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INDIA'S ORGANIZED RETAIL SECTOR: EXPECTATIONS AND LIMITATIONS

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ABSTRACT

India's retail sector (industry) is expanding faster than anybody could have predicted. Around the past few years, the Indian retail industry has drawn attention from all around the world. India's middle class segment expansion, favourable demographics, changing lifestyles, rising disposable incomes, and significant potential for market penetration in both urban and rural areas all contributed to the country's retail boom. It is anticipated that since 2011, the proportion of organized retail would rise from 5% to 10%. Aditya retailer, Bharti limited, Reliance retail store, Pantaloon showroom, Visal mart, Tata retail, Raheja limited, and Piramals retail sectors are just a few of the prominent corporate companies that have diversified in order to increase the size of their retail portfolios. The goals and difficulties that organized retail players in India encounter are the main topics of this study. According to research, organized retailers' main obstacles include the competitiveness of the unorganized sector, internal logistical problems, retail shrinkage, and competition among organized retailers.

Key words: Various retail sectors, Retail Growth, Retail Challenges Organized Retail sectors, Organized Retail opportunities.

A HISTORICAL BACKGROUND OF THE RETAIL INDUSTRY IN INDIA

In my India, home to more than a billion people, is one of the biggest rising marketplaces. When it comes to purchasing power, it is among the world's greatest economies. India's retail industry is still in its infancy, yet in a short amount of time, several distinct tendencies that are consistent with experiences throughout the world have emerged. The popularity of organized retailing has increased in significant Indian cities, as seen by the proliferation of modern organized retail stores in these and other major cities. Such organized retail stores have also begun to appear in many semirural locations. With a 10% cumulative annual growth rate (CAGR). This indicates a large potential profit. When taken as a whole, the retail sector in India generates about 10% of GDP

and employs close to 8% of the labour force. The organized sector accounts for just 5% of the market, therefore the customer-savvy organized retailer is in for a big possible avenue for market growth. Rising spending the influence of Indian urban consumers has led to the progressive recognition of branded products as lifestyle items in several categories, including garments, shoes, cosmetics, watches, food, drinks, and even jewellery. A fresh group of businesses is entering the market for organized retailing. These businesses are testing out various forms of retail.

CHANCES FOR THE ORGANISED RETAIL SECTOR IN INDIA

1. The vast majority of Indians make an average of Rs 44,345 every year.
2. Raise spending in line with salaries offers further possibility.
3. The Indian economy is expected to grow at a rate faster than 8%, and companies that produce goods and provide consumer services could expect a big spike in demand because average salary increases would be more than 15%.
4. The demographic dynamics are also beneficial, with almost 60% of Indians under the age of thirty.
5. The majority of households are seeing an increase in double incomes in tandem with rising purchasing power.
6. A rise in the usage of plastic money in areas including food and grocery, consumer durable goods, apparel, etc.
7. Higher consumer density regions brought about by increased urbanization allow merchants to target the same amount of people with fewer outlets. Urbanization-related demand aggregation makes it possible for retailers to benefit from economies of scale.
8. Travelling longer distances has gotten simpler because to rising car ownership and general infrastructural improvements in the transportation sector. Customers might now travel a considerable distance to visit a certain store if they believe that purchasing from a particular location would provide benefits.

INDIA'S MAJOR RETAILERS

The following are the main retailers in India's organized retail market:

Aditya Birla limited

In order to join the food and grocery retail business, the firm acquired the "Trinethra" supermarket chain in 2007. The company was based in the Carolinas. Later, Aditya Birla Retail Ltd. introduced two formats—supermarket and hypermarket—and increased its national footprint under the "More" brand. Buy More at the supermarket for you Supermarkets that are conveniently situated in neighborhoods can accommodate customers' weekly, monthly, and daily shopping demands. At the moment, the nation is home to over 640 more supermarkets. The family may go shopping at The Hypermarket More MEGASTORE in one trip. Further MEGASTORES provide a broad range of products in fruits and vegetables, consumables, and FMCG goods, with a particular emphasis on general merchandise, clothing, and CDIT. The Further MEGASTORES provide a broad variety of products in durable products, consumables, and daily use goods, with a particular emphasis on general merchandise, clothing, and CDIT. The greater brand is now used by eight hypermarkets. MEGASTORES may be found in Hyderabad, New Delhi, Bengaluru, Mumbai, Mysore, Vadodara, Aurangabad, and Indore. There are presently more than 11,000 workers at Aditya Birla Retail Ltd. Within its loyalty programme, more has over 1.6 million members.

