



CHANGING TRENDS OF RETAIL SECTOR IN INDIA: CHALLENGES AND OPPORTUNITIES

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Abstract

Over the last several years, the retail environment in India has undergone a fast transformation, and the sector has come under scrutiny from both local and international firms via substantial investments. At present, the retail sector in India is consistently ranked as one of the top 10 retail marketplaces in the whole globe. The face of Indian retail has been transformed due to changes in the attitudes of Indian customers and the rise of organized retailing in India. As India's economy has begun to recover, retail consumer spending has been seen as a promising new frontier in recent years. Because of this, more individuals are looking to work in the retail industry than ever. Indian conglomerates are pivotal in this transformation, rethinking their retail strategy to concentrate their efforts better, build their core competencies, and get a foothold in the market. Specifically, they are looking to obtain an advantage in the retail sector. Alterations in customer behavior and market deregulation have been the primary drivers of change in the retail industry. Currently, it is responsible for around 10% of the GDP and employment in the nation. Indian sectors make up a certain percentage of total industries.

Keywords: Retail, challenges, opportunities, etc.

1. Introduction

The practice of retailing dates back centuries; while it was once a primary industry, it has developed significantly through the years. At first, individuals would do commerce with their immediate surroundings. They were constantly trading goods with one another. People started to gather in a specific area over time, ultimately establishing a physical location where the transaction could occur. This broadens the audience for a particular service or product and contributes significantly to the growth of a more standardized administrative structure. As time passes, more people congregate in the exact location, generating the need for a shared space. Later, this gathering area was referred to as a fair. Concerns about safety and accessibility become more pressing as time goes on due to the growing number of persons doing business at any fair. This semi-formalized structure subsequently gave rise to hospitality sector grocers, where individuals began to provide more combinations in their areas. This was the beginning of the modern grocery store. The problem of restricted selection in a specific grocery store brought the genesis of the idea that "everything under one

roof" should be the goal of grocery stores. The combined family eventually gives way to the nuclear family as time passes. Both members started earning money at this point, which led to an entirely new way of life for the group. Beginning at that time, there was a shift toward establishing organized retail establishments as an alternative to the traditional "mom-and-pop" shops.

2. Challenges to Retail Development in India

A little more than ten years ago, organized retail emerged in India. It is primarily an urban phenomenon, and its expansion rate is still sluggish. The following are some of the reasons behind this modest growth:

1. The Kiranas Continue

The level of competition from the unorganized sector is the first obstacle the organized retail business in India must overcome. Since ancient times, India has had a well-developed system of traditional shopping. It is a structure run mainly by its owners, has minor expenditures associated with its real estate and labor, and incurs very few or no tax obligations. Traditional retailing has a significant competitive advantage in the form of consumer familiarity that may be passed down from generation to generation. On the other hand, the organized sector needs to cover significant expenditures while keeping prices at a level that allows it to compete with the conventional industry.

2. Retail Not Being Recognized

As a sector within India, because it is not widely recognized as an industry, there is a limited supply of financial resources for current and new participants. As a result, the ambitions for development and expansion are impacted.

3. The High Costs of Real Estate

Several cities in India have real estate prices that are consistently ranked among the highest in the world. One of the most significant areas of spending is the lease or rent of property; the amount of money spent on a lease rental directly impacts a project's profitability.

4. High Stamp Duties

The real estate industry is plagued by challenges, including high stamp taxes on property transfer, ranging from 12.5% in Gujarat to 8% in Delhi. These challenges come on top of the already high cost of real estate. The issue is made worse by the lack of clear ownership titles. At the same time, changing land uses is a laborious, time-consuming process, much like the legal procedure for resolving property disputes.

5. Lack of Adequate Infrastructure

The expansion of food and grocery retail in India is being hampered by the country's deplorable road conditions and the absence of an adequate cold chain infrastructure. Creating a network for cold storage requires a significant financial investment and a significant amount of time from the current grocery stores and food sellers.

