

**RETAILING: EMERGING AS A BOOM IN INDIA**

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**ABSTRACT**

Retailing consists of the sale of goods/merchandise for personal or household consumption either from a fixed location such as a department store or kiosk, or away from a fixed location and related subordinated services. A shopping mall, shopping centre or shopping arcade is a building or set of buildings that contain stores and have interconnecting walkways that make it easy for people to walk from store to store. The retailing industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. The marketer tries to attract the consumer and boost the sale with the permutation and combination of different retail formats. The success of this business will depend upon the consumer mood, their sentiment and perception toward different retail formats. The objective of the paper is to study efforts of retailers towards customers' retention by way of loyalty programmes and to analyse customers' viewpoints about round the clock opening of malls and factors affecting the malls as a shopping destination. The study reveals that the malls are becoming increasingly popular in that there is a gradual increase in the walk-ins. This paper also discusses about the journey of the retailing market from mandis to malls.

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## INTRODUCTION

Retailing includes all the activities involved in selling goods or services directly to final consumers for their personal, non-business use. In commerce, a retailer buys goods or products in large quantities from manufacturers or importers either directly or through wholesalers and then sells smaller quantities to the end users. Retailer is the final stage of any economic activity. By virtue of this fact, retail occupies an important place in world economy. Retailing sector offers variety of products, provides many choices and higher level of customers services. Retailing is a lucrative business which earns huge profits but it has to perform its primary activity that is to create and satisfy its customers. Retailing is a distribution channels function, where one organization buys products from supplying firms or manufacturers and then sells these products directly to consumers. Retailing is performed by retailer who links producers and consumers.

The economic significance of retailer industry is shown by official statistics where retailing is responsible for above 9% of output and employment. Retailing is an even more important activity, and goes beyond those businesses that the government officially classes as retailer. In past decades, the Indian market place has Trans ford dramatically. After Independence, India opted for a centrally planned economy to try to achieve effective and equitable allocation of national resources and balanced economic development. India's mixed economy combines features of both capitalist market economy and the socialist planned economy, but has shifted more towards the former over the past decade because of the liberalization of the economy in 1991. From here stated a change in internal government policies – from anti-maker to more marker friendly policies. Since independence, there have been phases of nationalizing such areas as banking but more recently, there have been phases of privatizing such sectors. Economic reforms brought foreign competition, led to privatization of certain public sector industries, opened up sectors hitherto reserved for the public sectors and led to an expansion in the production of fast-moving consumer goods. The reforms did away with the license raj (investment, industrial and import licensing) and ended many public monopolies, allowing automatic approval of foreign direct investment in many sectors including the sector under study- Retail Sector.

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**Retailing: From the Mandi to the Mall**

Retailing is an age-old practice that serves as a point of contact between the primary producer and individual end consumer. Thus retailers are a crucial link between the manufacturer and buyer. The consumer touches the producer's goods at the point of retail: the retailer stocks the producer's goods and by selling the goods to the end consumer, earns a margin, called profit, in the language of economics. Retailing has existed in India for centuries. There was (and, in rural areas, still is) the concept of mandis or bazaar, which meet every week to facilitate the buying and selling of products. People buy household goods and items to last them through the week till the mandi meets again. Mandis were also places where people met to socialize.

Owing to evolving consumer preferences, mandis were subsequently replaced by stationary markets, the 'mom and pop' or kirana shops and larri-galla vendors and hawkers, owner-manned general stores, paan/beedi shops, conveniences stores, and hand-cart and pavement vendors. Unlike in mandis, retailing here happens through the week. Indian consumers depend largely on kirana stores and hawkers, who are also termed as the unorganized segment, for their daily needs. Hawkers or larri-galla vendors and local kiranas constitute the two main forms of unorganized retail in the country. The unorganized segment accounts for almost 97 per cent of the total domestic retail trade.

The modern corporate retail format, which includes hypermarkets supermarkets, and mega market or departmental store, stores, retails everything from household's groceries to furniture all under one roof. They are also known as organized retailers since they are registered for value added tax (VAT), income tax etc.

As the final link between consumers and manufacturers, retailers are a vital part of the business world retailing adds values to products by making them easier for manufacture every time we want to buy a candy bar, an ice-cream, a dress or a bar of soap, similarly, it would be very costly for the manufacturer of these products to locate and distribute them to consumers individually. By bringing multitudes of manufacturers and consumers together at a single point, retailers make it possible for products to be sold, and consequently, business to be done.

Retailing also provides services that make it a fun to buy products. These are sales people on hand who can answer questions, may offer credit, and display products that consumers know what is available and can see it before buying. In addition, retailing may provide many extra

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services, from personal shopping to gift wrapping and up to delivery that increase the value of products and services to consumers.

Reasons for Retail Growth

Favorable demographics

Rising consumer incomes

Real estate developments

Especially the emergence of new shopping malls

Availability of better sourcing options – both from within India and overseas – and changing lifestyle.

### **IMPORTANCE**

Retailing is related with the channel mgt. part of marketing mix and is very important from point of view from wholesales suppliers and clearing and forwarding agents. Retailing acts as a good market researcher as it has direct retailing with consumers. Information about concededly latest preferences fashion, choices, needs and demands and commune leaked through relating to the miniatures or producers of goods.

From the consumer's point at view the other servers him by providing the goods that he needs in the required assortment, at the required place and a convenient time, soulless in retailing comes from having a strong customer focus coupled with desired levels of services, product quality and innovating. All services to the consumers justify the existence of the facility to consumers for purchasing power of the consumers.

