

DEVELOPMENT OF ORGANISED RETAILING IN INDIA- CHALLENGES AND OPPORTUNITIES

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ABSTRACT

India is on the radar screen in the retail world and global retailers are seeking entry into the Indian retail market. The market is growing at a steady rate of 11-12 percent and accounts for around 10 percent of the country's GDP. Indian retail market is considered to be the second largest in the world in terms of growth potential. The recent years have witnessed rapid transformation and vigorous profits in Indian retail stores across various categories. This can be contemplated as a result of the changing attitude of Indian consumers and their overwhelming acceptance to modern retail formats. Domestic consumption market in India is estimated to grow approximately 7 to 8% with retail accounting for 60% of the overall segment. Of this 60%, organized retail is just 5% which is comparatively lesser than other countries with emerging economies. For the growth of retailing in India organized retailing provides great opportunities. This paper provides insight into various factors responsible for growth of organized retailing in India. The paper also focuses on various challenges and opportunities for growth of organized retailing in India.

Key words : Retail market, various categories, opportuities

Introduction

Sale of goods to ultimate consumers for use and consumption and not for resale is termed as Retail. This word retail; comes from the French word retailer which means to break bulk therefore in most simple terms it implies direct contact with ultimate consumers. Retailing can be defines as the buying and selling of goods and services. It can also be defined as the timely delivery of goods and services demanded by consumers at prices that are competitive and affordable. (Ms. Vidushi Handa, Mr. Navneet Grover). In 2004, The High Court of Delhi defined the term 'Retail' as a sale for final consumption in contrast to a sale for further sale or processing (i.e. wholesale), a sale to the ultimate consumer. (High Court of Delhi). Thus retailing can be said to be the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturers and institutional buyers such as the government and other bulk customers. Retailing is the last link that connects the individual consumers 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. (Ms. Sonia). Organised retailing formats are still at evolving stage in india but still retail sector in emerging markets is becoming increasingly competitive. Various factors like increasing number of nuclear families, greater work pressure, working women, and increased commuting time, convenience has become a priority for Indian consumers. This provides great platform for organized retailers in India.

Literature Review

In this literature review, the researcher attempts to synthesise the work of various previous researchers in relation to ecommerce, both organised and unorganised. This review is being given with the goal of finding research gaps and validating current research efforts. By analysing the literature and tracing India's history, it is clear that the organised sector existed in India throughout the mediaeval period. More or less organised merchandising can be found in the form of "Shrenis" (a group or association of traders, merchants or craftsmen). The Shrenis were in

charge of training, acquiring raw materials, and distributing the finished product. Unlike guilds, Shrenis were the merchants in charge of arranging commerce. There are differences in how Guilds and Shrenis operate, although both are meant to facilitate commerce and are treated similarly. (Thapar R, 2015)

Later, during the British Empire's colonial period in India, the cooperative model was also traced. And the cooperative model's method has been established with the intention of benefiting the end user by removing the middlemen and so lowering the cost of the goods. And sell the commodity at fair prices, which increases the commodity's demand. Modern consumers differ from traditional customers in terms of affordability, requirement, busy schedule, literacy rate, economic situation, political climate, growth in disposable income, and modified the shape of the organised sector. (Sengupta, 2008).

Since the beginning of liberalisation, India has seen massive diversification in every area in terms of growth and infrastructural development. The government has liberalised numerous industries, including retail, but because retail is India's backbone, further limitations must be lifted. Policy implications may have a detrimental impact on traditional players that are unable to compete in the face of global competitiveness pressure. (Masharu U, et.al, 2018)

The Government has a big role to play to enhance this benefit for the consumers. FDI in multibrand retail will benefit existing players both in the grocery and apparel segments. Food accounts for a large share of expenditure in developing countries and the consumers are more responsive to income and price changes. (Banerjee D, et.al, 2015)

CHALLENGES FOR INDIAN RETAIL

- **Successful supply chains**

Retailers face enormous obstacles as a result of the supply chains' extreme fragmentation, infrastructure issues, and the Indian market's wide geographic distribution. For their supply chains to be successful in the price-conscious market, Indian retailers must make improvements. Supply chains in industries like food and retail must be very chaotic. In addition, supply chains with quick response times would be necessary to meet rising customer expectations.

- **The capacity to enter the rural market**

Urban areas have been the centre of organized retail, which has increased competitiveness. In 6 lakh villages throughout rural India, 72 million consumers live. 50% of these towns are made up of 17%. 14 The future urban frontier: 20 cities to watch: 60% of rural wealth, organized retail workforce needs, and NCAER skill requirements. Aadhars (Pantaloon-Godrej JV), Kisan Sansars (Tata), Choupal Sagar (ITC), Hariyali Kisan Bazaars (DCM), Reliance Fresh, and others, like NayaYug Bazaar, have recently strayed into the retail sector.

