

Significant study and critical value analysis of retail marketing with specific reference to Indian retail sector – A theoretical assimilation

Daneshwari Guddad, Pushparaj Kodaganur

*Guest Lecturer in Commerce, GFGC Haliyal, Affiliated to Karnatak University Dharwad
Assistant Professor cum Placement officer, KLE's Institute of Management Studies and Research (IMSR)
BVB Campus, Vidyanagar, Hubli – 580031*

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ABSTRACT:

In the past ten years, the retail industry and its surroundings have seen significant upheaval. The majority of the difficulties are brought on by shifting social, political, economic, and demographic conditions, as well as changes in the retail industry brought on by the entry of Wall Mart, Carrefour, K-Mart, etc. The option of format that a consumer has when buying a product is examined in this essay, as well as the relative importance of the many products bought through organized retail locations. Retail stores may be a relatively new development in India, where a particularly designed environment makes shopping an adventurous experience. In fact, we are starting to demand locations where we can enjoy the comforts of spending the entire day in one location, taking use of a variety of services, of which shopping is only one. As a result, you can look around, window shop, buy things, take a break for a meal, enjoy some entertainment, and listen to music. This quickly spreading idea of organized retail marketing is actually just the development of a distribution network that eliminates various intermediary costs and establishes a much more seamless interaction between producer and consumer. The industry, which has global sales of up to \$6.6 trillion, is currently the largest private sector employer and contributes more than 8% of the GDP in western nations. India is presently in the spotlight. We are currently at a turning point in the retail revolution. The retail business has finally started to move toward modernization, systematization, and consolidation after 50 years of uncontrolled retailing and fragmented kirana outlets with extremely basic items, fixed prices, minimal use of technology, and little to no

ambiance. Today, retail is a significant area of growth. The way Indian consumers approach purchasing has undergone a mental shift. His psychology has undergone a dramatic metamorphosis over the past ten years, one that behavioral experts have meticulously tracked and documented. Small towns can also feel its effects. In the past, poor incomes and a lack of consumer culture impeded the creation of such formats. The proliferation of higher quality retail stores, an abundance of brands, and a wide range of product alternatives are the early signs of this revolution. The retail sector is currently starting to change. Most shops have always operated quite locally, but this aspect of the industry is quickly changing as people become more aware of the need to create sources and implement effective merchandising systems. The rate of change has quickened, and there are now more than 12 million retail establishments in India. Retail marketing is a phenomenon that can introduce new technology, methods, and mindsets into the corporate world. All in the name of giving the consumer a better selection of items at cheaper costs in a better environment with higher business, it can boost overall labor, productivity, and employment. This study primarily relies on secondary data, which was gathered from a variety of sources and reputable authors' books. An on-the-ground study was also carried out to gain a deeper understanding of the shifting business environment.

Keywords: Retail industry, behavioral experts, new technology, productivity, shifting business environment

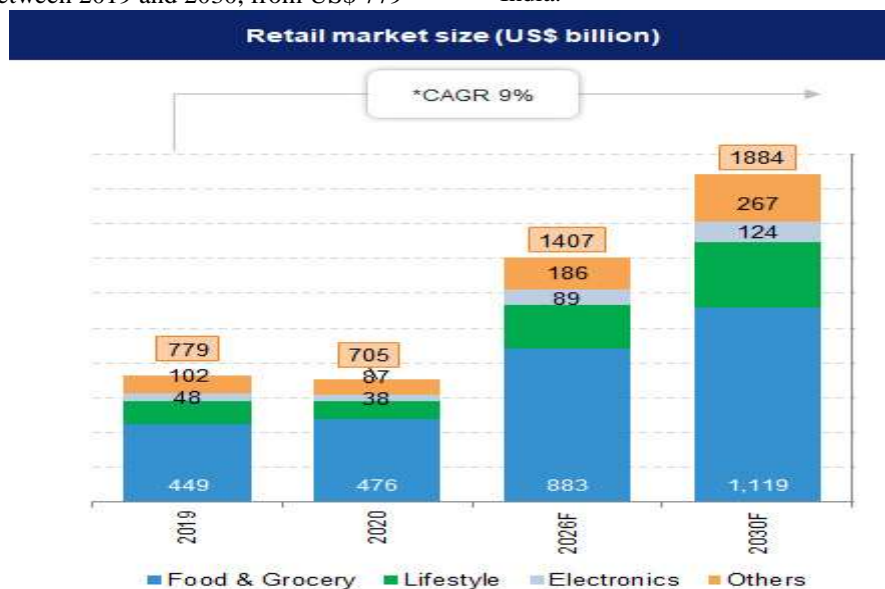
I. INTRODUCTION:

