

# THE EMERGING RETAIL REVOLUTION – ISSUES AND IMPLICATIONS

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## Abstract

*The Retail Business has been present in Indian Society since ages and it is silently scaling significant peaks in recent times only. The profile of 'kirana' stores in the by-lanes have metamorphosed into aesthetically decorated and properly arranged mega Malls to allure the customers. This silent revolution has a drastic impact on the Indian society for the reason that a traditional store has an inseparable affinity and most modern markets/malls are posing new challenges.*

*The Liberalization measures have yielded good results and there is a new sense of optimism about the Economy. Dynamic development has brought a sea change in the attitude of the Indian Consumer. The lifestyle of Indian Consumer is undergoing a major transition and consumer prefers new brands that appear in the market. Another contributing factor is young people are earning more due to wide opportunities and visiting retail shops to satisfy their desires. At the same time much concentration is focused on rural market by big retail formats. "India lives in its villages" is the adage and rural markets have been an enigma and virgin land for un-tapped opportunities.*

*In this scenario, an attempt has been made in this paper to diagnosis and prognosis the emerging Retail Landscape.*

### **1. Introduction:**

The term retailing refers to any activity that involves sales to an individual consumer. Retailing Business has been transformed from conventional Retail outlets to super stores, specialty stores, franchise stores, direct marketing and even telemarketing. Consequent to the introduction of Economic reforms there has been enormous transmuted in the Indian Economic Environment. Several sectors in our Economy are silently scaling significant peaks and India is emerging as the fourth largest Economy in the world in terms of purchasing power parity after the United States, China and Japan.

The Liberalization measures have yielded good results and there is a new sense of optimism about the Economy. Prominent among the promising sectors are Retail Business. This type of business has been vague in the Indian society since ages and people are having a lot of affinity towards local stores. Service is the single most important factor in successful retail business. Local stores are coming forward to deliver the provisions at the doorstep of the consumer without additional cost. Another important factor for the success of local stores is that most of the customers are known to the shop owner and hence always get personal attention. Traditional shops owners are ready to extend credit to those who are familiar to them and they believe depends on mutual trust.

Of late, the profile of local stores in the bylanes has been metamorphosing into aesthetically decorated, meticulously planned and properly arranged mega malls to allure customers. The silent spectacular retail revolution has immense impact on the Indian society for the reasons that traditional stores have an inseparable affinity and at the same time most modern markets/malls are posing new challenges.

### **2. Changing Profile of Indian Consumer:**

Dynamic development and liberalization policies have brought a sea change in the attitude of Indian consumer. Indian market has been witnessing drastic changes in recent times. The life style of Indian consumer is undergoing a major diversification and consumers are preferring new brands that appear in the market. Due to the transformations of demographic, economic and cultural factors, the Indian consumer is more active, mature and evincing keen interest to select best products irrespective of price ranges. As a result, the Indian consumer is an active participant rather than passive purchaser.

Information Technology has paved the path for more opportunities, young people are working hard and earning fat salaries and their preferences, choices are also fast changing, companies are also sensing the moods of consumers, reorienting their strategies with a focus on consumers. Innovative marketing strategies, product design, pricing, advertisements are the cornerstones of success. In the olden days, the Indian companies did not have access to sophisticated technology. In those days, quality was a dream.

Consumers are hesitating to purchase Indian made products. Today the situation has been reversed. Pragmatic policies of the Government especially after the prelude of Economic reforms are also another contributing steward for the growth of consumerism.

Today in the competing circumstances quality is the mantra. Companies are spending huge amounts on quality improvements, the corporate world is giving utmost importance to the selection of best raw material, virgin technology backed by good research and development, well trained employees, logistics management has helped with distribution of the best products that surfeit the customers. Now the pertinent point for a marketer is how the consumer perceives the quality of the product. Buyers will take into consideration various factors such as advertisement, price, brand name and store name. Companies are realizing that their fortunes depend on quality. Quality is free. Quality can be seen in the eyes of the customer. For a company which supplies quality product opportunities are electrifying. Profits are plenty. Sky is the limit to expand in the Global arena. The dreams of companies are resulting into realities and Internet is being perceived as an innovative engine of resource. Netizens are playing a prominent position in the E-markets. These markets help in augmenting the exciting experiences to corporate world. Another factor behind this optimistic scenario is relationship marketing is satisfaction of the consumer's desires and aspirations. An elated consumer is a boon to the organization. This depends on quality which is an important tool of the competition.