Providing customers with premium products at affordable costs is the aim. Aditya Birla Retail won the Reid and Taylor Awards for Retail Excellence's "Retail Best Employer of the Year" accolade, chosen by the 2009 Asia Retail Conference international jury. It was acknowledged at the same occasion for its successful retail tactics and visual merchandising. The company received the prestigious Images Retail Awards 2009 in the Smart Strategy category, winning the "Major Admire Retail of the Year Award" at the Indian organized Forum in Bombay.

Bharti Retail industry limited

The company is wholly owned by Indian Enterprises.. Retail business Bharti Retail offers a range of shop types. The company utilizes the "Easy-day market" brand for its small hypermarket format and the "Easy-day" brand for its neighbourhood style outlets.

The company has partnered with agricultural startup Field-Fresh to increase its presence in the food sector. Wal-Mart Stores and these Enterprises have teamed to handle back-end supply chain management, wholesaler and retailer, B2B, and Pay-as-you-go operations in order to help local merchants, manufacturers, and farmers in India. The joint venture opened the first Cheapest Trendy Wholesaler and retailer Pay-as-you-go B2B shop in Punjab in 2009. A typical Pay-asyou-go store has an inventory of a wide range of general retail items, garments, office supplies, frozen and fresh food products, fruits and vegetables, and dry goods. Its physical space ranges from 50,000 to 100,000 square feet. The competitive wholesale prices at which they are given allow merchants and business owners to lower their operational expenditures.

Reliance Retail

It is a subsidiary of RIL. It was established in 2006 and has since expanded to serve millions of consumers as well as thousands of farmers and merchants. Building a whole value chain from farmers to final customers has been a quick process for RRL, thanks to its backward integration core development approach. After more than three years of operation, RRL has grown to be present in over 85 Indian cities spread over 14 states. RRL moved forward with its goals for growth and opened locations all throughout the nation. RRL now operates a network of over 1,000 locations. Numerous "value" and "specialty" formats are available from RRL. The "expertise" forms consist of the following: "Reliance Digital," a concept for information technology and consumer durables; "Reliance Trends," a clothing and accessory line; "Reliance Footprint," a concept for books, music and entertainment; "Reliance Digital," a concept for jewellery; "Reliance Digital," an exclusive Apple product line; "i-Store by Reliance Digital," a footwear line; and "Reliance Living," a concept for furniture, home furnishings and modular kitchens. RRL strategically partners with high-end companies and it has rapidly expanded its network of shops. Additionally, RRL and Asics Corporation Japan reached an exclusive distribution agreement so that RRL could sell Asics brands of footwear and accessories in India. Under the terms of their franchise agreement with Hamleys, RRL just established its flagship shop, and in the upcoming year, it intends to grow its network of stores. Through its collaboration with Office Depot.

Pantaloon Retail limited

The Future Group's main business is Pantaloon Retail. The top retailer in India is Pantaloon Retail (India) Limited, which runs a variety of retail stores catering to the value and lifestyle segments of the population. With more than 1000 outlets spread over 73 cities and 65 rural areas in India, the firm, which has its headquarters in Mumbai, employs over 30,000 people and manages more than retail space of sixteen million square feet.

The formation of this organization took into account the company's growth as well as the value retail industry, which is currently dominated by its. The committed business Future Value Retail Limited is leading the group's value retail business growth. Its goal is to increase value for all of its stakeholders, including customers, suppliers, and local communities, all the while having an impact on how modern retail is developed in India. House Town, a large-format retailer of home solutions, Collection, which sells furnishings for the home, and e-Zone, which caters to the consumer electronics sector, are all operated by a division of Home Solutions Retail (India) Limited.

Vishal Mega Retail stores

The flagship company of the Vishal Group, Vishal Retail Ltd., runs hypermarkets with 25 k–30 k square feet of space on average. It does this with an amazing network of approximately 170 completely interconnected retailers dispersed over more than 24 lakhs square feet in around 110 cities throughout 24 Indian states. One of India's retail organizations with the quickest rate of growth is Vishal. Its stores provide products at nearly every price point. The shops can accommodate all home needs under one roof with a product selection of over 7000. With the best trendy clothing available at reasonable prices, these businesses have become the industry leaders in quality and style.

A reality that is more readily apparent given the steady stream of customers that visit all year round. These shops, which go by the name Vishal Mega Mart, have become popular destinations for both fashionistas and bargain hunters. The firm made 1105 crores in revenue in 2009–2010.

