

## A STUDY ON RETAIL INDUSTRY IN INDIA

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**Abstract**—This paper gives itemized data about the development of retailing industry in India. It looks at the developing mindfulness and brand awareness among individuals crosswise over various financial classes in India and how the urban and semi-urban retail markets are seeing critical development. It investigates the part of the Government of India in the industries development and the requirement for further changes. In India, the immeasurable white collar class and its practically undiscovered retail industry are the key alluring powers for worldwide retail goliaths needing to go into more up to date showcases, which thus will help the India Retail Industry to become quicker. The paper incorporates development of retail segment in India, procedures, quality and chances of retail locations, retail organize in India, late patterns, and openings and difficulties. This paper closes with the possible effect of the passage of worldwide players into the Indian retailing industry. It likewise highlights the difficulties confronted by the business in not so distant future.

**Keywords**—Brand Awareness, Customer Awareness, Customer Preference, Indian Retail Outlets, Retail Industry.

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### INTRODUCTION

A *retailer* or *retail* store is any business enterprise whose sales volume comes primarily from retailing. Retail organizations exhibit great variety and new forms keep emerging. There are store retailers, non-store retailers, and retail organizations. Consumers today can shop for goods and services in a wide variety of stores. A retailer is at the end of the distributive channel. He provides goods and service to the ultimate consumers. A retailer deals in an assortment of goods to cater to the needs of consumers. His objective is to make maximum profit out of his enterprise.

#### Origin of the word retail

According to Philip Kotler, “Retailing includes all the activities involved in selling goods or services to the final consumers for personal, non – business use. A retailer or retail store is any business enterprise business whose sales volume comes primarily from retailing.

#### Meaning of retail

The word retail is derived from the French word *retailer*, which means to cut off a piece or to break bulk. A retailer is defined as, “a dealer or trader who sells goods in small quantities or one who repeats or relates”.

Retailing is high intensity competition industry, the reasons for its popularity lie in its ability to provide easier access to variety of products, freedom of choice and many services to consumers. The Indian retail is dotted by traditionally market place called *bazaars* or *haats* comprises of numerous small and large shops, selling different or similar merchandise.

#### Indian Retail Market

The Indian retail market is the fifth largest retail destination all across the globe. It has been ranked as the most attractive emerging market for investment in the retail sector in 2009. In the entire Gross Domestic Product of India, the share of retail trade was between 8–10% in 2007, where presently it has touched around 12%, and in all probability, will touch 22% by the end of 2010.

Consumerism is on the rise with the rising trend of middle class segment in the country. The Indian consumer (retail) market, in all probability, will grow four times by 2025. The value of India's retail market has touched US\$ 511 billion in 2008. India has escalated up to the 39th most preferred retail destination globally in 2009 (in 2008, they ranked 44th).

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## Components of the Indian retail Market

Banks, capital goods, engineering, fast moving consumer goods (FMCG), software services, oil marketing, power, two-wheelers and telecom companies – they are the main driving force in the retail growth of India. Global retailers still now find India to be among the most attractive destination. On July 2009, the foreign direct investment (FDI) inflows, in single-brand retail trading, touched approximately US\$ 46.60 million.

### Retail formats in India

- **Hyper marts/supermarkets:** large self-servicing outlets offering products from a variety of categories.
- **Mom-and-pop stores:** they are family owned business catering to small sections; they are individually handled retail outlets and have a personal touch.
- **Departmental stores:** are general retail merchandisers offering quality products and services.
- **Convenience stores:** are located in residential areas with slightly higher prices goods due to the convenience offered.
- **Shopping malls:** the biggest form of retail in India, malls offer customers a mix of all types of products and services including entertainment and food under a single roof.
- **E-trailers:** are retailers providing online buying and selling of products and services.
- **Discount stores:** these are factory outlets that give discount on the MRP.
- **Vending:** it is a relatively new entry, in the retail sector. Here beverages, snacks and other small items can be bought via vending machine.
- **Category killers:** small specialty stores that offer a variety of categories. They are known as category killers as they focus on specific categories, such as electronics and sporting goods. This is also known as Multi Brand Outlets or MBO's.
- **Specialty stores:** are retail chains dealing in specific categories and provide deep assortment. Mumbai's Crossword Book Store and RPG's Music World are a couple of examples.

### Size of Indian retail market

India's retail sector is estimated to touch US\$ 833 billion by 2013 and US\$ 1.3 trillion by 2018, with a compound annual growth rate (CAGR) of 10% - which is quite lucrative. All these estimations are due to the fact that the consumer spending has seen a rise of around 75%, in the past four years. The organized Indian retail market is slated to grow at a CAGR of 40%, touching US\$ 107 billion by 2013.