### **3. *Indian Rural Scenerio:***

“India lives in its villages” is the adage and rural markets have been an enigma and virgin land for un-tapped opportunities. Even though the rural consumer is not educated, but he is definitely astute with a lot of experience in handling the vagaries of life. In recent times, due to the widespread of Information Technology, the rural consumer is able to understand what is happening around him and he is willing to shift his life style in accordance with the latest trends. These opportunities are giving an unlimited scope for the corporate to build insights and break boundaries.

It is the passion and advertisements that takes the consumers towards new and novel products. Corporate world is also realizing that progress is always propelled by professionalism and new ways are depicted to woo the consumer.

India is a biggest Geographical abstract with 28 States, seven union territories, hundreds of dialects, multiple cultures and with diversities. In such a diversified and enigmatic market belief is that the market system is a “matter of faith”. It is understood that a household’s spending and savings decision depend on its view of long term or permanent income.

#### ***4. Indian Reails Land Scape: An Over View:***

The dawn of Retailing in India has a lot to do with the growing purchasing power of the buyer’s unlimited choice of products, alluring advertisement attractions, brand popularity etc. As a result, super markets and centrally air-conditioned Shopping Malls are established. Mega Malls offer the experience of shopping, dining, movies, leisure and entertainment games, exhibitions, all are available under one roof. Families are having the opportunity to visit these new fangled areas and spend their time that gives them a new experience.

India’s new prosperity and opulence is attributable to the progressive policies of the Government. The saga of Economic reforms is a continuous process thereby; India is able to rebuild its Economy. Several measures have been initiated to contain and control inflation. Foreign reserves are mounting and in a comfortable position. Indian companies are emerging as International companies and competing in the Global markets. India’s hegemony in Information Technology and Biotechnology has opened new vistas and India is able to convert its population explosion into Human Assets. Several middle class families are educating their children and these young brains are bringing wealth to the Nation as well as their personal prospects are also ameliorating. All these endeavors have resulted in sharp rising of Incomes in the middle class. The neo-rich middle and upper middle class have disposable and discretionary income. Consequently, the lifestyle of the middle - income group is fast changing and present Indian cities are reflecting the situation.

#### ***5. Role Of Women In Retail Business:***

The Buying behavior of Housewives in Indian context assumes splendid significance due to the reason that they are the cynosure of the family. Present middle class wife is educated, employed and also an expert in Home management. A successful housewife is competent to collect information

about a product from various sources. She is capable of weighing pros and cons. Every housewife meticulously plans and executes the purchase requirements of the family. Now modern, educated middle class housewife gathers information from print media, electronic media, friends and from other available resources. Generally grocery items, fruits and vegetables are purchased by housewives, but cosmetics are her exclusive choice. In buying consumer durables the head of family takes final decision. Sometimes, even though the house wives are capable of taking decisions but the credit they want to attribute to the husbands in the Indian society. Housewives can't take major decisions without consulting spouses, and they believe that family ties will be strong by mutual consultation and respecting each other's opinions or views. If both husband and wife are employees they could not find time to cook and going out for dining twice or thrice per week is a prevalent practice. In good olden days or yester years joint families are the fulcrums of Indian society. Over a period of time, nucleus families are emerging in the present day society due to urbanization and income is not sufficient to meet and maintain joint families. Circumstances are such that unless both husband and wife are earning it is not possible to meet both ends. This type of working families are growing and they could not find time to cook and visiting restaurants very often to satiate their taste buds. In order to satisfy this segment companies are coming forward to produce ready to eat receipes and instant items are sold in the Retail outlets and they are exported to other countries to cater to the needs of Indian migrants.

#### **6. *Prominent Players In Indian Retail Land Scape:***

In order to encash the present vicissitudes many Foreign and Domestic companies are establishing their retail outlets and they are believing that servicing is the most single important cause in successful retailing.

Following are the prominent Retail Players in India.

- |                             |                                  |
|-----------------------------|----------------------------------|
| 1. Pantaloon Retail (I) Ltd | - Value and life style retailing |
| 2. Bata India Ltd           | - Foot Wear                      |
| 3. RPG Retail               | -Value And Life Style Retailing  |
| 4. Shoppers stop            | - Life style retailing           |
| 5. Life Style International | - Life style retailing           |
| 6. Vivek Ltd                | -Consumer Electronics            |

