Indian Retail: Yesterday, Today and Tomorrow

Pravinkumar Bharatkumar Lupane¹, Miss. Shital Vijay Tibe²

¹Asst. Professor, Venkateshwara Institute of Management,
²Asst. Professor, Peth, Tal-Walwa, Dist Sangli (MS), (India)

ABSTRACT

Retail is the final stage of any economic activity. Retail means the interface between the producer and the individual consumer buying for personal consumption. It is also the timely delivery of goods and services demanded by consumers at prices that are competitive and affordable. Retail has played a major role in the world’s economy. Retail industry has contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and dynamic industries in the world today. The origins of retail are as old as trade itself. The traditional format of kirana shops changed in modern and organized formats like supermarkets, departmental stores, hypermarkets, shopping malls. From the age-old kirana shops or mom-and-pop stores, traditional retail in India gave way to modern retail formats. Now, with several changes in retailing as per time, now it becomes e-tailing or the sale of products across media such as the Internet, telephone and television, has emerged as an idea whose time has come. The research is paper tried to study the changes in retail business according to time and also to know the factors behind the changes in retailing.

Key Words: modern format, oldest form, online marketing, retail

I. INTRODUCTION

The trading of goods has always been a part of traditional societies. A major historical reason underlying an importance of retailing is that, its contribution to the economy has much more visible in the modern era than it was in the past. In recent times the buying and selling of goods and products has become a much more formalized and brand-dominated activity. In the past it has been acknowledged as a subject area and now it described the academic study of retailing as ‘the Cinderella of the Social Sciences’. The word ‘retail’ was regularly used as a small shops which was started near by house. But in the globe the word ‘retail’ is used as an emerging new trend of marketing.

Retail is the final stage of any economic activity. Retail has played a major role in world over in increasing productivity across the board especially in consumer oriented. Consumer is the prime factor for changing attitude of retailing. The retail market is becoming more segmented with focusing on the needs of particular groups. For this it results the development of retail environment is more complex and vital. Retail industry has contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and dynamic industries in the world today.

Retail is the buying and selling of goods and services. It is also the timely delivery of goods and services demanded by consumers at prices that are competitive and affordable. Retailing involves a direct interface between seller and customer buying for personal consumption. Retailing is the co-ordination of business activities from end to end-right from design stage of a product or offering, to its delivery and post-delivery service to the customer. Today, the retailing is contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and dynamic sectors in the world.

II. OBJECTIVES

1) To know the present status of retail sector.
2) To study the changes of Indian retail sector.

III. RESEARCH METHODOLOGY

The research is paper tried to study the changes in retail business according to time and also to know the factors behind the changes in retailing. This paper is based on descriptive type research and is based on secondary data. Researcher has discussed with various retailers about the changes in retail sector. There are various segments in retail business. But researcher has focused only changes in kirana business or Fast Moving Consumer Goods (FMCG) sector.
In 1365, the word ‘retail’ is come from the old French word ‘tailor’ in terms of tailoring. It means ‘to cut a piece off, clip, pare, and divide or to break bulk’. It was first recorded as noun with the meaning of a “sale in small quantities in 1433 from the Middle French retail, “piece cut off, spread, scrap, and pairing”. Retail means the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the wholesalers, Government and other bulk customers. Retailing is the last link that connects the individual consumer with the manufacturing and distribution chain. A retailer is involved in the act of selling goods to the individual consumer at a margin of profit.

Retail has played a major role in the world’s economy. Retail is the second-largest industry in the United States both in number of establishments and number of employees. The retail industry employs more than 22 million Americans and generates more than $399 trillion in retail sale annually. The Retail sales of the United Kingdom (UK) account for 1/5 of its total economy. The retail sector generates almost 8% of the Gross Domestic Product of the UK. Over 3.0 million people were employed by the retail industry. Coming to Europe, retail turnover in the EU is approximately Euros 4000 billion and the sector average growth looks to be following an upward pattern. The impact can be best seen in countries like Mexico, Thailand and more recently China. Economies of countries like Singapore, Malaysia, Hong Kong, Sri Lanka and Dubai are also heavily assisted by the retail sector.

Indian Retail: Yesterday- Traditional Retail

The origins of retail are as old as trade itself. Barter was the oldest form of trade. The early peddler with his trinkets had to go from tribe to tribe and from village to village either on foot or by donkey as fast moving transport vehicles was not available. In the orient, the camel was used and long caravans loaded with only luxury goods like spices, silks etc. During the time of Roman Empire, shops became numerous in Rome and other cities of the empire. Numerous small shops were set up within veritable shopping centers.

In India, The Rig Vedic period, there are some direct hints to show the state of self- sufficiency of wealth in the early Aryan community. Before the rise of caste system in the Indian society, every family sufficiently produced for their food, clothes, equipment, etc. by adopting occupations relating to agriculture and industry. The origin of markets can be traced to surplus production by farmers. Roads and carts came into existence in the wake of these developments. Boats along the rivers and coasts also came to be employed for the purpose.

Retailing refers to the traditional forms of low-cost retailing such as local kirana shops. Technically an unorganized retail outlet is defined as an outlet run locally by the owner or caretaker of a kirana shop with lacks technical and accounting knowledge. This is unorganized sector. These kirana shops are one of the easiest ways to generate self employment. It does not require high investment in land and capital. Such kirana shops are their own set of management systems and principles. They are efficiently serving the customers by providing them the required merchandise and the service. In towns/villages and urban areas, most of the kirana shops have been running for more than one generation. These are family owned shops run by the owners themselves. They offer a variety of merchandise. As a result the customers are not very willing to switch from their existing kirana shop. Kirana shops sells to customers’ cereals, grains, pulses and cooking oils as per their demand. Mostly these kirana shops are run by people commonly referred as ‘Baniya’, who lack professional education, experience and exposure.

