piramyd Megastores contribute more than 70 % to their retail mix.

- 7) **Bharti-Walmart**— They have plans to invest US\$ 7 bn. for creating retail network across the country including 100 hypermarkets and several hundred small stores. They have signed a 50:50 percent joint venture agreement with Walmart. Wal-Mart will do the cash & carry while Bharti will do the front-end.
- 8) **Reliance**— India's most ambitious retail plans are by reliance, with investments to the tune of Rs. 30,000 crore to set up multiple formats with expected sales of Rs 90,000 crores. There are already more than 300 Reliance Fresh stores and the first Reliance Mart Hypermart has opened in Ahmedabad. The next ones are slated to open at important locations across the country very soon.
- 9) **AV Birla Group**— They have a strong presence in apparel retailing through Madura garments which is subsidiary of Aditya Birla Nuvo Ltd. They own brands like Louis Phillipe, Van Heusen, Allen Solly, Peter England, Trouser town. The acquisition of Trinethra (food & grocery) chain in the south has moved their tally to 400 stores in the country. Their "More" range of 15 supermarkets are slated to open at various tier II cities in western India.

5. Conclusion:-

The present study is an attempt to understand study and analyze the diverse topography of Indian retail market. To this end, we studied and analyzed the secondary data presented in Table-01, 02, 03 and 04.

Table-01 deals with the data related to the total Indian retail market size and also the corresponding sizes of organized and unorganized sectors. Table-01 clearly depicts that the total size of Indian retail market is increasing significantly year-by-year. Again, the size of organized sector as well as the unorganized sector has witnessed remarkable growth from 2014 to 2018. The size of organized sector is significantly greater than the size of the unorganized sector.

Table- 02 reveals that the penetration of organized sector into Indian retailing is increasing year by year. Though this penetration is not increasing at a rapid pace but it is increasing constantly. From 2014 to 2018, the share of organized retailing has increased from 8 % to 10 %.

Table- 03 is related to the data with regard to year on year growth rate. This table exhibits that organized sector has been maintaining a constant and strong growth rate of 19 % since 2015. Similarly, the unorganized retailing sector also has a stable growth rate of 10-11 %. These figures prove that Indian retail industry is strengthening significantly year by year.

Table- 04 depicts that almost all the segments of Indian retail market are still being dominated by the unorganized retailers. However, the significant penetration of organized retailing is clearly visible in Footwear, Consumer Durables, Clothing & Textiles and Food & Beverages segments.

Finally, we can fairly conclude that though the share of organized retailing is increasing year by year but unorganized retailing will also survive in long run. In other words, we can say

that the retail topography of India is and will always remain a blend of diverse forms, types, formats and segments of retailing.

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