



LOGISTICS ROLE IN THE DOMESTIC RETAIL MARKET BETWEEN INDIA AND THAILAND

¹PROF. HASMUKH PANCHAL, ²Hardik Bhuva, ³Watcharapol Bandit

¹Assistant professor – Parul university

^{2,3}Student, MBA-LSCM, Faculty of Management Studies, Parul University

ABSTRACT

When it comes to the South Asian economy, Thailand is a major player. Bangkok, the country's capital, is the country's social and economic centre. It piqued the interest of several foreign retailers, who subsequently set up shop in Thailand. Its retail sector is developing rapidly to accommodate the needs of internet-enabled shoppers with a wide range of preferences.

As a result of the pandemic, the Thai economy as a whole and several economic sectors have suffered. The expansion of Thailand's consumer market has been propelled by the country's improving economic situation. Thailand's food retail industry is forecast to develop mildly to moderately, with online food retail witnessing significant growth despite the predicted contraction of 5-10% for the first quarter of 2020 due to the effect of the epidemic on the retail sector as a whole.

While the retail industry as a whole in Thailand has been hit hard, convenience shops and online shopping have thrived despite the downturn.

Grocery product sales via the internet distribution channel increased dramatically during the - triggered shutdown period in 2020.

Rapid development in contemporary retail was seen in Bangkok and other highly urbanized cities as a result of rising tourism and a number of government initiatives, including the opening of the domestic market to international investors and the use of cutting-edge technology in the retail industry.

GENERAL INFORMATION

Most Thai logistics companies are rather modest in size. The vast majority of Thailand's local logistics providers are trucking fleet owners that transport goods around the country. Thailand is one of six nations in the Greater Mekong Sub-region working to promote cross-border transportation connectivity by bolstering its transportation links among other member countries. Sales in the transportation and warehousing industry have been rising steadily over the last several years.

There are a number of concerns that might slow the expansion of the logistics business in Thailand, but the rising popularity of online shopping has been a major driver in increasing demand for logistics services. Researchers at our company analyzed past data to determine how would affect the logistics sector in Thailand. Defining objectives and honing marketing approaches to obtain an advantage might benefit from a comprehensive examination of the factors.

Important Force in the Thai Logistics Market

One of the primary reasons contributing to the expansion of the logistics industry in Thailand is the rising prevalence of online shopping, which in turn increases the need for logistics providers. A growing middle class in the Association of Southeast Asian Nations is driving innovation in e-commerce and customer demand for high-quality items. In addition, the 57 million or so Thai internet users are already well-versed in digital technology, mobile, and e-commerce, making the nation a fertile ground for e-commerce expansion.

As a result, companies like Central Group, Aden, DHL Express Thailand, and Kerry Express are providing comprehensive domestic shipping services, including the introduction of low-priced yet high-quality logistics services. To put it another way, this implies cheaper, quicker, and more convenient delivery to customers for small and medium-sized businesses (SMEs). These developments are projected to have a beneficial effect on Thailand's supply chain management.

ABOUT THE COMPANY / INDUSTRY / SECTOR

INDUSTRY PROFILE

Value Chain Analysis of the Thai Logistics Market

Vendors in the Thai logistics market have until 2024 to take use of the data we present in our research, which details the value chain analysis of the industry. The optimization of profit margins and the assessment of company plans need a comprehensive grasp of value chains. Our value chain analysis section contains information that may be used by businesses to save expenses and improve customer service in the future. Over the course of the projection period, the manufacturing sector in Thailand will increase its market share of the logistics industry significantly. Manufacturers' increasing need for higher output is largely responsible for the rise in the use of industrial robots to handle logistics on the factory floor, a trend that should have a beneficial effect on the targeted market during the same time frame.

An accurate forecast of each segment's contribution to the expansion of Thailand's logistics market size and insightful market knowledge on the influence on each segment are provided in this study.