7. Trent Ltd	-Value and Life Style Retailing
8. Subhiksha Trading	-Discount Retailing - Food and Groceries
9. Margin Free	-Discount Retailing - Food Groceries
10. Trinetra	- Value Retailing – Food & Groceries
11. Nilgris	- Value Retailing – Food & Groceries
12. Raymonds	-Life style Retailing
13. Pirmid Merchandising	-Value Life Style
14. Vijay Sales	-Consumer Electronics
15. Globus Stores	-Life style Retailing
16. Nalli	-Specialty Saree
17. E Bony	- Life style Retailing Life
18. Madras Garments	-Apparel
19. Aravind	-Apparel
20. Levi Straus India	-Apparel
21. Times Retail	-Music Retailing
22. Barista	-Coffee Beverage Retailing
23. Café Coffee Day	- Coffee Beverage Retailing
24. Mc Donald's	-Good Service
25. Pizza Hut	-Food Service
26. Cross Roads	-Mall Retailing
27. In Orbit	- Mall Retailing
28. Forum Mall	- Mall Retailing
29. Spencer Plaza	- Mall Retailing
30. Nirmal	- Mall Retailing
31. ITC E- Choupal	-Choupal Fresh and Saagers
32. Metro India	-Retail
33. Reliance	-Retail
34. Bharathi –WalMart	-Retail Outlets
35. Tata- Croma	- Retail Outlets

The Retail format can be divided into three aspects

Convenience Stores : That sells ready to eat Food. Beverages, Fruits, Vegetables etc.,

Super Markets : A part from Food, Beverages, essential Commodities will be sold.

Hyper Markets : Bigger in size Arranged in 4,000 or more square feet. Sells essential commodities, House hold utilities and Apparel.

### **7. *Un-Organized Vs Organized Retailing:***

Traditionally small kirana shops are omni present in rural and urban Indian. Small shops are having inseparable affinity with the local people and depends on the integrity will sell the goods on credit also. Daily wage earners will purchase provisions out of their day's earning. Salaried people also purchase either on cash or credit. Hence, small shop owners are familiar with every face in that locality. "Repeated business is always a business". Since local customers will visit these small shops regularly, retail business is thriving. Nearly 4 crore people are directly depend on Retail sector and this sector is considered as an avenue for self-employment. Retailers are purchasing produce from farmers in the season and sell throughout the year. For some goods they will purchase from wholesaler or sole distributor and take their margin. In the present economic scenario Government is giving priority to privatize all possible works and to get a Government job is searching for water in the Desert. When avenues are narrowed day-by-day unemployed youth are desperately trying to stand on their own legs and small shops are one among the several options available to them. Thus, small shops in both rural and urban area are occupying significant status. Low capital, small space, reasonable prices, quality provisions, satisfactory service, personal attention are the inherent successful pillars for small shops. All these shops are in the un-organized sector and having impact on Indian society.

Many companies are grasping the situation and due to the introduction of Economic reforms, Indian Economic sector is in upbeat mood. At present, retail business is facing competition from both domestic companies and indirectly from Foreign companies. Corporate world has understood that the level of economic activity can be calibrated by the level of money supply. Since quality of work life is improved, standards of living are also refining. Money is flowing in our society due to pragmatic and progressive policies of the Government and people are willing to purchase modern articles. As a matter of fact, a household's spending and savings decision depend on its perception for future or permanent income.

In recent times, a Reliance industry has taken a decision to establish its Retail stores throughout the country in a phased manner. Similarly ITC Ltd., has unveiled its plan to expand its plan to expand its fruit and vegetable retail and wholesale business by opening 54 new outlets called "CHOUPAL FRESH". Same company plans to increase the number of its rural malls "CHOUPAL

SAAGARS". These are rural Hyper markets, which provide multiple services under one roof. Main contributing conveniences for corporate presence in the retail sector is

1. India's burgeoning population.
2. Middle class explosion
3. Re-Structuring/ Re-engineering revolution
4. Expansion of Information Technology
5. Growing awareness among consumers
6. Quality of work life
7. Professionalism
8. Opportunities in the private sector
9. Incremental income levels
10. Technology
11. Sharp marketing strategies
12. Large scale Economies
13. Services under one roof
14. Offering new exciting experience to consumers
15. Remunerative price for farmers and reasonable rates to consumers

At Present, the farmers are not getting reasonable rate for their produce and as a result, Indian farmer is born in poverty, cultivates poverty, dies in poverty and inherits poverty. Agriculture has become un-economical due to various causes and many farmers are committing suicides in Andhra Pradesh and Maharashtra. In these circumstances, corporate world is coming forward to help farmers by supplying seeds, suggesting solutions to the problems faced by formers, forward contracts to purchase the produce at reasonable prices et., At the same time the corporate world is taking into consideration the consumer by offering quality products at reasonable prices. ITC's e-choupul is one of the novel methods and the company serves as a platform to purchase the farmers product directly and pay spot payment for procurement. It is hassle free transaction and the role of middlemen is avoided. Farmers can also buy quality products for their own farms and household's from "CHOUPUL SAAGARS" and access services of soil testing, Banking, Insurance, Medical facilities and Restaurants. At present, there are 6,500 E-choupals in over 38,000 villages in nine States. Similarly Tata's "Crome Stores" offer 6,000 products spread across eight categories including large appliances, small appliances, computers, communications, entertainment, music, movies and games.