Due to the introduction of numerous new businesses, the Indian retail industry has become one of the most dynamic and quick-paced sectors. Over 10% of the nation's gross domestic product (GDP) and about 8% of employment are attributed to it. India is the fifth-largest international retail market in the world. In the 2019 Business-to-Consumer (B2C) E-commerce Index published by the United Nations Conference on Trade and Development, India came in at position 73. India is the fifth-largest international retail destination in the world and is ranked 63 in the World Bank's Doing Business 2020 report. The key attractions for global retail behemoths trying to enter additional markets are India's sizable middle class and its mostly untapped retail market, which will aid in the country's retail industry expanding more quickly. The spending power of urban Indian consumers is rising, and branded products in areas including apparel, cosmetics, footwear, watches, beverages, cuisine, and even jewelry are progressively becoming popular for use in business and leisure. According to a recent estimate by the Boston Consulting Group, the retail industry in India is predicted to reach a staggering US\$ 2 trillion in value by 2032 (BCG). India is the fifth-largest international retail market in the world. India placed 16th in the FDI Confidence Index (after US, Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland, and Italy).

Market Size:

India's retail sector is expected to increase at a 9% rate between 2019 and 2030, from US\$ 779

billion in 2019 to US\$ 1,407 billion by 2026, and more than US\$ 1.8 trillion by 2030, according to Kearney Research. In FY20, offline retailers in India, commonly referred to as brick and mortar (B&M) merchants, are anticipated to raise their revenue by Rs. 10,000-12,000 crore (US\$ 1.39-2.77 billion). By the end of 2021, the direct selling sector in India is anticipated to be worth US\$2.14 billion. E-retail has benefited from the pandemic, and a report by Bain & Company in collaboration with Flipkart titled "How India Shops Online 2021" predicts that the market would reach US\$ 120–140 billion by FY26, growing at a rate of about 25–30% per year over the following five years. The India consumer story is still strong despite extraordinary difficulties. Household consumption reached Rs. 130–140 trillion (US\$ 1.63–1.75 trillion) in 2021, driven by wealth, accessibility, awareness, and attitude. The third-largest country in terms of e-retailers is India (only behind China, the US). By 2030, it is anticipated that Direct-to-Consumer (D2C) shipments will total 2.5 billion. In the next ten years, the penetration of online used automobile transactions is anticipated to increase by 9x. Between April 2000 and June 2022, India's retail trading sector attracted FDIs totaling \$4.11 billion. The Consumer Price Index (CPI)-based retail inflation in India, as reported by the Ministry of Statistics & Programme Implementation (MoSPI), was 6.77% YoY in October 2022. Aditya Birla Fashion and Retail Ltd. and Galeries Lafayette engaged into a strategic collaboration in November 2022 to launch upscale department stores and a specialized e-commerce platform in India.



Above image showing Retail Market Size (US \$ Billion)

Retailing: Definition and Scope:

The word "retailing" comes from the French verb "to cut a piece of," which meaning "to cut a piece of." As a result, retailing can be characterized as a collection of commercial actions that enhance the value of the goods and services supplied to the final consumers for their own, their families', or their homes' use. Due to his frequent interactions with the final consumer, a retailer is the important participant in the marketing process. Retailing can be viewed from the perspective of a marketer as a collection of marketing initiatives created to satisfy the final consumer and profitably sustain the client base through ongoing quality improvements in all areas related to the sale of products and services. Retailing involves understanding and knowing the needs of the customer, developing good assortment of the merchandise and displaying the available merchandise in an effective and efficient manner so that the consumers find it quite easy and also attractive to buy. Any company establishment that focuses its marketing efforts on end users in order to sell products and services is referred to as a retailer. Street sellers, neighborhood kirana stores, supermarkets, fast food restaurants, saloons,