Thais use the term "logistics service" to describe a range of activities that include both manufacturing and the distribution of final products. Some examples include customs brokerage, inventory management, order fulfillment, and product repair on top of standard freight forwarding and warehouse operations. In 2020, the World Bank reported that the majority of Thailand's 9,800

logistic operators were sole proprietorships. Most local Thai logistics providers are truck fleet operators that pick up and drop off packages. To improve cross-border transportation connections, Thailand is one of six nations in the Greater Mekong Sub-region seeking to improve its transportation ties with other member countries. The logistics market doubled from \$80 billion (2,500 THB) in 2019 to 146.2 billion (4,600 THB) in 2020.

The majority of imports and exports from Thailand are transported through road. Bordering Myanmar, Laos, Malaysia, and Cambodia, the country has a central location in Southeast Asia that facilitates commerce with its neighbours. Roadways are now the most popular means of transporting freight in the nation because of the country's enormous road network. There was a pick-up in the logistics industry over the study period, which resulted in a 9% CAGR (2020-2027). Existing logistics firms in Thailand are likely to be under increased pressure to modernize their operations in the near future as a result of the anticipated influx of long-term foreign direct investment (FDI) into technology-driven industrial sectors like electronics and autos.

For the rest of ASEAN, Thailand is crucial as a logistical and transport centre. Thailand may be found in mainland Southeast Asia, as well as in Indochina. Its nearest neighbours are Myanmar, Laos, Cambodia, and Malaysia. The Greater Mekong Sub-region is of interest to many international industrial companies (GMS). Vietnam and Myanmar are being eyed as potential production hubs in order to keep product prices low for Asian markets. It's because ASEAN countries like China have seen their product prices rise.

OVERVIEW OF WORLD MARKET

The logistics of a country's economy may make or break it. It's about maintaining command over where and how things are stored and transported. Logistics management include identifying viable distributors and suppliers and evaluating their suitability in terms of efficiency and accessibility. Assuming a strong logistics industry, it is a distinguishing sector that may significantly affect any country's exports, providing a considerable competitive advantage. Managing transportation, stock, information, and customer service are all part of logistics. Not only does it affect the prosperity of the nation's supply chain, but it also has far-reaching global effects. The degree to which businesses can keep up with demand is largely dependent on the efficiency of their logistical operations.

An Overview of India's Logistics Industry

It is estimated that logistics in India contributes 14.4% to the country's GDP. It's the primary source of income for over 22 million individuals. In order to aid in the country's Integrated Development of Logistics Sector, the Commerce Department formed a logistics section on July 7th, 2017. The division is led by the Special Secretary to the Government of India, who has been tasked with formulating a strategy to enhance India's logistics system as a whole by implementing new policies, enhancing existing ones, filling in the gaps that exist, and embracing technological advancements. There are 37 export promotion councils, 40 PGAs, 20 government organizations, 10,000 goods, and 500 certifications in India's logistics business.

The logistics market in India was estimated to be around Rs 15.1 lakh crore (\$190 billion) in 2019. Operators of less than five vehicles, brokers or affiliates of transport firms, small-scale warehouse owners, customs brokers, and freight forwarders are all part of the 99% of the logistics industry that is unorganized. Changes and improvements in international trade logistics throughout time are reflected in worldwide indexes. India's 2021 score of 90.3% on the United UNESCAP Global Survey on Digital and Sustainable Trade Facilitation is indicative of the country's progress in the logistics industry; this impressive increase from the country's 2019 score of 78.5% is the result of higher averages for five key variables. This score has been on the rise since 2015, when it was at 63.4%; in 2017, it was at 67.7%.

OVERVIEW OF INDIAN MARKET

A significant portion of India's GDP—about 10 percent—comes from the retail sector. The retail industry in India is worth an estimated 600 billion, placing it in the top five retail markets globally. With a population of over 1.2 billion, India is quickly becoming one of the world's most lucrative consumer marketplaces.

As of 2003, most stores in India were independently owned and operated. Larger format supermarkets and convenience shops made up just 4 percent of the sector in 2010. This demographic was concentrated in major metropolitan areas. Some 40 million Indians, or 3.3% of the country's total population, work in retail and logistics in India.