The retail sector is the vital to the world economy, as it provides large scale employment to skilled and unskilled labour, casual part time and full time workers. Retailing support for society by increasing standard of life. It is one of the nation's largest industries in terms of employment. The retail sector can generate huge employment opportunities and can lead to job led economic growth. Global retailers are entering into the marking of developing countries bringing foreign investment in the country. Continuous growth in organized retailing sector results in increased taxation income of the govt.

It also provides with special opportunities in career avenues. The emerging career options in retailing are attraahing young generation towards the field of retailing. Retailing as one of the largest private sector in the global economy has become most active and attractive sector of the last decade.

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**Objective of study**

- ❖ To study the growth of retailing in India.
- ❖ To predict the future proposed of retailing.
- ❖ To study growth of various leading company in retailing in India.
- ❖ To study the present position of retailing.
- ❖ To identify the factors this plays important role in retailing.
- ❖ To assess the relative importance of these factors in terms of employment, consumer perception, gross domestic product, economic growth financial aspects etc.
- ❖ To study the reason of growth of retail sector in India.
- ❖ To identify the challenges for retail sector in present state.
- ❖ To assess the expected opportunities in various industries.
- ❖ To compare the present position of retailing with past position.
- ❖ To evaluate the area of strength and weakness of retailing in India.
- ❖ To suggest remedial measures for future growth of retailing.

**SIGNIFANCE**

Retailing is considered as one of the most nimble industry, where the manager comes in contact with the customers and responds to their everyday needs. To be successful in the competitive arena, retailers must be able to convince the shoppers, that they can satisfy their needs better than their competitors. It is one of the largest industries in India, with an employment of around 8% and contributing to over 11% of the country's GP. Retail industry in India is expected to rise by 25% yearly as it is being driven by strong income growth, changing lifestyles, and favorable demographic patterns. Shopping in India has witnesses a revolution with the change in the consumer buying behavior and the whole format of shopping also alerting the growth of retail industry. In India there are multistory malls, huge shopping centers, and sprawling complexes

Which offer food, shopping, and interment all under the same roof?

Retailing is the new buzzword in India. The global retail development index has ranked India first, among the top 30 emerging markets in the world. It is believed that India has the potential to deliver the fastest growth over the next 50 years. Retailing is the second largest sector after agriculture in India an contribute about 10-12% of the GDP (gross Domestic Product.)

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Retail has played a major role in the world in increasing productivity and profitability across a wide range of consumer goods and services. The impact can be best seen in countries like U.S.A., U.K., Mexico and Thailand and more recently in China and India. Economies of countries like Singapore Malaysia, Hong Kong, Sri Lanka and Dubai have also been heavily assisted by the retail sector. Even though India has well over 5 million retail outlets of all sizes and styles the country sorely lacks anything that can resemble a retailing specialist with a great opportunity.

The first challenge facing the organized retail industry in India is: competition from the unorganized sector. Traditional retailing has established in India for some centuries. It is a low cost structure, mostly owner-operated, has negligible real estate and labor costs and little or no taxes to pay. Consumer's familiarity that runs from generation to generation is one big advantage for the traditional retailing sector.

In contrast, players in the organized sector have big expenses to meet and yet have to keep prices low enough to be able to compete with traditional sector. High costs for the organized sector arises from: higher labor costs, social security to employees, high quality real state, much bigger premises, comfort facilities such as air-conditioning, back-up power supply, taxes etc. Organized retailing also has to cope with the middle class psychology that the bigger and brighter a sales outlet is, the more expensive it will be. India's first true shopping mall-complete with food courts, recreation facilities and large car parking space was inaugurate as lately as in 1999 in Mumbai.(this mall is called "crossroads"). The prospects are very encouraging. The first steps towards sophisticate retailing are being taken, and "crossroads" is the best example of this awakening. More such mails have been planned in the other big cities of India. An FDI Confidence index survey done by AT Kearney, retail industry is one of the most attractive sectors for FDI (foreign direct investment) in India and foreign retail chains would make an impact circa 2003.

### **Future of Retail in India**

India is a huge country. In the terms of area, it is the seventh largest country in the world and covers an area of 3,287,782 square kilometres and in terms of population, it is second largest country. Over 280 different dialects are also known to be spoken in this vast country. Since retailing is an integral part of the social infrastructure of our country, the haphazard growth of the social infrastructure in India has caused the Indian retail market to grow in a highly

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fragmented manner over the last five decades. India's vast middle class and its almost untapped retail industry are key attractions for global retail giants wanting to enter newer markets. While organized retail in India is only two per cent of the total US\$ 215 billion retail industry, it is expected to grow 25% annually, driven by changing lifestyle, strong income growth and favourable demographic patterns. KSA-Techbnopak, a retail consulting and research agency, predicts that by 2010, organized retailing in India will cross the US\$21.5-billion mark from the current size of US\$ 7.5 billion.

The Indian retail market is estimated at US\$ 350 billion. But organized retail is estimated at only US\$ 8 billion. However, the opportunity is huge – by 2010, organized retail is expected to grow to US\$ 22 billion. With the growth of organised retailing estimated at 40 per cent over the next few years.

### **SOME TOP RETAILERS IN INDIA**

1. In 2001 Pantaloons launched India's first hypermarket 'Big Bazaar'. It has the following segments.

- ❖ Food & Grocery : Big Bazaar, food Bazaar
- ❖ Shoe: Shoe factory
- ❖ Books, Music and Gifts: Depot
- ❖ Health and Beauty Care : Star, Sitar
- ❖ E-Tailing: Future Bazaar.com

2. Tata Group

3. Reliance

4. A V Birla Group

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