airlines, car dealerships, video kiosk owners, direct marketers, vending machine operators, etc. are all examples of retailers. Only when a company generates a large portion of its revenue from transactions with end customers does it meet the criteria to be considered a retailer. It could be challenging to directly import an effective international format and anticipate a similar performance. The format selection must take into account regional factors and understandings of regional purchasing patterns. In terms of format, there is a lot of experimentation going on locally. Players like Subhiksha offer convenience by offering discounts on goods. International convenience formats frequently impose a surcharge above market rates. Similar to this, ITC is testing a concept where farmers sell their products and buy goods to meet their consumption needs, creating a two-way flow of goods in the retail outlet. However, such experimentation and identification of an appropriate format for local conditions may differentiate winners from loser's in the future Indian retail market. This is because these retailers' experience as they scale up beyond their current geographies may provide new insights and lead to modification or fundamental reengineering of their formats in the future.

List of retail institutions:

Sl.No	List of retail institutions		
01	Motor vehicle dealer	25	Shoe store
02	Catalog and mail-order houses	26	Florists
03	Motorcycle dealers	27	Grocery stores
04	Food stores	28	Liquor stores
05	Children's and infants' wear stores	29	Hardware stores
06	Radio, television , and consumer electronics	30	Retail bakeries
07	Book stores	31	Camera and photographic supply stores
08	Fuel dealers	32	Stationery stores
09	Lumber and other building material dealers	33	Men's and boys' clothing and accessory
10	Home furnishing stores	34	Drapery, curtain and upholstery stores
11	Women's accessory and specialty stores	35	Women's clothing stores
12	Used merchandise stores	36	Sewing, needlework, and piece goods stores
13	Musical instrument stores	37	Dairy products stores
14	Luggage and leather goods stores	38	Variety stores
15	Department stores	39	Eating places
16	Sporting goods stores and bicycle shops	40	Tobacco stores and stalls
17	Gift, novelty, and souvenir shops	41	Gasoline service stations
18	Family clothing stores	42	CDs and VCD stores
19	Apparel and accessories stores	43	Paint, glass and wallpaper

			stores
20	Hobby, toy, and game shops	44	Candy, nut and confectionery stores
21	Optical goods stores	45	Household appliance stores
22	Jewelry stores	46	Floor covering stores
23	Furniture stores	47	Fruits and vegetable markets
24	Retail nurseries, lawn and garden supply stores	48	Drug stores and proprietary stores

Above table showing list of retail institutions in present context

Retailers Role in Distribution Channel:

The final entity in the distribution chain is the retailer. Retailers are any companies or people who actively assist in transferring ownership of products and services to their final consumers. Typically, a retailer serves as an intermediary between producers, wholesalers, and other suppliers and customers. The majority of businesses prefer to focus on producing their goods, leaving the burden of selling them to a select few wholesalers or retailers.

Major Benefits of retailing:

Bulk breaking, the initial advantage of retailing for customers, refers to the practice of retailers purchasing products in bulk and then slicing them up for individual clients. As a result, clients can make purchases that are convenient for them in terms of both quantity and cost.

Benefits to consumers:

Retailers serve as the consumers' purchasing agents. They engage in a variety of commercial actions that raise the value of the products and services they offer to the final customer. Without retailers in the supply chain, customers would have to go to the producers in person to get the products and services they need. A shopkeeper acts as a buying agent, carrying out a variety of tasks to please the customer. These actions consist of:

- Breaking bulk
- Providing assortment
- Holding inventory
- Providing after sales services
- Providing information

Benefits to manufacturers and wholesalers:

Retailing is viewed as a route by manufacturers and wholesalers for distributing their goods and services to the final consumer. Retailers give manufacturers with increased revenues by offering their goods and services (on a much larger

scale), which might then be used to increase production and sales of the manufacturer's goods. The sensory organs of producers are retailers. Manufacturers rely on merchants to collect data on consumer preferences and tastes in order to build new products or improve existing ones. Retailers share opinions on the products and services they sell. This enables them to develop new items or modify their current ones to better meet consumer demand. By purchasing the goods before they are actually supplied to the final buyer, retailers also contribute to some of the risks that the manufacturers face.