Forbidden by the Indian government until 2011, foreign groups were not allowed to own any supermarkets, convenience shops, or other retail

locations that carried several brands. To sell a single brand at a store required at least 51% ownership and a cumbersome administrative procedure. The [insert reference here]

The Indian government made changes to the retail sector in November 2011 that applied to both chains and specialty shops. These regulatory changes opened the door for huge corporations like IKEA, Nike, and Apple to compete with multi-brand stores like Walmart and Carrefour. Both proponents and detractors of the changes were quite active after the announcement. The Indian government delayed its retail reforms in December 2011 in the face of opposition pressure.

In January 2012, India passed changes for single-brand shops, allowing any company, regardless of where it is based, to have full ownership and enter the Indian retail sector. However, the company must purchase at least 30 percent of its inventory in India. The Indian government still hasn't implemented its multi-brand shop retail reforms.

ABOUT MAJOR COMPANIES IN THE INDUSTRY

Many new companies have entered the Indian retail market, making it one of the most exciting and rapidly developing sectors of the economy. It's responsible for nearly 10% of GDP and 8% of jobs in the nation. When it comes to international shopping destinations, India ranks in at number five. According to the 2019 Business-to-Consumer. E-commerce Index published by the United Nations Conference on Trade and Development. India ranks 73 out of 190 countries. With a Doing Business 2020 ranking of #63, India is the world's fifth-largest retail destination.

Growth in the retail sector in India is expected to be spurred by the country's sizable middle class and the fact that much of the country's retail industry remains untapped by global retail giants. Branded items in areas including clothing, cosmetics, footwear, watches, drinks, cuisine, and jewellery are increasingly becoming into business and leisure favourites among urban Indian consumers as their spending power rises. According to a recent report by the Boston Consulting Group, India's retail industry would be worth a staggering US 2 trillion by 2032. The retail business in India is one of the most rapidly expanding in the world. According to the World Bank's Doing Business 2020 report and the UNCTAD's 2019 Business-to-Consumer E-commerce Index, India rated 63 and 73, respectively. By 2021's close, the direct selling market in India is predicted to have reached a value of 2.14 billion.

India has quickly become one of the world's most popular shopping hubs, ranking fifth biggest overall. In terms of the number of stores per inhabitant, the nation is among the highest in the world. The retail industry in India is expanding rapidly, with new stores opening not just in India's metropolises but also in the country's secondary and tertiary hubs.

By 2024, the percentage of consumers who do at least some of their shopping online is projected to rise to 10.7 percent, up from 4.7% in 2019. India Ratings and Research (Ind-Ra) predicts a ten percent year-over-year growth in FY22 for domestically based, organized food and grocery stores. In the next four years, mobile shopping in India is forecast to rise at an annual rate of 21%, propelling the whole e-commerce market in the country to a whopping US111 billion by 2024.

PRODUCT PROFILE

Technology acceptance

Most small and medium-sized forwarders still don't make advantage of cutting-edge technologies, despite all the improvements to the underlying infrastructure. For this reason, the freight forwarding industry has great potential for development in the years ahead. In the recent decade, the Thai government has invested much in overcoming logistical inefficiencies; one key strategy has been the widespread use of digital systems. Government activities in this area include the implementation of an electronic customs system. The goal of this system is to streamline the customs clearance process for importers, exporters, brokers, and forwarders by eliminating paperwork.

Growth of Online Shopping

As a result of widespread digitalization, the e-commerce industry has developed significantly in recent decades. The booming e-commerce logistics industry in Thailand may be directly attributed to the country's more than 57 million tech-savvy internet users. As the e-commerce market grows, more and more logistics firms have begun to provide low-cost, door-to-door domestic package delivery services. There are also many more pick-up and delivery hubs and centralized warehouses spread out over the nation.