6. Multiple And Complex Taxation System

While organized players must contend with a multiple-point control system, there is significant sales tax evasion by smaller retailers. The rates of sales tax differ from state to state. Retailers are required to deal with a multi-point octroi in many different places. There is pricing competition going on amongst several retail establishments. Everyone claims to sell things at affordable prices and give various marketing strategies. When a situation like this arises, it might be challenging to maintain loyalty among one's clientele.

7. Opportunities

In the Indian market, retail marketing presents several prospects for expansion. Not just retailers but also manufacturers, wholesalers, distributors, and customers may take advantage of a wide variety of possibilities, some of which are outlined below:

8. What Is in Store

Retailing that is organized gives much-needed exposure to companies and a platform for customer engagement. Additionally, it assists in the process of introducing a new product or product variation and in the process of penetrating new markets. It offers a fabulous selection of products and shipments that occur more often and are completed more quickly.

Urbanization

Because of increased urbanization, consumers have migrated to a single location, meaning a single retail establishment may now grab more clients.

9. Nuclear Family

As time passed, traditional joint families evolved into their modern equivalent, the nuclear family. This led to an increase in purchasing power but a decrease in available time. People now want everything to be consolidated into one location, which led to the development of organized retailing.

10. Plastic Revolution

The increased usage of credit cards is beneficial to retail marketing. It makes a demand even when fulfilling that need is not essential.

11. Jo Dikhta Hai Woh Bikta Hai

Well-organized retail establishments strongly emphasize having appropriate infrastructure, including buildings in excellent shape, air conditioning, well-educated workers, electronic machines, parking facilities, and the proper presentation of items according to category. The guests experience comfort, delight, and enjoyment at this establishment. For him, shopping has become a source of joy. The ability to self-select saves time while providing additional possibilities and greater pleasure. Fixing the cost eliminates the possibility of deceiving. They can take advantage of manufacturers' many discounts and sales programs. They also get products of appropriate quality and in various types.

12. Employment

One of the industries responsible for creating the most jobs is retail marketing. It offers work opportunities to those with skilled, semi-skilled, and even no level of expertise at all. Therefore, it contributes to the socioeconomic advancement of the society.

13. Price War

The number of retail establishments and the rivalry between them continues to rise. They provide a variety of discounts, such as buy one get one free, additional product with any product, festival specials, and other types of deals, to entice potential consumers to make purchases.

14. Contract Farming

Retail marketers acquire their goods directly from the farmers, cutting out middlemen. This results in lower prices for the customers and lower costs for the farmers. They also contract with local farmers to acquire the required fruits and vegetables.

15. Reduces Supply Chain Management

The significant actors in retail marketing and manufacturing businesses interact directly with one another, eliminating several chains of intermediaries. In addition, manufacturers often provide promotional opportunities for their goods, designed to be helpful to customers.

3. Advantages of Modern Retailing in India

Below are some of the most significant benefits of using contemporary retail practices in India.

- **Enhancing the shopping experience for customers:** In today's world, not only are shopping and transportation speeds picking up but so is the pace of entertainment. Customers are sold to organized businesses using a shopping basket that contains various items and offers one-stop shopping in one location. This format contributes not only to the experience

of shopping on a massive scale but also to the quality of the surrounding environment, the preferences of customers, and the variety of options available for sale.

- **Making a Positive Social Change:** Providing sufficient parking spaces in retailing helps strengthen the local infrastructure of ATMs and provides a safe and secure setting, which stimulates the installation of 24-hour service. Customers benefit from a sanitary atmosphere when they shop at convenience shops, department stores, and supermarkets, which may eventually result in beneficial shifts in the business.
- **Increasing efficiency and effectiveness in agriculture:** The idea of middlemen in the food supply chain is becoming a thing of the past as more and more farmers produce crops in response to merchants' requirements. Farmers are seeing increased crop yields, providing them with more income, while customers benefit from reduced costs. The widespread marketing of pre-packaged and processed goods is only available via organized retail.
- **Job Creation:** More than 2.2 million people will likely be employed in various retail operations until the year 201 when the modern retail industry is expected to have flourished. Indirect retail operations, including supply chain management and logistics, contract manufacturing, and processing, have created more than a million more jobs. Development and management of retail properties.
- **The Internet raises awareness and initiates online shopping:** The percentage of Indians who use the Internet has increased, and concurrently, online purchasing has consistently risen. Today, not only is the internet used for spreading awareness, but it is also utilized for purchasing online, which has opened an entirely new retail channel in the Indian retail market. A futures organization Pantaloons is a member of has only recently announced a solution allowing investors to profit from online chances in futures markets via dot com. As a result of an endeavor quite like this one taken by Flipkart.com and Snap-deal, the new distribution channel is proving incredibly successful. This is mainly the case given that it eliminates the most expensive component of the traditional retail outlet.