Evolution of retailing:

The birth of Kirana stores and mom-and-pop shops can be linked to the beginnings of retailing in India. These shops used to serve the neighborhood residents. With the aid of the Khadi & Village Industries Commission, numerous indigenous franchise businesses eventually arose thanks to the government's backing for rural retail. In the 1980s, the economy started to open up, changing retailing. The textile industry has a few of the earliest businesses to establish retail chains, including Bombay Dyeing, S Kumar's, Raymonds, etc. In the organized retail sector, Titan later opened retail showrooms. Newcomers transitioned from manufacturing to pure commerce over time. Before 1995, businesses like Food world in the FMCG sector, Planet M and Music world in the music sector, and Crossword in the books sector joined the market. Urban areas saw the emergence of shopping centers that offered patrons a top-notch experience. Supermarkets and hypermarkets eventually made an appearance. The evolution of the industry includes ongoing advancements in technology, back-end operations, distribution channels, supply chain management, etc. Finally, this would result in increased consolidation, mergers, and acquisitions, as well as significant investments.

Factors affecting retailing industry which has an impact on business environment:

The following are some of the elements that have contributed to the expansion of the Indian retail sector:

- ✓ **Economic growth:** One of the world's most developed economies is that of India. Indians' strong purchasing power and the slow but steady growth of the GDP created a fantastic opportunity for organized retailing.
- ✓ **Consumerism:** The lifestyle of the Indian consumer has significantly changed as a result of the growing influence of western media. The growing consumerism in India is partly a result of the middle class's financial stability and their aspirations for material comforts. Consumers in India are more likely to purchase items like vehicles, washing machines, stereo systems, designer clothing, cosmetics, and other personal care items today.
- ✓ **Brand profusion:** Indian customers' rising consumerism and brand awareness have expanded the number of brands. Every product has a brand today. Even items that were once sold as commodities, like salt, oil, and flour, are now branded. Almost every international brand is available to Indian consumers, despite the absence of any international retail locations in India. Strong indigenous brands made in India include Titan watches, Asian paints, Thums Up (now a Coca-Cola brand), McDowell's scotch, Kingfisher beer, etc. Thus, when more and more brands entered the market, there was a greater need for shelf space and thus, more retail locations.
- ✓ **Availability of real estate:** A significant portion of a retailer's fixed investment is the cost of real estate. The lowest real estate prices in recent years have prompted numerous business owners to open retail locations across the nation. Along with the decline in real estate prices, the abundance of retail space has encouraged the growth of retail stores in India.

Retailing environment:

The external environment has an impact on the retail industry, just like it does on any other. The following are some elements of the external environment that have an effect on a retail organization:

- ✓ Economic environment
- ✓ Legal environment
- ✓ Technological environment
- ✓ Competitive environment

Economic Environment: The type of economic system (capitalism vs. socialism) of a nation directly affects the retail industry. Because these elements could affect a retailer's operations and profitability, a retailer should have a full awareness of the numerous economic factors of a given nation. The gross domestic product, inflation rate, purchasing power, interest rates, tax rates, employment growth, and other economic factors all have an impact on retailers. A greater GDP growth rate (in real terms) suggests that customers are spending more because they have more money to spend, which boosts sales and profits for shops. On the other side, rising inflation results in a decline in consumers' purchasing power. Higher economic growth than that seen in the preceding decade has been the effect of the 1990s economic reforms.

Legal environment: To guarantee that shops don't engage in unethical behavior, the government uses a variety of rules and regulations. However, these rules frequently impede the expansion of the retail sector. Retailers in India may encounter issues with (FDI), property rules, and a complicated taxation structure.

Foreign direct investment (FDI) restrictions: Prior to 1997, FDI in retailing was allowed in India for a brief time, and a small number of MNCs, including Nanz, were given permission to establish retail chains. Later, the government reversed course and prohibited additional FDI in the retail industry. Large-scale foreign direct investment in this industry was perceived as posing a threat to the current kirana outlets. Numerous global corporations have entered India through joint ventures or franchisee agreements during the brief time that FDI was allowed in the retail industry. For instance, RPG Group and Dairy Farm International, a \$10 billion firm based in Hong Kong, have a 51:49 joint venture called Food World. Foreign investors found it challenging to finance significant retail initiatives in India due to the ban on foreign direct investment and the absence of an industry status for retailing. However, the Indian government has allowed foreign companies to form technological and franchise alliances with Indian retailers.

