

## **RETAIL INDUSTRY IN INDIA- FUTURE IMPACT AND ITS PLAYERS**

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### **ABSTRACT**

Retailing is the largest private sector industry in the world economy with the global industry size exceeding \$6.6 trillion. A recent survey has projected India as the top destination for retail investors. Retailer is a French word meaning “to cut again” We cut –off the bulk in to smaller portions and distribute these small portions to end users. Retailers cater to different types of shoppers including economic consumers, personalised consumers, recreational shoppers and apathetic consumers. FDI influence on the Indian retail sector will bring in technology, quality standards and marketing, thereby leading to new economic opportunities and creating of more employment generation. Foreign investors will explore their potential in the retail sector and witness phenomenal growth of retailing experience in India. The retail industry is classified in to grocery, malls, apparel, music, books, and lifestyle and consumer durables. India has topped at Kearney’s annual Global Retail Development Index (GRDI) for the third consecutive year, maintaining its position as the most attractive market for retail environment. Retailing in India is bright and opportunities have to be carefully exploited by retailers having genuine concern for consumers.

### **KEYWORDS:**

### **INTRODUCTION**

#### **Retailing and India**

India has the largest young population in the world with over 890 million people below 45 years of age and 300 million old middle class. India is a resplendent market. It is estimated that 70 million Indians earn a salary of over INR 800,000 a year this figure is set to rise to 140 million by 2013. This is sufficient to establish India as one of the largest consumers markets of the world. As per the techno park estimates retail industry estimates more than a million new people who will have to be hired and trained.

### **E-BASED SERVICES IN FUTURE**

There were 38.5 million Indian internet users, in early 2007. Online banking in particular made huge strides since 2000 which is seen as the market with great potential growth, given the 86 million mobile phone users in India.

Indian retailing is undergoing a process of evolution and is poised to undergo dramatic transformation. The retail sector employs over 8% of the national workforce but is characterised by a high degree of fragmentation with over 5 million outlets,

On the other hand the expenses involved in setting up and maintaining a modern format store tend to be much higher than traditional store due to the additional expenses on larger size, better locations and superior ambience. In order to do these modern retailers will need to eliminate middlemen and buy directly from suppliers and make use of technology

to control inventory. These developments will impact the survival and existence of middlemen such as wholesalers and agents who will have to find new business models to survive.

## **INTERNET SHOPPING**

Safety and security is a concern for retailers and consumers. Secure browsers and sophisticated websites will alleviate these fears in the future. Internet shopping will not, however, spell the end for shops. People will continue to see shopping in stores as an enjoyable social event. Home shopping through catalogues also seems set to expand. Firms will need to exploit and combine the different methods they use to sell products in imaginative ways in order to keep up with competition.

## **MAJOR PLAYERS IN INDIAN RETAILING SCENARIO**

### **Spencer Chain**

The stores in the Spencer chain are general stores, stocking nearly 5000 items/stock keeping units from tooth brush to kitchen ware. The chain stock sells multiple brands in the product group.

### **The Globus Chain**

Globus is a family chain meant for the middle class, upper middle class and the affluent. It has a royalty card scheme, which helps the chain track customers purchase patterns and preferences. The points awarded on purchase will be valid across all Globus stores in the country.

### **Subhiksha Discount Chain**

The Subhiksha, a pioneer in setting up small sized functional stores format rests on two main planks, lower prices and neighbourhood stores. The triumph of Subhiksha is its store replenishment system.

### **Pantaloon Retail India Limited (PRIL)**

PRIL has two formats, department store chains and hyper market chains. Their ventures include Pantaloon stores which is the flagship ready to wear textile stores, Big Bazaar stores which are departmental stores, Future Money which includes providing customers with credit facility.

### **Indian Tobacco Company (ITC)**

ITC entered the lifestyle retailing space in the year 2000 and has emerged among the top 5 players in the branded apparel industry in the country. ITC has leveraged its brand building capabilities to establish itself as a desirable brand and drew service skills from its hotels division to make customers in store experience a memorable one.

### **Opportunities for Growth**

The retail market in the UK is considered to be mature so it is unlikely to see the large expansion that occurred in the 1980s. Large retailers are likely to remain dominant players while trying to increase their market share through mergers & acquisitions. Premium operators such as John Lewis, Waitrose and Marks & Spencers, with their focus on high-value, high quality, diversified product range and customer service, will also continue their strong trading performance.

## **FUTURE PLANS**

Overall capex for the entire retail venture was planned at Rs.250 billion proposed plans by some of the largest

retailers:

**Reliance:** Planned to invest Rs.30000 crore set up to multiple retail stores

**Pantaloon:** Planned to diversify in to Insurance and real estate and the turnover is expected to touch Rs.30000 crore

**Life Style:** Planned to invest Rs.450 crore in the next 5 years.

**Raheja's:** Owns shopper's stop and cross word plans for 55 hypermarkets across India by 2015

**Trinethra:** Plans 220 stores with a turnover of over Rs.300 crore this fiscal

## POSITION OF RETAILING IN INDIAN ECONOMY

RNCOS "Indian Retail Sector Analysis" (2006-2007) report helps clients to analyse opportunities and factors critical to the success of retail industry in India

- Organised retail will form 10% of total retailing by the end of this decade
- From 2007 to 2012, the organised sector will grow at the CAGR of around 49.53% per annum
- Cultural and regional differences in India are the biggest challenges in front of retailers. The factor deters the retailers in India from adopting a single retail format
- Hypermarket is emerging as the most favourable format for the time being in India
- The arrival of the multi nationals will further push the growth of hypermarket format, as it is the best way to compete with unorganised retailing in India

Retail success is attributed to location factor only. The stores location is perhaps the single most important decision a retailer has to make. Retailer's selection of store location at both macro and micro level is an integral part of the specific marketing strategy of any retailing organisation, as total cost of occupation forms a significant proportion of the outgoing of a retail business

## ORGANISED RETAILING

Organised retailing is spreading and making its presence felt in different parts of the country. The trend in grocery retailing, however, has been slightly different with a growth concentration in the south. However, the city of retailing is undoubtedly Chennai. What was considered as 'Traditional' 'conservative' and 'cost-conscious' market proved to be the home ground for most of the successful retail names- Food world, Music world, Vitan and Viveks- to name a few

## REASONS FOR THE FAST GROWTH OF RETAIL COMPANIES IN INDIA

The retail companies are found to be rising in India at remarkable speed and this has brought a revolutionary change in the shopping attitude of Indian customers. The growth of retail companies in India is facilitated by certain factors like,

- Existing Indian middle classes with an increased purchasing power
- Rise of upcoming business sectors like IT and engineering firms

- Change in taste and attitude of Indians
- Effect of globalisation
- Heavy influx of FDI in the retail sectors in India

## CONCLUSIONS

Hence, next to china, India is the largest market in the world, because of china's trading policy; India is going to capture foreign direct investment from most of the countries in the world. As like other fields, retail market is going to light up our country. With escalating consumerism, unprecedented awareness and a youth heavy customer base, India is the Promised Land for global brand and retailers. As of now, a fragmented and ill equipped supply chain causes over 40% of India's farm produce to go waste. This talks about the immense potential of our retailing industry which still remains untapped

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