4. Recent Changing Trends in India Retail Format

The retail business constantly evolves due to liberalization, globalization, and changing customer preferences. Manufacturers identify, divert, or establish new retail models even as international retail chains pursue new markets. In recent years, it has also resulted in the emergence of new retailers and the expansion of existing ones to cope with the forthcoming fierce and considerable rivalry in the organized retail sector. This has had the effect of altering customer views about merchants. Modern customers are not only interested in the primary items or practical advantages that merchants provide, but they also anticipate receiving the non-commercial benefits necessary to maintain a lifestyle that aligns with their preferences.

1. Kirana Stores: The growth of new store formats has significantly impacted the retail business, leading to more intense competition. Companies like Big Bazaar and Subhiksha, as well as the so-called category killers (giant chains) and specialty retailers, are good examples of successful retail sales strategies. A new and flourishing kind of organized retail has emerged, therefore, one that can hold its own against traditional retail in every respect by offering shoppers a more satisfying and pleasurable experience.

2. Demographic and Psychological Changes: Retail establishments have been impacted by people's demographic lifestyle, requirements, desires, expectations, and preferences (for example, lifestyle, attitudes, views, behaviors, and so on). The proportion of the youthful generation living in the nation is likewise growing.

3. Adequate space availability: The unorganized retail sector comprises tiny shops dispersed throughout most counter establishments. Because there is little room, customers cannot enter the retail businesses themselves. Even in the organized sector, getting adequate

space might be difficult; nonetheless, there is plenty of room on the floor in several locations across the city.

4. Availability of a wide range of branded products: In today's highly competitive industry, many new items are appearing that provide both quality and affordable pricing. The significant demand for branded items offered to customers in retail shops is another factor essential to expanding the retail business.

5. Role of Information and Communication Technology (ICT): The expansion of the retail industry in India will be significantly aided by technological advancements. Retailers are the ones who experience the effects of how technology is used in their industry. Now, the vast majority of shops continue to do practically everything manually. When approximately one percent of retail sales are handled by unorganized merchants, it is reasonable to assume that such retailers suffer from operational inefficiency. This is the case in the nation in question. Retailers must use current technology to effectively handle various business processes, including inventory management, placing orders, and monitoring consumers via customer database maintenance.

6. Effective and efficient communication channels: Most modern-day merchants market their businesses primarily via various promotional programs. Many people are available for a diverse selection of items, each with its unique promotions and possibilities for multiple sets, all of which are based on the requirements and preferences of the clients.

7. Customer Needs and Relationship Management (CRM): The expanding spending power of India's massive middle class is the primary reason for the relatively limited number of attendees. Retailers must prioritize providing a positive shopping experience for their customers through successful and efficient customer relationship management strategies.

5. Conclusion

So, it is concluded that global retail giants interested in expanding into additional markets will be drawn to India due to the country's enormous middle class and primarily undeveloped retail business. This, in turn, will allow the India Retail business to expand quickly. The retail sector in India is expected to rise by 25% yearly. By 2016, India's modern retail industry might be valued between 175 and 200 billion US dollars. The Food Retail Industry in India occupies most of the shopping basket space. India's mobile phone retail industry is now worth 16.7 billion United States dollars, expanding at more than 20 percent annually. The increasing market size, the trend toward more business-friendly laws from the government, and the development of new technology that makes business operations easier all point to a bright future for the retail industry in India.

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