Indian Retail: Today- Organized Retail

The traditional format of kirana shops changed in modern and organized formats like super-markets, departmental stores, hypermarkets, shopping malls. Organized retail is nothing but a retail place where all the items are separated and got under one roof. This retailing provides large number of brands available and different types of products at one place. It deals with multiple formats, which is typically a multi-owner chain of stores or distribution centers run by professional management. Today, organized retailing has become an experience characterized by comfort, style and speed. It is something that offers a customer more control, convenience and choice along with an experience.

Modern retailing has entered into India as is observed in the form of sprawling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof. The Indian retail industry has experienced growth of 10.6% between 2010 and 2012 and is expected to increase to USD 750-850 billion by 2015. With the emergence of the big players, the traditional kirana shops have also transformed themselves in different ways. A number of kirana shops have expanded in size allowing self-service and provide customers with deeper and wider assortments. These transformed kirana shops are now providing facilities like credit, replacement and home delivery. (1)

Indian Retail: Tomorrow- Non-Store Retailing

The Indian retail landscape is among the most complex across the globe, but it offers immense potential for the enterprising business person. From the age-old kirana shops or mom-and-pop stores, traditional retail in India gave way to modern retail formats, which elevated customer experience to new levels. Now, with several changes in retailing as
per time, now it becomes e-tailing or the sale of products across media such as the Internet, telephone and television, has emerged as an idea whose time has come.

Non-store retailing units such as multi level marketing and teleshopping. On the other side, with the advancement of IT and communication, electronic-retailing became a reality to create a platform to the sellers to sell their products through television channels and internet for which payments can be made through online payments or e-banking. Non-store retailing adopts a direct relationship with the consumer. It can be classified as direct personal contact and direct response marketing.

Direct selling involves making a personal contact with the end consumer, at his home or place of work such as cosmetics, jewelry, home appliances, educational materials, nutritional products, etc. This type of retailing follows the party plan or the multi level network. They display and demonstrate on inviting to customers act like master distributors appointing their customers on commission basis. For example, Eureka Forbes, Amway are some well-known companies involved in direct selling.

In Direct Response Marketing, the customer becomes aware of the products/services offered through a non-personal medium like mail, catalogues, phones, television or the internet. It includes various forms of communication with the consumers like:

a) Mail Order Retailing: this form of retailing eliminates personal selling and store operations. Appropriate for specific products, the key is using customer database to develop target catalogs that appeal to narrow target markets.

b) Television Shopping: In this form of retailing, the product is advertised on television and details about the product features, price, and guarantee/warranty are explained. Phone numbers are provided for different cities where the products can be ordered and to get them home delivered. For example, the Tele-brands programme, which usually presents the fitness and health related products.

c) Telemarketing: Telemarketing is the process of communicating with customers through the telephone, to promote products or services. The executive contacts customers at a time that is convenient to them. Most companies give their toll-free numbers for customers to respond. For example, various offers are tells by mobile companies to the customers.

d) On-line Retailing: This also known as e-shopping. Online retailing defines those companies who are in the primary business of providing web platform(s) and website(s) through which individuals, using a computer or smartphone, can purchase a product or service. This format allows the customer to evaluate and purchase from the comfort of his home through the web sites using internet. The products are delivered to customers’ homes with a strong supply chain and delivery mechanism. After checking the product and then paid the amount.

Table No. 1: Online retail market size and growth

![Table No. 1: Online retail market size and growth](chart.png)

Source: CRISIL Research

India’s online retail industry has grown at a rapid pace in the last 5 years from around Rs 15 billion revenues in 2007-08 to Rs 139 billion in 2012-13. It is translating into a compounded annual growth rate (CAGR) of over 56 per cent.
The 9-fold growth came on the back of increasing internet penetration and changing lifestyles. It was primarily driven by books, electronics and apparel.

It expects the flexible trend to sustain in the medium term, and estimates the market will grow at a healthy 50-55 per cent CAGR to Rs 504 billion by 2015-16. The entry of new players is in basic segments such as grocery (Wal-Mart, Big Bazaar etc.) jewellery and furniture. In terms of size, India’s online retail industry is very small compared with both organized & unorganized retail in the country. This speaks volumes of its potential. Today’s share of online retail in the overall retail (organized & unorganized) is just over one per cent. It will expect their revenues to more than double to around 18 per cent of organized retail by 2016 from around 8 per cent in 2013. The share of online retailing is 9-10% in the US and UK, and around 4-5% in China.

CONCLUSION

The Indian retail has undergone a drastic change in last few years. The whole idea of shopping has changed in terms of the format and the buying behavior of the consumers. The Indian retail industry is expected to grow by 25% annually pertaining to a number of reasons such as increase in the purchasing power and disposable income of the people, changing lifestyles of the consumers, favourable demographic patterns and increased development of retail infrastructure. The Indian retail sector provides employment to around 8% of the total Indian population. With the boom in the Indian economy in last few years, a number of organized players have entered the market on big scale. India has become a highly preferred destination for international players owing to diverse demography and thus presenting opportunity for everyone. Though the current scenario is not very great owing to the global slowdown, the long-term retail outlook still remains very strong. A large, young and increasingly brand and fashion conscious population has spurred the growth of Indian retail. “Retail growth of 14 to 15 percent per year is expected. The increasing income levels, new products, standard of living, competition in the market and increasing consumption patterns have contributed for the demand creation of these varied stores.

REFERENCES

[4] Various Websites