



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

“OPPORTUNITIES, CHALLENGES AND STRATEGIES IN INDIAN RETAIL MARKETING MANAGEMENT”

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Abstract

Purpose – In the present time first challenging at marketing world it is very difficult for the businessman to survive in the market and to get adequate amount of profit by normal process of business. The whole concept of shopping has changed in terms of format and consumer buying behaviour. Now a day's Retail Marketing concept is also a very successful way for the companies.

Design / Methodology / Approach – The study is based on different literature and analysis of organized Retail Market. And this strategy, called a Retail mix, involves careful consideration product to sell, location at which to sell the product, pricing of the product and the appeal that can be generated to attract the consumer's interest. Data is collected from website, journal and various magazine issued by concerning Department.

Finding – The study of the paper is explain the different challenges and strategies involved in Retail Marketing. It rail give a thrust to infrastructure development and lead to an efficient supply chain which is the oxygen of the modern Retailing.

Research limitation / implications - The accuracy of the finding is depending upon the accuracy of the data collected by various sources.

Practical implication – The results of this study would help Retail Industries to better understand the challenges and to facilitate its adoption and to prioritise its strategies.

Originality / Value – This study is probably the first to systematically determined the secret of strategy in the Retail sector in India. It offers a beneficial source of information of implication to Retail organizations.

Key Words

Strategy, Retail Trade, Organized Retailing supply Chain Managements, Consumer and in last Conclusion

Introduction

Retailing is the world's largest private sector contributing to 8% of the GDP and it employs one sixth of the labor force. The estimated retail trade is expected to be 7 trillion US \$. Many countries have developed only due to retailing and presently we see there is a vast change in the retail industry. As far as India is concerned it contributes to 14% of our GDP and it is the second largest sector next to agriculture which provides employment to more number of persons. Now according to a survey, India is classified in to the fifth most attractive retail destination and second among the countries in Asia. Worldwide it is ranked as fifth most attractive retail destination.

There is an incredible amount of activity in terms of creation of retail-oriented space across India. As per some estimates, there are over 200 retail mall projects under constructions or under active planning stage spanning over 25 cities. This may translate into over 25 million sq.ft of new retail space in the market within next 24 months.

Huge retail formats, with high quality ambience and very courteous and ambivalent sales staff are the regular features of retail formats in most Asian countries. However, in India except for a few big towns, where modern retailing formats abound, these features are grossly missing. ETIG expects organised retailing to slowly penetrate the second rung and smaller towns, which will catapult the growth rate for the sector.

Objective of the Study

- To study global trends in retail marketing management.
- To study set of business activities which adds value to the products and services provided to customers.
- To study post liberalization era.
- To study the classification of retail industry.
- To study revolution of Indian Retail Market.
- To study key success factors in emerging markets.
- To study opportunities, challenges and strategies of Indian Retail Marketing.

Research methodology

This paper made an attempt to study based on secondary data which includes journals, books, articles, newspapers, website, research papers etc.

Retailing in India

For centuries now India has been operating within her own unique concept of retailing. It is largest industry in India; the sector has witnessed an immense growth in the last few years. However, the post liberalization era, saw retail industry undergoing a revolutionary change. The change in the organized retail industry is visible in the form of new retailing formats, modern techniques, exclusive retail outlets, emergence of retail chains etc. The key factor responsible for the retail boom have been

the rapidly growing middle class consumers and youth population increase in per capita spending by consumers and international brands available in the Indian market, rising workforce with global travel, increasing usage of credit/debit cards, improvement in the infrastructure technology and increasing investment in real estate building a world class shopping mall environment for the consumers.

CLASSIFICATION OF RETAIL INDUSTRY

Retail Sector can basically be classified in to two segments. One is organized segment and another one is unorganized segment. As far as India is concerned this organized segment contributes only to 3% of the retail trade and the unorganized segment contributes to remaining 97% of the retail trade. Why is it so?? Because all these days we have been purchasing only from the street vendors and from the local shops and organized retailing was not in vogue in India. Only after 1991, after opening up of economy and due to liberalization, this organized sector has come to light and presently it exists in various formats.