Property regulations: The decline of high-quality retail space in desirable locations and skyrocketing rental and lease costs are two obstacles to the expansion of the Indian retail sector. The high cost of retail space, expensive stamp fees for property transfers, strict zonal regulations, urban land ceiling statutes, etc. are some issues that organized merchants have successfully resolved.

Real estate: The greatest landowner in India is the government. As a result, it is exceedingly

challenging for established retailers to locate acceptable locations for opening retail stores in metropolises and other major cities. Real estate prices have skyrocketed due to the imbalance between demand and availability for retail space in major cities. Because of this, organized retailers were unable to operate in major cities without the support of powerful real estate firms. The affiliations of K. Raheja with Shopper's Stop and Parimals with Crossroads are typical instances of real estate players' participation with or interest in organized retail. The majority of the new businesses have chosen south Indian cities like Hyderabad, Bangalore, and Chennai to launch their organized retail operations due to the high real estate prices in north India.

Labor laws: Retailers are also concerned about unfavorable labor laws. To handle the surge in client inflow during the festival season, retailers need more staff. The business cannot, however, hire individuals as temporary employees for a short period of time due to Indian labor rules.

Technological environment: One of the major forces influencing development in the retail sector is technology. The widespread use of bar code scanners, computers, point-of-sale terminals, management information systems, etc., along with the computerization of various retail store operations like inventory management, billing, database management, etc., have brought about a fundamental shift in how retailing is conducted in India. Technology is one of the key factors driving change in the retail sector, and retailers are utilizing it to enhance the shopping experience. The widespread use of bar code scanners, computers, point-of-sale terminals, management information systems, etc., along with the computerization of various retail store operations like inventory management, billing, database management, etc., have brought about a fundamental shift in how retailing is conducted in India. Retailers are also utilizing technology to enhance the shopping experience for customers and to better the shopping environment. Lead times are being shortened, and stock-out issues are being resolved, with the help of quick response computer links with suppliers. Lead times are being shortened, and stock-out issues are being resolved, with the help of quick response computer links with suppliers.

Competitive Environment: Although India's retail sector is still in its infancy, there is fierce competition among the firms already in place. Additionally, the enormous untapped potential is motivating numerous players to enter the retail industry. Specialty stores, category killers, and one-stop superstores all experienced expansion in the

retail industry. In addition to the fierce rivalry already present in the organized retail sector, traditional firms in the unorganized sector are also having a negative impact on organized merchants. Depending on how retail activities are conducted and which entity in the distribution channel conducts these retail operations, there are different levels of rivalry among retailers.

II. CONCLUSION:

Due to rising income levels and the rise in the number of dual-earner families with high disposable incomes, India is seeing the emergence of a consuming class. Recognizing the target customers and the key elements of shopping enjoyment is crucial when merchants consider their position in the market. The findings show that the majority of consumers are experienced shoppers who enjoy shopping. Their main hobbies include making new friends or gathering product ideas. Additionally, they see shopping as a diversion from their regular routines or a way to combat sadness. Additionally, people shop for amusement or just to look about the establishments. In the twenty-first century, marketing has undergone radical transformations. The marketplace of today is known as "the age of diversity" because consumers can choose from a huge variety of goods and services. It has become crucial for marketers to comprehend clients' perceptions, attitudes, wishes, aspirations, and expectations. Numerous fresh ideas can come from customers that businesses might not think of on their own. India's retail business has a lot of promise and is expanding quickly. India's retail boom offers both domestic and international firms fantastic opportunity. The recent global financial crisis is not anticipated to have a significant impact on the retail industry or the Indian economy as a whole. India has a strong financial system and network, as well as sound fiscal and revenue regulations. India will likely face some heat, but it won't completely collapse. The retail sector has a significant impact on the business environment since it affects key actors needed for a successful firm, such as customers, farmers, and the organized and unorganized retail sectors.

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