- **Make use of technology**

IT and technology must be utilized by organized retail tiers in order to support corporate growth through innovation and distinction. To streamline business operations, cut costs, and react to the industry's shifting landscape, a number of retail businesses, including DLF Retail, Khadims, and DiamexonDiamonds, have increased the scope of their SAP15 implementations. Logistics and inventory management can benefit from GPS and RFID technology.

- **Individualized solutions**

The retail industry in India is incredibly diverse. Numerous sectors' dynamics are affected by geography and other cultural aspects. The difficulty for the retailer is to balance this heterogeneity of the target market with other issues, such economies of scale.

- **Make an investment in a store brand.**

A vital component of success is having a great retail brand. Retailers should make investments in brand-building initiatives that assist them draw in new clients and retain old ones. Retailers will be able to push through "private labels" that improve their performance thanks to the strong retail brand.

- **CRM stands for customer relationship management.**

To keep their consumer base and build brand value, retailers must develop creative CRM strategies. Loyalty programs and other CRM initiatives have in the past been favorably appreciated by customers.

Retailers in India must carefully consider how trade outlets are operating, managing, and overcoming new obstacles. In order to comprehend shop experiences and geographical distinctions in consumer attitudes for retail sales, Indian retailers should employ modern retail models. The nation's marketing initiatives need to be strengthened in terms of advertising, promotion, and aggressiveness to draw customers. Encourage repeat consumers and reward them for their loyalty by managing highly-valued clients efficiently. Indian retailers face a number of difficulties that require more active attention. The retail sector in India needs to grow some key components, but there are significant barriers that could prevent this from happening in the future.

EMERGING TRENDS IN RETAIL

With modern setups like Super-markets and non-store retailing channels like multi-level marketing and teleshopping coexisting alongside traditional setups like hawkers, grocers, and paan beedi shops. Modern stores typically offer a self-service model, a great amount of inventory, and a welcoming atmosphere. Retail is going through a development phase and is set up to undergo significant change.

In recent years, retail chains have slowly but steadily spread to several layouts, including hyper markets and discount stores. These establishments provide amenities for quality accessibility at affordable rates while also raising the bar for shopping and fusing it with entertainment. Modern retail forms are projected to develop more quickly in industries including books, electronics, men's clothes, and dry goods. The design and adaptability of fresh food, fast food, and personal care goods may also change.

Because of the rising per capita income and changing standards of living, there have been several changes in the Indian retail environment that have affected demand. It has been noted that there has been a power shift in mature markets from producers to retailers.

The main strategies employed by Indian retailers to seize control involved the self-development of shops and their own brands as well as the implementation of slotting allowances, which mandate payments from producers to merchants in order to arrange shelf space for new products. The introduction of new tactics and plans by manufacturers with cheap pricing strategies in partnerships with retailers and development of direct marketing techniques for profit maximizations is the result of this enhanced control or authority.

The popularity of organized commerce has recently increased as a result of shifting consumer behavior. The economy's fastest-growing sector right now is retail, which is going through a shift not just in China but also throughout the rest of the world. Increased money, joint family breakups altering lifestyles, and favorable demographic trends have made this transition possible. Customers' preferences for shopping have altered in recent years, and they now choose locations where they can buy goods and enjoy entertainment under one roof. As a result, the Indian economy's retail sector is the most notable.

A new era of opportunities for Indian youth has already begun as a result of newly established retail setups and various combinations of retails. The retail sector is expected to expand as a result of significant investments in it and an almost complete decline in the number of small "kirana" businesses. In the malls, banks' branches, bill counters, various bars, and internet cafes have come up, making these services conveniently accessible to customers.

Nowadays, the rise of the Internet, along with improved computer literacy and lower transaction costs, has enabled more individuals to buy goods online, fueling the expansion of non-store retailing. Through internet-based mediums like e-mails, television, SMS, and telephones—to which anybody may react through toll-free 16-digit numbers and obtain the information—consumers are alerted about new, fresh arrivals of goods.

Sales promotion channels are developing and expanding in order to reach various lifestyle groups in a different method.

Technology's advanced application or accessibility is not a matter of affordability; rather, it is essential for businesses to remain viable. To increase store output, retailers use modernized equipment, cutting-edge

electronics, check-out scanning systems, tag guns, vending machines, money counters, and digital signage. To prevent store robberies, a variety of CCTVs, cameras, sensors, and theft alarms are utilized.

In order to promote their brands, retailers today have abandoned all traditional methods and are instead turning to new ones. These include door-to-door sales by individuals, free home delivery, and online payments.

Retail companies now target smaller towns like Jaipur, Coimbatore, Baroda, Chandigarh, Pune, Shimla, etc. in addition to major metropolises. A few states, like South India, are a step ahead of other cities when it comes to shopping in supermarkets for basic necessities.