- a. Super markets b. Hypermarkets c. Departmental stores d. Specialty stores

Major Players in Retail Industry in India

Ownership	Brand Name	Outlet type	Location
Franchisee ownership model regulated by cooperative	Margin Free	Discount stores	Major cities in Kerala, Tamilnadu and Karnataka
Pantaloon	Food Bazaar Big Bazaar	Super market Hyper market	Across all major cities
Subiksha Trading Services Pvt. Ltd.	Subiksha	Discount stores	Tamil Nadu, Delhi, NCR, Maharashtra, Gujarat, Andhra Pradesh, Karnataka
Home Stores Pvt. Ltd.	Sabka Bazaar	Discount stores	Delhi and adjoining areas
Namdhari's group	Namdhari's Fresh	Super Market	Banglore, Delhi
Pyramid Retail Ltd.	Trumart	Super Market	Maharashtra- Mumbai
Trent (Tata Group)	Star India Bazaar	Hyper market	Ahmedabad, Mumbai

RPG	Spencers	Super market	Across all major cities
Reliance India Ltd.	Reliance Fresh	Discount Stores	Across all major cities

Source: Data has been compiled from the website of different companies

Organised Retail Formats in India

Each of the retail star has identified and settled into a feasible and sustainable business model of its own.

- Shopper's Stop – department store format
- Westside – emulated the Marks and Spencer model of 100 per cent private label, very good value for money merchandise for the entire family.
- Giant and Big Bazaar – hypermarket / cash and carry store
- Food world and Nilgiris – supermarket format
- Pantaloons and The Home Store – specially retailing
- Tanishq has very successfully pioneered a very high quality organised retail business in fine jewellery.

Structure of the Retailing Industry

- An unaffiliated or independent retailer
- A chain retailer or corporate retail chain
- A franchise system
- A Leased department (LD)
- Vertical Marketing System (VMS)
- Consumer Co-operatives

A new entrant in the retail environment is the discounter format. It is also known as cash-and-carry (or) hypermarket. These formats usually work on bulk buying and bulk selling. Shopping experience in terms of ambience or the service is not the mainstay here. RPG group has set up the first discounter in Hyderabad called the Giant.

Factors Attracting Global Retailers to India

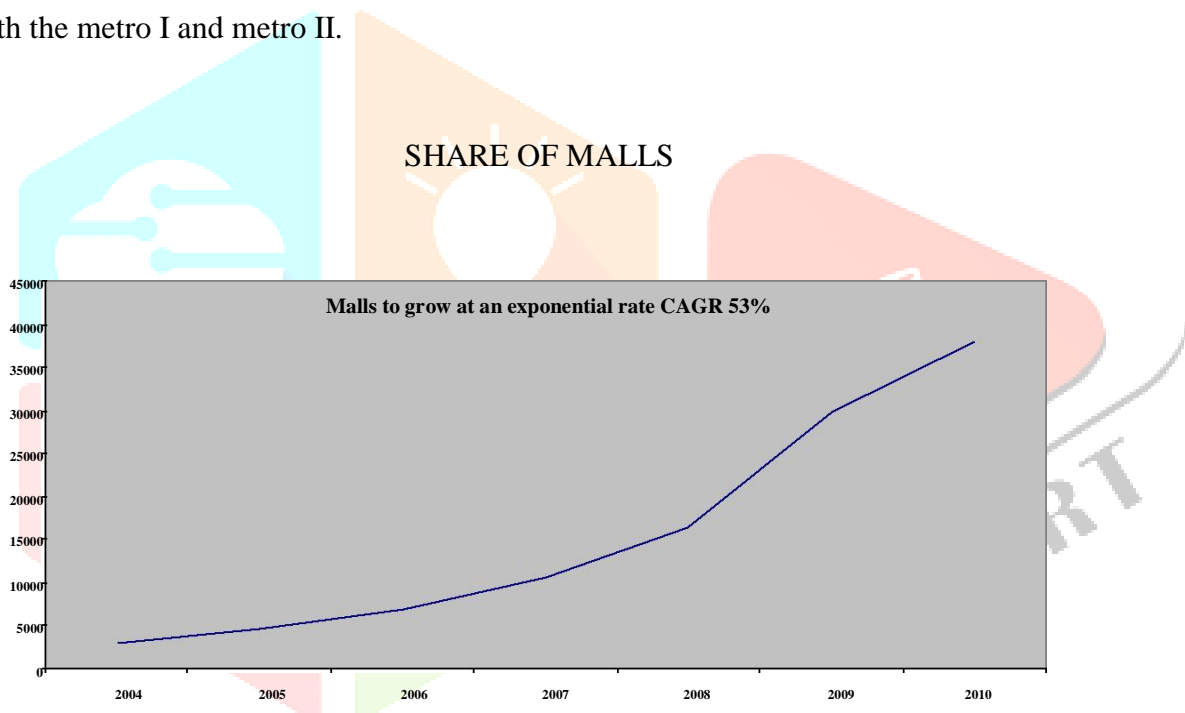
As a part of research, at Kearney conducted a “voice of the global retailer” survey in order to understand what they consider as the key success factor while expanding outside their home markets. It was found that global retailers identify emerging (market) countries on the basis of

