

Organized Retail Scenario in India: An Overview

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Introduction

Organized retailing has emerged in a big way since 2000 onwards and with it. We are witnessing the emergence of new forms of retailing. Trading of goods has been in existence since time immemorial. It is only in the recent past that buying and selling of goods have become more of a formal and brand dominated activity. With the increase in competition in the retailing market, retailers are seeking new consumer groups and new ways to tap this market, retailers are seeking new consumer groups and new ways to tap this market. Ultimately this has led to the development of a very complex retail environment.

India has been operating with its unique concept of retailing though the most recent mall boom started in 1999 with Ansal's Plaza and crossroads. Initially it wastes weekly haats where goods were put on display by Vendors. Although this practice is still prevalent in small towns. Then came the emergence as Kirana shops situated in the neighborhood and one can find such a shop in every locality which stocked goods of multipurpose utility and produced convenience of shopping to the consumers.

Objectives of the study:

The present study aimed to define, the following objective

- 1) To know the concept of Retail and Retailing
- 2) To highlight on the different changes and impact of retailing in rural India
- 3) To know the problems before rural India due to retail investment

Research Methodology :

A) Coverage of the study :

The present study highlights on the organized retailing.

Data Collection:

The study uses the secondary data. The concerned secondary data is collected from books, newspapers, research papers, different reports and related web sites.

Findings and observations of the Study

Retail and Retailing:

The term retail is defined as the activity of selling goods direct to the public usually in small quantities. "In additional retail means any business that directs its marketing efforts towards satisfying the final consumer based upon the organization of selling goods and services as a means of distribution."

In retail the final consumer is a key concept within the distribution chain, especially since the retailers are at the end of the chain and directly interact with the customer.

Whereas the term retailing includes all activities directly related to the sales of goods or services to the ultimate consumer for personal, non-business use which adds value to the products and services sold to consumers for the personal or family use.

Retailing In India:

As we have seen in introduction that India has been operating with its unique concept of retailing. But in the post liberalization, the retail industry has undergone a revolutionary change. Organized retail which accounts for only 5% of the retailing industry in India has undergone many changes which are visible in the form of exclusive retail outlets, retail chains and has resulted in altogether new retail formats. These changes are related to

- I. Increase in economic growth rate in the recent past.
- II. Middle class boom in India

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III. Development in media and other communication networks, exposure to international market, products and brands and changing life styles.

The post liberalization era has been a significant change in the market scenario with customer as king or queen. Besides, there are some changes in India's social structure – increasing number of nuclear families, DI households and increase in work pressure. This has resulted in customers search for convenience of one – stop shopping experience to make better utility of their time. Further, they are also looking out for additional information. Better quality value items, shorter queues and cleaner shopping. Hence, the entire retailing format is under a state of change to provide world class" shopping experience" to urban educated consumers.

Retail Scenario in India

In India shopping has undergone revolution with the change in consumer behavior the whole format of retailing is altering. In recession hit world, Asian giants like India are being viewed as a key to global recovery. India's demand driven economy has a competitive edge over export led economies with brand conscious middle class, along with expanding luxury goods clientele is attracting retailers globally towards India. Indian retailers are going for tie-ups with foreign players they are now concerned with finding the means to incorporate innovation, maximum customer focus and maximum value for money. Some of the retail actions taken by retailers are introduction of design tables, revenue sharing formulae, new return on Investment (ROI), increasing overall operation efficiencies. All these moves have led to drastic transformation of retailing scenario in India. Thus the retailing has been redefined in India. FDI has also helped organized retail to grow substantially retail moves in India are discussed below.

1. India's first Barbie concept store is on its way to India with Mattel India tying with pantaloon Retail.
2. Tommy Hilfiger an apparel brand will be launched in India through arvind murjani Brands as a joint venture of murjani and lalbhai groups.
3. Global Franchise Architects, the parent company of pizza corner India is all set to launch coffee world in India.
4. Funscoon has entered into an agreement with Tomy Toys, to sell toys in India.
5. Oil and Natural Gas Corporation (ONGC) is Planning to set up petrol pump outlets in Ahmadabad, Bahruach, Baroda and Ankleswar.
6. Reliance Industries is planning to start its retailing chain Ankit, setting shopping malls and hyper markets across the country.
7. Marks and spencers are trying to enter Indian retail through franchising a format of retailing.
8. Benetton group, Italy based fashion group is planning for mega stores across India.
9. The Hero group is planning to set up chain of retail outlets, the Godrej Group is forgetting the food retailing segment.
10. Piramals the promoters of retail chains crossroads and pyramyd are in talks for possible strategic tie-ups with Australian and for East, retail giants.

• **Impact of Retailing in India**

There are many forces which have brought about changes in retailing in India. Some of the key factors are.

1. Increase in the level of economic growth
2. Improvement in standard of living.
3. Increase in Population size.
4. Brand conscious middle class, along with an expanding luxury goods clientele.

The organized retail sector in India is expected to grow from the existing 5% of the total retail industry to an impressive 20 % by the end of the decade. In Asia the retail market is evolving and India has moved up to the second place, just behind china. It is this second place position which has made India an attractive retail market for global retailers. The other reasons behind India's attractiveness among global retailers can be.

1. Higher standards of living of the people and growing and steady economic growth rate.

- 2.The growth of retailing industry KT Kearney reports that retail sales per capita have increased by one third between 1999 and 2003.
- 3.Brand Consciousness among Indian youth aspiring good quality and branded products.
- 4.Rise in consumer spending and DI households
- 5.Deregulation and liberalization in the economic environment of India and increase in foreign Direct Investment (FDI) in retail in India.
- 6.Low Inflation and fall in rents especially in tier -2 and tier – 3 cities.

The aforesaid factors have accounted for attracting foreign players etc. towards Indian markets despite of hurdles such as stringent FDI government's policy, rules and regulations etc.

Concluding Remark

India's favorable demographic profile, recent approval of the government to allow 100% - FDI single – brand and proposal for 51% - FDI in multiple -brand retail, high growth in urbanization as well as retail spending, that is being witnessed currently are pulling these industries towards retail market. In conclusion I want to conclude that retail is a big industry but organized retail accounts for only 5%- of the total trade. Hence, opportunities are huge and there is large scope to explore these opportunities in India. This has lead to sea change in the traditional format of retailing in India as witnessed in the recent past which boasts of retailing apparel and accessories, cosmetics, travel & leisure, electronics, home & office products and many more. Despite of the numerous kirana shops which provide easy. Convenient shopping and proximity to consumers, we still find on the other side huge super markets, hyper markets sprawling complexes which offer food, shopping and entertainment all under the same roof seeking to satisfy the needs of customers and trying to woo customers in all possible ways like attractive and hygienic ambience, pleasure of shopping to customers. Consumer pull, changes in social structure, consumer behavior, global retailers call for FDI, emerging technologies, corporate interest in retailing and liberal government policy are the future drivers of the surge in organized retail growth in India.

Glossary :

- 1.DI - Double Income.
- 2.FDI - Foreign Direct Investment
- 3.HPP - Higher Purchasing Power
- 4.ONGC - Oil and Natural Gas Corporation
- 5.ROI - Return on Investment

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