HUMAN RESOURCE MANAGEMENT IN ORGANISED RETAIL INDUSTRY

Integrating people and organizations is the process of human resource management, which aims to achieve everyone's goals. Making solid employee interactions is now more crucial for producing accurate financial and operational reports. In the retail sector, highly skilled and knowledge-based occupations are growing today while low-skilled jobs are declining. Future skill mapping through appropriate HRM initiatives is what this entails. Due to the global alignment of organized retail establishments, the retail sector is also experiencing changes in systems, management cultures, and attitudes. The development of multiple skills is essential. HRM's function becomes increasingly important. Successful performance in any position or task has taken on a significant role, for structure success, given the dynamic business environment and new problems emerging within the competitive world. One technique that aids in identifying and mapping the competencies required for effective performance in a very particular function is competency mapping.

The management of human resources plays a dynamic role in achieving organizational goals. The key factor affecting an organization's success is human resource management. The retail sector in India has also had a remarkable impact on the country's economy. In this environment of intense competition, organized retail in India is undergoing a revolution and is anticipated to meet worldwide standards. The entry of organized retail industries has resulted in notable changes in the retailing sector.

Human resource techniques have been expanding quickly to keep up with this fierce competition. The organized retail players in India have been stepping up their Human Resource Management efforts as a result of realizing and comprehending the need of having effective workers.

The organizational function known as human resource management deals with issues connected to people and encompasses pay & compensation, hiring process, performance management, safety & security, benefits, employee morale & motivation, communication, administration, and training, among other things. Almas Sultana sheds light on human resource management, describing it as a strategic and all-encompassing method for managing individuals at work. The purpose of human resource management is to support an organization's expansion and success across a variety of industries.

The HRM practices are crucial in creating the framework for hiring employees, evaluating their performance, paying them fairly, and providing them with training and development. They also play a critical role in influencing the attitudes of the workforce. Innovative human resource management techniques, particularly in the retail sector, have become quite important in the modern day. India is the third most desirable retail market globally, according to an AT Kearney international consultancy report issued in June 2010. Its expenditure increased by 10.6% between 2010 and 2012, and by 2015, it is anticipated to reach US\$750-850 billion. The unorganized sector dominates the Indian retail industry by 90 percent, which presents enormous opportunity for large-scale retailers to set up their operations there for expansion.

The organized retailing sector is gradually seeing an increase in entries from various multi-storey processes including hypermarkets, supermarkets, and specialty shops, which are actually replacing traditional formats and inevitably affecting the retail environment in India. Since our nation's economy started to become more liberalized in the early 1990s, organized retailing in India has clearly increased in the organized sector.

Development And Opportunities Of Retailing In India:

The Indian retail trading has received Foreign Direct Investment (FDI) equity inflows totaling US\$ 537.61 million during April 2000–March 2016, according to the Department of Industrial Policies and Promotion (DIPP). With the rising need for consumer goods in different sectors including consumer electronics and home appliances, many companies have invested in the Indian retail space in the past few months.

- International Finance Corporation (IFC), the investment arm of The World Bank, plans to invest up to Rs 134 crore (US\$ 19.86 million) in Kishore Biyani's Future Consumer Enterprises Ltd, which is expected to aid the company in driving its growth plans.
- Amazon India has opened six new fulfillment centres across Chennai, Coimbatore, Delhi, Jaipur and Mumbai, which will open up 5.5 million square feet of storage space for sellers on the marketplace who use the 'Fulfilled by Amazon' service.
- IKEA, the world's largest furniture retailer, plans to invest Rs 10,500 crore (US\$ 1.56 billion) to set up 25 stores across India and hire over 15,000 permanent employees and 37,500 temporary employees to assist in running its stores.
- Amazon Inc. has announced that the company would invest an additional US\$ 3 billion in India operations, thereby taking its committed investment in the country to over US\$ 5 billion.
- Aditya Birla Fashion and Retail Limited (ABFRL) has announced that it will acquire exclusive online and offline rights of Forever 21, an American fast fashion brand, in the Indian market.

CONCLUSION

Retail in India is most dynamic industry and represents a large opportunity for domestic and international retailers. Modern retailing is not a problem to traditional stores as most of the consumers said that they never stopped visiting kirana stores. They strongly agree that the existence of both the sector is required. The retailers have to redesign the retail format strategies on the basis of customized regional approach. The analytical mass of the research makes it sufficiently evident exclusive showrooms and branded companies are not feasible in the Indian scenario and they have to reframe their strategies. The main reason for this is that the western pattern of retail format in India does not suit the people and culture. It must be kept in mind that Indian buyers are extremely price sensitive (than quality). Ease to buy and credit facilities provided by un-organised retail is still a major consideration while shopping. In nutshell we can say that there is vast scope for the growth of organized sector in India due to change in time, technology, customer requirement, customer taste, preferences. But it is also true that kirana store are big challenges in front of them. In India no doubt that due to lack of time and increase of service class organized sector is developing but still people in Rural, semi urban are still prefer to buy from Karyana store due to reliability, and boundness.

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