ASEAN Economic Community's Importance

Because of its strategic location in the Greater Mekong Sub-region, Thailand has become a major logistical centre, thanks in large part to the ASEAN Economic Community (AEC). Direct expansion in the transportation and logistics industry may be traced back to the increasing consumer markets in ASEAN and the increase in FDI. Thailand's

potential for international commerce with other ASEAN nations including Vietnam, Cambodia, Laos, and Myanmar has grown as the AEC has developed. That's why the logistics sector is so cutthroat: every player is vying for a larger slice of the pie at the expense of their rivals.

4. INTRODUCTION OF THE STUDY

The manufacturing and service provisioning supply chains are both represented in the modern Indian logistics industry. Business and government have recently come together to invest more heavily in logistics infrastructure. Too little focus has been placed on infrastructure management, which is essential for maintaining competitiveness in the face of increased competition from other sectors. Growth in an economy might be stifled by inadequate logistical infrastructure. When implemented, the logistics management routine may help mitigate such drawbacks while delivering cutting-edge competitiveness.

In India's economy, the industry faces a number of threats and possibilities. Lack of coordination between shipping systems, computers, and warehouses is the largest problem in logistics today. National, regional, and municipal governments all have regulatory authority, but they each enforce their own unique set of rules. The lack of a uniform set of rules throughout the country has prevented the development of comprehensive infrastructure. The third-party logistics, manufacturing, and retail industries cannot function without properly trained workers.

4.1 LITERATURE REVIEW

References: **Paul Breathy, Frank O'Connell** (1998). Several causes are discussed in this study, all of which contribute to the prominence of

airport retailing as a source of revenue for many airports. Retailers, he argues, now have far more leverage in negotiations with suppliers and on the market as a whole.

The **Rowley, Jennifer** (1999) When crossing foreign borders, vacationers often feel free from the constraints of time and date. The primary goal of this research was to examine the departure lounge environment, specifically how the atmosphere of airport stores contributes to passengers' loss of sense of time and location. He considers a wide variety of factors, including the ambiance and service, the selection, the shop structure, and the customers' experience in airport waiting areas. However, the experience is hampered by other national and cultural elements, which leads to a muted but not wholly absent sense of location and time.

Number of shoppers, number of visits, and average expenditure per trip were the three metrics **Chris Tanda and David Bell's** (2001) research used to determine the effect of retail pricing format on consumers' choice of a business. According to them, shoppers use both the varying and constant benefits of shopping when deciding where to shop. They discussed customers' perspectives on the shopping experience and offered suggestions for how businesses may enhance it. In the retail industry, several customer groups with varying degrees of sensitivity to changes in the cost of essential services must be dealt with simultaneously.

Patrick Buhl (2012) sheds light on the connection between ambiance and retail design and customer spending. It shows that your mood has an effect on how much money you spend and

how much time you have to shop (which is limited at an airport). It describes why airports are a fantastic setting for luxurious shopping experiences. The article also discusses the link between unpleasant arousal and an accompanying rise in expenditure.

Customers are more likely to spend money at an establishment that is clean, quiet, well-lit, and easy to navigate.

Anthony Kent, Ogenyi Omar (2001) There are a variety of stores at airports, and airport shopping is often associated with that setting. Customers' subjective assessments of the social acceptability of making impulsive buys at the airport account for the phenomenon.

To: **Ogenyi Omar** (2002) Passengers' needs, both mental and physical, are met at airports. Airports provide a wide variety of services, and its shops strive to please passengers in many different ways. When travelers feel it's OK to make a rash purchase at the airport, they're more likely to do so. The suggestion to have passengers preside over their own assessments has the backing of the document.

4.2 BACKGROUND OF THE STUDY

The fifth-largest retail market in the world is in India. The Indian retail sector, which includes both organized and unorganized sectors, has had one of the country's highest rates of growth in recent years. The retail sector in India was previously largely unorganized, but as customer tastes and preferences have changed, the sector is now becoming more well-known and organized. By 2015, the Indian retail market is projected to increase from US\$330 billion to US\$640 billion. According to Andrew Kearney's 10th Annual

Global Retail Development Index (GRDI), retail contributes about 8% of all jobs and the GDP.

