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UNTAPPED RETAIL MARKET OPPORTUNITIES

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ABSTRACT

Retailing is a buzz word in India. The retail sector is the second largest employer after Agriculture. The retail industry generates more than 35 million job opportunities. Organised retail market in India is estimated to grow at a rate of 20% by the year 2020, and has a market size of US\$ 500 billion. It has greater impact on the growth of business men, budding entrepreneurs and the real estate sector. The future of retail is retailing.

KEYWORDS: Organized Retail, Indian Retail Sector, Mega Malls, Data Banks.

INTRODUCTION

India is a land of retailers. India is one of the most promising retail destinations in the world. Retail activities include selling goods or services directly to the final consumers for personal use. The Indian retail industry is segregated into two sectors: organized and unorganized retailing. Organized retailing comprises of those kinds of trading activities which are undertaken by retailers who are registered for sales tax, Income tax etc. Corporate backed hypermarkets, retail chains,

and privately owned large retail businesses are some of the examples of organized retailing. Unorganized retailing mainly comprises of local kirana shops; owner managed general stores, street vendors, convenience stores etc.

Traditional markets are paving way for development of departmental stores, supermarkets, specialty stores. Shopping from malls and buying branded products is also gaining momentum. In spite of this entire Indian retail sector is mainly dominated by

unorganized segment with 95% to 97% of shares. The reason for this being deep penetration of this sector in the rural areas and large number of mom and pop stores in the urban areas. Both organized and unorganized sectors deploy the concept of personalization to attract and retain the customers. From a business perspective, personalisation is being driven by the need to increase customer stickiness, which can lead to customer loyalty and a greater wallet share

OBJECTIVES

1. The objectives of the study are to analyse the current challenges and opportunities of retail industry in India.
2. To study the factors that spurs the growth of retail industry in India.

CURRENT SCENARIO

India is poised to become a retail power house. The Indian retail is divided into two categories- (i) organized constituting 8% of the total retail industry (ii) unorganized retail with the remaining 92%. Organized retail refers to trading activities by licensed retailers, who are registered for sales tax and income tax. On the other hand, unorganized retail constitute the traditional format of low cost retailing, convenience stores, mom and pop shops, local kirana shop, hand cart and pavement vendors and street hawkers. Indian retail typically employs 40 million Indians (3% of Indian population). Over 14 million outlets operate in the country and only 4% of them being larger than 500 sq. ft in size.

The concept of retail gained momentum in the last few years. Large corporate houses have displayed more interest in this sector. Big houses like RPG, TATA, primal etc have already had foot falls in the organized retailing by investing in either of the formats like malls, big departmental stores, chain stores and discount stores.

Retail sales is expected to gain a higher share in the growing pie of the retail market in India, various estimates put the share of organized retail as 20% by the year 2020.

Key players in the organized retail sector Pantaloons Retail Ltd, future groups venture;

- ♣ Shoppers Stop Ltd
- ♣ Spencer Retail, RPG enterprises
- ♣ Lifestyle, Landmark Group Venture
- ♣ Reliance Retail, Bharti Retail,
- ♣ Globus,
- ♣ Aditya Birla "More" etc.
- ♣ Many Foreign players have entered India through Joint Venture with domestic firms like :
- ♣ Carrefour in New Delhi, which launched its first cash and carry store here.
- ♣ Wall Mart, joint venture with Bharti Retail, owns Easy Day
- ♣ British retailer TESCO Plc entered into JV with Trent, retail segment of TATA group.
- ♣ Marks & Spencer joint venture with Reliance Retail

NEW TRENDS

Flourishing organized retail sector:

- ▲ The construction of mega malls and hypermarkets is boosting organized retailing.
- ▲ Spending capacity of youth is showing an upward trend. India has large youth population
- ▲ Easy availability of customer credit, increase in use of credit cards, access to cheap and quick loans.
- ▲ Changing mindset of consumers. The mindset of buyers is shifting from low price and higher quantity to better quality and high satisfaction.
- ▲ High brand consciousness amongst buyers.

OPPORTUNITIES IN RETAILING**Food and Grocery retail Sector:-**

Food market in India is largely unorganized. The expenditure on food products by Indian household is the highest in the world. With rapid urbanization and consumerism there exists huge untapped potential which needs to be explored

Apparel Sector:-

Demand for stitched garments and a western outfit is increasing at the rate of 40% to 45%. Factors critical to the success of this segment are easy availability and affordability of fashionable garments along with value added benefits.