Reliance is also entering into the fray by investing Twenty five thousand crores and concentrating in two tier towns and commercial enters.

#### **8. *Leading among the foreign players & Retail business area :***

- Wall mart is operating in 15 countries and having 6100 stores and servicing 138 crore customers. Second famous retail is “THE HOME DEPOT”, its headquarters is in ATLANTA in America. This company has introduced automatic kiosks in which the consumers can enter the shop on seeing the price on the Barcode can purchase and pay. Third famous corporate giant is German based “METRO AG” It is operating from thirty countries. CARE forces – a is the largest in the world after Wall Mart. Its headquarters are in France. It is maintaining 11,000 shops in 30 countries.

#### **9. *Innovative Advetisement In Retail:***

Every day new products are entering into the Market. Unless sufficient advertisement is given it is highly difficult to sell the products. Cyclonic changes are effecting in advertisement arena and companies are searching for new avenues to advertise their products. All these companies are relentlessly trying to convince the consumer directly. In the backdrop of this scenario, media managers are conceiving “INSTORE ADVERT-ISEMENT”. Due to the wide spread of organized retailing, companies are excited to experiment with the concept of Instore Advertisement. For example “PANTLOON” has erected large size TV screen to display their products. It is estimated that nearly 15-20 lakhs consumers are visiting pantaloon shops and they are directly influenced by new products. Generally domestic consumers are impulsive purchasers and their shopping habits are un-planned. In such circumstances In stores Advertisements gives information about various products, features, prices and other services. Interactive TV is also playing a vital role in the Retail landscape.

#### **10. *Dilemma Of Small Shop Owners:***

Unorganized Retail Shops are catering to the needs of local people. In India lowest strata of the society depends on daily wages and they hesitate to peep into glittering Super and Hypermarkets. Hence they wish to visit the shops in their locality and the small shop owner will have a rapport with the locals and this nearness makes the shop owner dearest to locals. The support extended by the locals is fulcrum to the foundation of small ‘kirana’ shops. Unless and until the fruits of

liberalization, privatization and globalization reaches to the lowest strata of the society, it is conceived that there is no threat to unorganized retail shops in India.

### ***11. Government Policy:***

As a matter of policy Government has been discouraging Foreign Direct Investment in Retail sector. The Government is of the opinion that if the organized Foreign Retailers are allowed, the un-organized Retail Sector will have to close their shops. But Retail Corporates are of the opinion that if organized Foreign retailers are allowed Indian manufactures, suppliers and farmers will be benefited. It appears until the domestic retail business is strengthened it is not possible to allow Foreign Direct Investment in this sector. The unorganized retail sector has to face severe competition both from the Domestic and Foreign outlets. In China, during the year 2010-11 the Retail business has registered 6.1 growth rate. Thailand has registered 13.2 Singapore 10% whereas India has registered 10% growth rate. Retail companies are trying to attract 30 cores middle class consumers. Another interesting factor is that sixty percent of our population is below twenty years and they are purchasing latest varieties. At present Organized Retailing is concentrated in North and Western India.

### ***12. Future Scenerio:***

It is expected that in the years to come Organized Retailing will grow at the rate of 40 per cent. Many companies are interested to establish retail outlets. So far the Andhra Pradesh is concerned , Retail Business is mainly concentrated in Hyderabad and it takes sometimes to spread the Retail boom to other areas and two tier towns.

### ***13. Conclusion:***

In accordance with the changing times, the traditional stores have to understand the challenging changes. At present Indian farmer is not getting required remunerative price and at the same time, consumer is paying high prices. Consumer protection Act 1986 is not practically implemented in letter and spirit. Organized Retailing bridges the gap between the producers and consumers. Socio, Cultural and Economic aspects will play a vital role in the development of Retail Business. Until and unless the fruits of liberalization and privatization reaches to common man, both organized and un-organized retail business will thrive in India.

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