In the next five years, it is predicted that overall retail expenditure would double. Organized retail is thought to account for 21% of overall spending and is now rising at a CAGR of 22%. Sales for the unorganized retail sector are predicted to increase from \$309 billion in 2006–07 to \$496 billion in 2011–12, growing at a rate of roughly 10% annually. This essay focuses on the evolving retail business, including its key actors, its organized and unorganized sectors, as well as the issues that the sector would likely encounter in the near future. One of the foundational sectors of the Indian economy is retail. In India, retail sales have been hovering at 33–35% of GDP for the last several years, compared to 20% in the US. The fifth-largest retail market in the world is in India.

4.3 PROBLEM STATEMENT

The inconsistency and fragmentation of the logistics sector are the main issues. Manufacturers, shop owners, drivers, managers, and end users are just a few of the numerous stakeholders involved, thus it's hard to have centralized control over every stage of the process. Inefficiency in general is often caused by fragmentation.

- Superior Order Intensity Ratio.
- Lack of knowledgeable and specialized personnel
- Customer mentality.
- Lack of drivers and delivery personnel.
- Tax and warehousing inconsistencies.
- rivalry with Global Giants.
- gradual adoption of newer technologies

4.4 OBJECTIVES OF THE STUDY

- To research the structure of the Indian retail industry and its potential for expansion and development both there and in Thailand.
- To comprehend the need and significance of the development of the Indian logistics industry in order to support the expansion of the organized retail sector in both that nation and Thailand.
- To evaluate the state of the Indian logistics industry and its prospects for the future in both that country and Thailand.
- Survey-based study aimed at demonstrating the need for Third-party Logistics Services as Specialized Supply Chain service providers to ensure the smooth operation of the Retail Industry in India and Thailand.
- To constantly monitor and study how the growth of the foreign retail business in India and Thailand has been furled by the international logistics sector
- To provide recommendations and practical consequences for the expansion of the Indian and Thai logistics industries, as well as how these developments may affect the expansion of the Indian retail industry.

RESEARCH METHODOLOGY

METHODS FOR DATA COLLECTION & VARIABLES OF THE STUDY

Methods for data collection

Primary Information

Secondary Information

Primary Information

A questionnaire was used to collect primary data.

Secondary Information

Secondary data was gathered from Books Journals Magazines Web's logistics es

Sampling

The sampling approach used for data collection is convenient sampling. The convenience sampling technique is a non-probability approach.

Sample size

The number of individuals to be polled is indicated by logistics. Although big samples provide more trustworthy findings than small samples, owing to time and financial constraints,

Analytical strategy

- Graphs and charts are used to depict diagrams.
- Following the use of the relevant statistical methods, logistical conclusions will be formed.
- Findings and recommendations will be provided to make the research more helpful.

CONCLUSION/SUGGESTIONS

In order to accomplish its goals, this paper will analyze the logistics and retail markets in India from a Thai perspective, focusing on the possibilities and dangers that exist for Thai businesses in these sectors.

As part of the contemporary trade's efforts to aid smallholders in production and selling, an analysis framework is being used to the business potential

and logistics retail market in India. To determine whether there are discrepancies between stated goals and actual practices, this research links the logistics and supply chain management patterns it uncovered to the current contemporary trade system.

BIBLIOGRAPHY

- Reference: World Bank, World Development Indicator Data Base, 2014.
- BIMSTEC FTA Fact Book, Ministry of Commerce, Thailand, 2014. [2] Department of Trade Negotiation, BIMSTEC Free Trade Area.
- The Rise of World Trade. Data on Thai Exports, Classification Code 0810, 2014.
- Value Chain Analysis of Mangoes in Kenya, Food and Agriculture Organization. United Nations Food and Agriculture Organization, Commodities and Trade Division, Sugar and Beverage Group, Raw Materials, Tropical and Horticultural Products Service (ESCR), 2004.
- Brown, M. F., Value Chain Study of Tropical Dried Fruits in Fiji [5]. SPC Land Resources Division, Facilitating Agricultural Commodity Trade in the Pacific (Fact), 2008.
- National Mango Study by A. K. Zakari, International Trade Center (Geneva), 2012.

