

FORMATS IN ORGANISED RETAIL INDUSTRY IN INDIA

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ABSTRACT

Future of retail sector in India is swerving- on one side organized retail is marching into life of urban consumers, while on the other our own neighborhood 'kirana stores' are resisting fiercely with their existing strong foothold. India today is at the crossroads with regard to the retail sector. A shift between organized and unorganized retail sector is evident, which has led to a number of speculations on the fate of Indian retail sector.

The recent initiatives taken by the government to open up the organized retail sector for foreign players have lured many companies to enter the industry. Big players like Reliance Retail, Walmart-Bharti combination, Tesco, AV Birla group and Future group are all gearing up for huge investments and aggressive business strategies. The government is considering the introduction of multi brand specialty formats like consumer electronics, building, sports goods and construction and stationery. The government has allowed 51 percent foreign direct investment (FDI) in single brand retail outlets. Reliance Retail has announced its plan to open 5000 stores over the next 5 years. Many companies like Lee Cooper, Starbucks and Walmart have put forward their FDI proposals to the government.

INTRODUCTION

Formats in Indian Organized Retail Sector and its subsequent successful operation is credited to India Economic System reform earnest in July 1991. Formats in Indian Organized Retail Sector is at its nascent stage. The Central Government have ultimately realized the need to remove the insulation out of the Indian retail sector. Skeptics opines opening up Indian retail industry would jeopardize way of income for the poor small retailers. In fact, the actual story is quite heartening for the small time retailer and its vendors.

- It is the second fastest growing economy of the world
- Potential to be the third largest economy in terms of GDP in next few years
- It ranks high amongst the top 10 FDI destinations of the world
- Fastest growing tourist market in Asia
- World bank states, India to be worlds second largest economy after China by the year 2050
- Stable and investor friendly Central Government at the helm of affairs
- Introduction of Value Added Tax or VAT and tax reforms
- High degree of professionalism and corporate ethics
- Excellent Investment opportunities in Indian retail sector and in allied sectors; sure and high returns on investments
- Cumulative FDI inflow in retail for April 2000-January 2013 is US\$ 43 million
- To attract US \$ 10 billion FDI for infrastructure development by the end of year 2008
- Retail market in India to cross US\$ 1 trillion by year 2020 which was 490million US\$
- Hordes of foreign investors are thronging in to invest in Indian retail markets
- Highly educated English speaking young workforce
- Vibrant and multi cultured cities

- Huge opportunity exists, especially in semi-rural and rural areas
- Till date the second largest employer after agriculture sector, for the huge semi-skilled Indian population
- Offers highest shop density in the whole world
- Having almost 1,20,000 shops, across the length and breadth of the country
- In a nascent stage of development as an organized industry

Formats in Indian Organized Retail Sector -

1. Supermarkets
2. Hypermarkets
3. Departmental Stores
4. Discount Store
5. Shopping malls
6. Specialty Chains
7. Category Killer
8. Kiosks
9. Convenience Store
10. Electronic Retailing
11. Vending Machines
12. Warehouse Stores

13. Mom and Pop Stores

1. **SUPERMARKET:** One of the other popular retail formats in India is the supermarkets. A supermarket is a grocery store that sells food and household goods. They are large, most often self-service and offer a huge variety of products. People head to supermarkets when they need to stock up on groceries and other items. They provide products for reasonable prices, and of mid to high quality.
2. **HYPERMARKET:** Similar to supermarkets, hypermarkets in India are a combination of supermarket and department store. These are large retailers that provide all kinds of groceries and general goods. Saravana Stores in Chennai, Big Bazaar and Reliance Fresh are hypermarkets that draw enormous crowds.
3. **DEPARTMENTAL STORE:** Department stores are general merchandisers. They offer to the customers mid- to high-quality products. Though they sell general goods, some department stores sell only a select line of products. Examples in India would include stores like "Westside" and "Lifestyle"--popular department stores.
4. **DISCOUNT STORES:** Discount stores are those that offer their products at a discount, that is, at a lesser rate than the maximum retail price. This is mainly done when there is additional stock left over towards the end of any season. Discount stores sell their goods at a reduced rate with an aim of drawing bargain shoppers.
5. **SHOPPING MALLS:** Malls are the largest retail format in India. One of the most popular and most visited retail formats in India is the mall. These are the largest retail format in India. Malls provide everything that a person wants to buy, all under one roof. From clothes and accessories to food or cinemas, malls provide all of this, and more. Examples include Spencers Plaza in Chennai, India, or the Forum Mall in Bangalore, Pacific Mall in Subhash Nagar, Delhi, The Great India Place in Noida.

6. **SPECIALITY STORES:** This type of store focuses on a specific consumer need and caters to most of the available brands. These types of stores provide greater choice to the consumers and also enable brand comparison. For example: Ikea
7. **CATEGORY KILLER:** Specialty stores are called category killers. Category killers are specialized in their fields and offer one category of products. Most popular examples of category killers include electronic stores like Best Buy and sports accessories stores like Sports Authority.
8. **MOM-AND- POP STORES:** These are small family-owned businesses, which sell a small collection of goods to the customers. They are individually run and cater to small sections of the society. These stores are known for their high standards of customer service.
9. **CONVENIENCE STORES:** Convenience stores are small self-service formats located in crowded urban areas. The value proposition attached to these type of formats is convenient location and extended operating hours.
10. **E-RETAILER:** Electronic retailing (also called e-tailing and Internet retailing) is a retail format in which the retailer and customer communicate with each other through an interactive electronic network. The customer places orders directly through the interactive network or by telephone, after which the goods are then delivered to the customer's address.
11. **VENDING MACHINES:** A vending machine is a retailing format involving the coin or card operated dispensing of goods (such as beverages) and services (such as life insurance sales at airports). It eliminates the use of sales personnel and allows for round the clock sales. Machines can be placed wherever they are most convenient to the consumers i.e. inside or outside a store, at a station, airport or a street corner, almost all metro stations in Delhi.

12. KIOSKS: Kiosks are box-like shops, which sell small and inexpensive items like cigarettes, toffees, newspapers and magazines, water packets and sometimes, tea and coffee. These are most commonly found on every street in a city, and cater primarily to local residents.

13. Warehouse Stores: That offer low cost, high quantity goods piled on pallets or shelves. Warehouses charge according to quantity.

While the role of organized retail sector in growth of economy cannot be denied, but one thing is also of extreme importance that unorganized retail format is a support to a large chunk of population- providing direct employment to 39,500,000 individuals. So there is no way that government or anyone can discount these foundation stone of Indian economy.

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