Beauty and Wellness Sector:-

Pharmacy retailing in India is largely occupied by local pharmacist.

Consumer durable:-

Market for consumer durable is US \$6.5 billion and is expected to grow at the rate of 18%.

Furniture and furnishings:-

There has been a new trend evident in the market wherein the modern retailers are setting up home furnishings section in hypermarkets and specialty stores. This segment faces tough competition from local retailers.

CHALLENGES OF INDIAN RETAIL

India's retail space is low as it is still in nascent stage of retail revolution. Malls in India in Tier I cities have higher rent compared with other Asian countries. On the other hand malls in Tier II cities offer attractive rentals when compared with other Asian countries. Retail penetration is low in India. India has 11 shops for every 1000 customers. Retailing has picked by 5- 8% bps over the past 5 years. However it is far below the ORP (Organised Retail Penetration) levels of 65-85% of developed nations.

1. Trained manpower required for retail industry is lacking in India.
2. Modern consumers want to do all activities like eating, shopping and entertainment under one roof.
3. India's unorganized retailers face stiff competition from global retail giants.
4. FDI in retail is restricted to 51% to one brand shop only.
5. A large political party in India is opposing FDI in retail.
6. FDI policy reversal poses a threat in India when such opposing political parties come to power after elections. Policy reversal seems a remote possibility as of now.

INDIAN RETAIL SIGNALS

India has growing young population signaling it can enjoy 26 years of demographic advantage. Modern teenagers prefer shopping in the new environment. India has growing demand for foreign brands. Dual income family is increasing as a result growth reflects in retail industry also. Growing per capita income is also another factor for growth of retail industry. Penetration of internet and growing satellite TV channels create more awareness for global products in India.

As a result India is witnessing a growth of retail sales 15% during 2012 which indicating that they are not just large market but also the most lucrative ones. Retail industry in India is therefore rightly described as a market having huge untapped market. India is expected to gain a higher share in the growing pie of the retail industry. Ruling government is facing number of criticism for retail. As of now the ruling party is now ready to relax norms to secure investment in this sector. Opening doors to single brand and multiple brands 51% in this sector offers vast and untapped retail market opportunities.

RETAIL SPUR TO GROWTH

Personalization has been defined as a new way that spurs the growth of retail in India. It is a means to meet the customers' needs and their satisfaction. Personalization has been existent in some areas of business, but not in as big a way as it is today personalization is the process of tailoring to individual users' characteristics or preferences. It makes interactions faster and easier, increasing the customer satisfaction and the likelihood of repeat visits and sales.

WAYS TO IMPROVE PERSONALISATION

Creation of data banks and proper use of data will tell us the vital information about the customers and client. It is no secret that these big data create opportunities. However, smaller businesses miss an opportunity when they decide that big data is too big for them to tackle.

Data Results to Improve Personalization:-

Big data make retailers more intimate to customers. This, in turn, may positively impact purchasing experiences and deepen customer relationships and brand loyalty. Big data has tremendous potential for smaller companies to improve customer experience through personalization.

CUSTOMERS ARE VIP'S

Retailers are always looking for ways to deepen customer loyalty and improve user experience, especially in the face of fierce competition. Big data is perhaps the most important way to create a user experience that treats customers in the way that they want to be treated - like individuals. Big data's, will tell us the vital information about the customers and clients.

PREDICTIONS

(a) Content shopping will be king:-

Driven by the media, retailers are using multimedia content to make the shopping experience more. Retailers recognise that shoppers are no longer satisfied by the vending machine model of the last decade

(b) Mass customization will make products feel personal:-

Consumers today want something that's unique and reflects their personality. Retailers understand this and we are seeing more companies offer personalised products. to attract and retain the customer base.

CONCLUSION

Among Asian countries, India is witnessing a sharp rise in economic growth, with raising income and spending power. As consequence of this rising consumerism retail industry is growing rapidly. Our nation needs to concentrate more on the development of infrastructure needed for the industry like development of airports, boosting the visits of foreigners, concentrating on the real estate development, attracting foreign investments etc, all these efforts will pave the way for the development of the industry and the economy as a whole.

Now a day, there is a huge opportunity for small to medium enterprises to carve out a market niche against bigger retailers, while adding value to existing products through customisation. Furthermore, the concept of customisation should extend beyond the product itself; retailers need to look at how they can offer a more customised shopping experiences by using insights gathered from the customer profiles. "Retailers will have to access more information about their customers" preferences and shopping habits than ever before to face and prevent competition in the modern world.

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