5% of the Indian retail market is occupied by the organized retail sector, which is all slated to witness the majority number of large format malls and branded retail stores. The increase in the number of such malls would be first seen in South India, followed by North, West and the East over the coming two years. Another latest research shows that more than 100 malls spanning a space of over 30 million sq feet is estimated to open in India between 2009 and 2010 end. Investment in the organized retail market would be around US\$ 503.2 million in 2009. This could go further up to US\$ 1.26 billion in the next four to five years, at a CAGR of 40%.

### Evolution of Indian Retailing



### **Growth of retail outlets in India**

The Retail Business in India is currently at the point of inflection. Rapid change with investments to the tune of US \$ 25 billion is being planned by several Indian and multinational companies in the next 5 years. It is a huge industry in terms of size and according to management consulting firm Techno park Advisors Pvt. Ltd., it is valued at about US \$ 350 billion. Organized retail is expected to garner about 16-18 percent of the total retail market (US \$ 65-75 billion) in the next 5 years.

India has topped the A.T. Kearney's annual Global Retail Development Index (GRDI) for the third consecutive year, maintaining its position as the most attractive market for retail investment. The Indian economy has registered a growth of 8% for 2007. The prediction for 2008 is 7.9%. The enormous growth of the retail industry has created a huge demand for real estate. Property developers are creating retail real estate at an aggressive pace and by 2010, 300 malls are estimated to be operational in the country.

With over 1,000 hypermarkets and 3,000 supermarkets projected to come up by 2011, India will need additional retail space of 700,000,000 sq ft (65,000,000 m<sup>2</sup>) as compared to today. Current projections on construction point to a supply of just 200,000,000 sq ft (19,000,000 m<sup>2</sup>), leaving a gap of 500,000,000 sq ft (46,000,000 m<sup>2</sup>) that needs to be filled, at a cost of US\$15–18 billion.

### **Challenges to retail development in India:**

The industry is facing a shortage of middle management level professionals. Major retailers are hiring aggressively from the similar and smaller organizations by offering better packages. They are creating various levels of management and hiring on a spree. Some of the areas such as technology, supply chain, distribution, logistics, marketing, product development and research are becoming very critical for the success of the organizations. All of these would lead to the recruitment of highly professional people who specialize in these fields. There is also a trend for hiring hotel management graduates, though now many retail schools are coming up, and Pantaloon has set up links with major business schools from where it would be selecting the right candidates. The sector is likely to produce 2 million jobs in the coming 3 years. There also exists a possibility that the retail sector would become a poaching ground once a number of domestic and international players enter the industry.

### **Indian Retailers**

Indian apparel retailers are increasing their brand presence overseas, particularly in developed markets. The low-intensity entry of the diversified Mahindra Group into retail is unique because it plans to focus on lifestyle products. The Mahindra Group is the fourth large Indian business group to enter the business of retail after Reliance Industries Ltd, the Aditya Birla Group, and Bharti Enterprises Ltd. The other three groups are focusing either on perishables and groceries, or a range of products, or both.

- **Vivek Limited Retail Formats:** Viveks, Jainsons, Viveks Service Centre, Viveks Safe Deposit Lockers
- **PGC Retail -T-Mart India:** Switcher, Respect India, Grand India Bazaar etc.,
- **REI AGRO LTD Retail-Formats:** 6TEN Hyper & 6TEN Super
- **RPG Retail-Formats:** Music World, Books & Beyond, Spencer's Hyper, Spencer's Super, Daily & Fresh
- **Pantaloon Retail-Formats:** Big Bazaar, Food Bazaar, Pantaloons, Central, Fashion Station, Brand Factory, Depot, aLL, E-Zone etc.
- **The Tata Group-Formats:** Westside, Star India Bazaar, Steeljunction, Landmark, Titan Industries with World of Titans showrooms, Tanishq outlets, Chroma.
- **K Raheja Corp Group-Formats:** Shoppers Stop, Crossword, Hyper City, Inorbit
- **Lifestyle International-Lifestyle, Home Centre, Max, Fun City and International Franchise brand stores.**
- **Pyramid Retail-Formats:** Pyramid Megastore, TruMart
- **Nilgiri's-Formats:** Nilgiris' supermarket chain
- **Subhiksha-Formats:** Subhiksha supermarket pharmacy and telecom discount chain.

- **Trinethra- Formats:** Fabmall supermarket chain and Fabcity hypermarket chain
- **Vishal Retail Group-Formats:** Vishal Mega Mart
- **BPCL-Formats:** In & Out
- **Reliance Retail-Formats:** Reliance Fresh

## **CONCLUSION**

The Indian retail sector itself must seize the initiative to realize the dreams of contributing to a prosperous and booming economy. The focus should be on the Indian horizon before looking for retail opportunities in other countries because India itself is a big retail market. In the near future, India will see a phenomenal growth of shopping malls and specialty retail stores. The specialty stores will cater for home, electronics, furniture, watches, sunglasses and assorted items. There will be more fashion stores for youth. Specialty retail stores and malls are the future of Indian retail market.

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