§Country risk §Market attractiveness §Market saturation §Time pressure

As far as the retail industry is concerned, India is standing at the brink of a great economic opportunity. In the Goldman Sachs BRIC (Brazil, Russia, India and China) report India is predicted to be amongst the top three economics in the world by 2050, along with China and Brazil. The above research found that second place position which has made India an attractive retail market for global retailers.

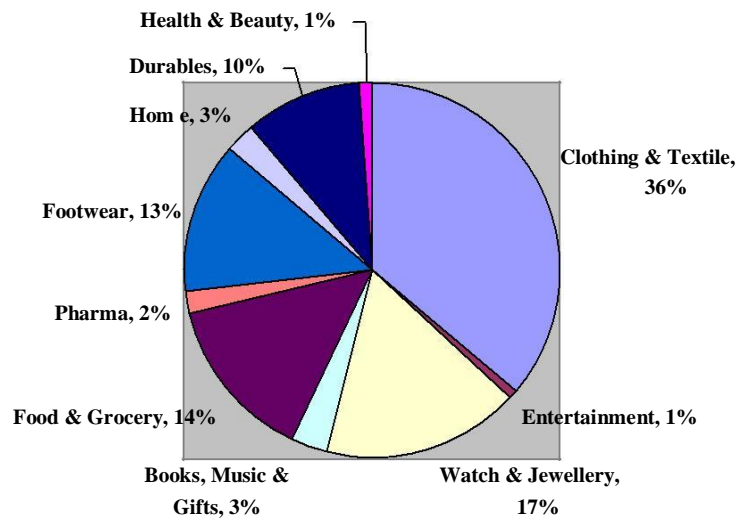
• Indian Retail Prognosis

Organized retail requires the retailer to have the ability to manage and influence a set of supply chain variable in a commercially viable and sustainable manner. The research study carried out by ICICI bank gives a view of the changing Indian demographics and its effect on the change in the consumer buying. i.e., more openness to credit purchases especially from the younger age group from both the metro I and metro II.



Source: ICICI properties services Research the likely growth of malls in India

Organized retail chains comprise only 3% of the Indian market. Rest 97% market is comprised of mom-and-pop type shops. Now the number of organized retail stores is gradually increasing. According to ETIG (Economic Times Intelligence Group), the size of the organized retail industry was about Rs. 160 billion in 2001-02 in 2005 budget Government has allowed 26% Foreign Direct Investment (FDI) in the retail sector.



Source: Saxena Rqanjan, Marketing Management, Tata Mc Graw Hill Education private limited, New Delhi, 2009.

Opportunities and Challenges (Issues) to Retail development in India

Even though retailing in India, is an industry growing tremendously every year, the organized retail sector accounts for only around 2 percent of the total retailing industry. Some of the reasons for this slow growth are:-

The high cost of real estate - Real estate price in some cities in India are amongst the highest in the world. The lease or rent of property in one of the major areas of expenditure; a high lease rental reduces the profitability of a project.

Retail not being recognized as an industry in India- Lack of recognition as an industry hampers the availability of finance to the existing and new player. This affects growth and expansion plans.

The Unorganized retails continue- The very most challenge facing the organized retail industry in India is competition from the unorganized sector. Traditionally retailing was established in India for centuries. It is a low cost structure, most owner operated, has negligible real estate, labor cost and little or no taxes to pay. Consumer familiarity that runs from generation to generation is one big advantage for the traditional retailing sector.

High Stamp duties- In addition to the high cost of real estate the sector also face very7 high stamps duties on transfer of property, which varies from state to state (12.5% in Gujarat and 8% in Delhi). The problem is compounded by problems of clear titles to ownership, while at the same time land use conversion is time consuming and complex as is the legal process for setting of property disputes.

Multiple and Complex taxation system- The sales tax rates vary from state to state, while retail industry have to face a multiple point control and system there is considerable sales tax evasion by small stores.

Challenges Ahead for Retailing

The unorganised nature of retailing has stunted its growth over several years. “Lack of industry status affects financing prospects and stunts growth of the industry”, says Kishore Biyani, managing director, Pantaloon Retail India. In the current scenario, only players with deep pockets have been able to make it big. In addition to the advent of Internet, there are many other challenges which retailers have to address.

- a) **Human Resources**: Availability of trained personnel and retaining the human resources is a major challenge for these big retailers. The bigwigs like Crossroads offer high compensation and create a cohesive environment that makes an employee proud to be a such big retail chains.
- b) **Space and Infrastructure**: To establish a retail shop/ mall, the real estate and the infrastructure are very vital. The expenditure and availability on both the accounts do hinder the growth of the retail chain. The lack of secondary infrastructure also affects the logistics and supply chain management for retail companies.
- c) **Absence of Retailer Friendly Laws**: India still does not have retailer- friendly laws especially relating to the movement of goods from one state to another. Retailers need to put in a whole lot of products from different parts of the country at times from outside the country on the shelf. But question of multiple tax levels is an issue. Then there are laws like shops cannot be open for all seven days. Shops have to be open after or close before a certain time which affects operations.
- d) **Lack of Technical Know-how**: The Indian Government does not encourage any foreign direct investment (FDI) in the retail industry. FDI is normally one of the ways of getting technical inputs. And because of this dearth of FDI in this sector, development in terms of people, skills, etc., is happening the hard way.

The Strategic In Retail Sector

Retail sector's needs a complete strategy for retail planning process. It explains how retailers select target market segments, determine the appropriate retail format.

The steps in strategic retail planning process

- 1 Define the business mission
- 2 Conduct a situation audit
- 3 Identify strategic opportunities
- 4 Evaluate strategic opportunities
- 5 Establish specific objectives and allocate
- 6 Develop a retail mix to implement strategy
- 7 Evaluate performance and make adjustments

Thus the strategic planning process will help the retailer to evaluate alternatives using financial theory and market attractiveness.

Conclusion

Today we can say that there is a market of perfect competition for nearly all goods and services, where every producer and seller is trying to compete in the market with a large number of competitors by introducing new strategies and new plans. The retail sector in India can expect to witness a second big revolution in the not too distant future, in spite of setback faced due to the current economic slowdown. Specific advantages offered by the organized retail together with changing consumer behaviour and supporting environmental factors are likely to make strong positive impact on the organized retail sector. The success of new retail formats will depend heavily on consumer's acceptance. There is very huge potential for the growth of organized Retailing in India. By following some of the strategies it can rise tremendously and can reach each and every nook and corner. Open communication should be established between functional departments. A balance should be maintained between brand building and promotion. Non-marketing factors like gas prices, weather etc. should be avoided and new schemes should always be launched.

Appendix

PRESENT INDIAN SCENARIO

Retail Realities:

- Unorganized market: Rs. 5, 83, 000 crore
- Organised market: Rs. 5, 000 crore.
- 50% growth in organised retailing between 2000- 2005
- Over 4,000 new modern retail outlets in the last 3 years
- Over 50, 00, 000 sq.ft of mall space under development
- The top 3 modern retailers control over 7, 50, 000 sq.ft of retail space
- Over 4, 00, 000 shoppers walk through their doors every week
- Growth in organised retail on par with expectations and projections of the last 5 years: on course to touch Rs. 35, 000 crore (US\$ 7 billion) or more by 2005-06.

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