Spencer's Group Retail store

It is one of The Adventure Ventures' flagship businesses. Among the largest and most rapidly expanding multi-format merchants in India, Spencer's Retail Limited, with approximately 225 stores—including Thirty big-box retailers—and a total floor space of about one million square feet dispersed among 35 cities.

Spencer's focuses on verticals such fresh fruit, daily need products and consumables, Clothing, gadgets, and personal hygiene, technology and electrical goods, & needs for the home and workplace.

With its hypermarkets and handy stores meeting the many shopping demands of its sizable customer base, Spencer's, who was founded in 1996, has grown to be a well-liked shopping destination in India. The Spencer's hyper shops, which span more than 15,000 square feet, are destination stores. All of them are available under one roof. The retail variety includes fresh produce and fruits & plush toys. In a Spencer's shop, about 35,000 products from 70,000 SKUs are usually hyper-stocked. With floor plans ranging from 1500 to 15000 square feet, Spencer's businesses are local establishments.

Because they contain the necessary assortment and FMCG food and non-food, variety of fruits and vegetables, staples, and frozen items, these stores act as the customer's weekly go-to and topup locations.

The largest chain of music stores in India is called Music World, and it offers the widest assortment of home video goods and music, both foreign and local. A variety of music accessories are available from Music World, along with gaming consoles and software from top manufacturers, CD-ROMs, audio CDs, DVDs, and VCDs, and other media. In the home video market, the firm is a significant player. Music World has effectively expanded into upscale "personal audio" devices from many leading manufacturers. Speakers, headphones, home theatre systems, and DVD players are also available from the firm.

Piramal Group limited

A division of the Piramal Group is Piramal Retail. The founders formed Crossroads Shoppertainment Pvt. Ltd. (CSPL) to handle their food and home & personal care companies (FHPC) and Piramal Retail and Merchandising Pvt. Ltd. (PRMPL) to begin their clothes company in 1999. The management combined the food and clothing businesses into Piramal Retail Ltd. after each had achieved a certain size. Additionally, Pyramid operates a smaller chain of supermarkets named Tru-Mart that specializes on food and personal hygiene items. Currently, Piramal Retail mostly operates eight Tru-Mart locations and five Mega shops in Maharashtra. By 2008, the business wants to raise these figures to 17 Megastores and 69 Tru-Marts.

K Raheja Group limited

One of the first real estate companies in New Delhi to open a large international-themed retail space was K Raheja, through Shoppers' Stop. Shopper's Stop Ltd. now operates more than Seven lakh acres dedicated to shopping around the country & offers approximately more than 205 brands of apparel & add-ons. The outlets are dispersed across Bharat and can be found in Delhi, Mumbai, Jaipur, Bangalore, Pune, Hyderabad, Gurugram, Kolkata, Ghaziabad and Chennai.

INDIA'S RETAIL INDUSTRY: A SWOT ANALYSIS

Strengths of Organized Retail Sector:	Weaknesses of the Organized Retail Sector:
1) Organized retailing, with a market value of \$3.31 billion and a growth rate of 8%.	1) Lack of reasonably priced, high-quality shop space.
2) After, the second-biggest GDP contributor 20% of the economy is agriculture.	2) Laws governing the creation of (Urban Land Ceiling Act) real estate
3) The consumption pattern is evolving in tandem with the trends in purchasing.	3) Value must be provided for profit-cutting margins.
4) Annual growth in consumer spending is 11%.	4) Low standing in the industry.
5) There's over 250 lakhs square feet of retail stores space available.	5) The inflexible divide between urban and rural areas has restricted the retail revolution to 250 million people.
6) A change in consumer buying habits that attracts more customers.	6) Absence of significant expenditures for growth
Opportunities:	Threats:
1) Growing urban population: more people are taking part in the revolution in retail.	The feasibility of the project is being impacted by rising lease/rental expenses.
2) A rise in the number of middle-class consumers.	2) A weak GDP growth and unfavorable monsoon might have a significant impact on consumer purchasing.
3) Social elements that increase spending capacity include dual household income.	3) Offering a 24/7 shopping experience is hampered by antiquated labor rules.

4) Spending shifting towards esteem-boosting and leisure goods.	4) Kirana shops provide personalized service.
5) The average monthly grocery expenditure is 42% of total expenses, which is a major potential.	5) The scarcity of competent employees to facilitate the rapid expansion of the retail industry.
6) Usage of credit cards is rising.	6) Differentiate the tax laws that impede growth.

THE ORGANIZED RETAIL SECTOR IN INDIA HAS SEVERAL CHALLENGES.

While there is a lot of unrealized potential in the organized retail sector, it should be acknowledged that operating in the retail sector is not without its challenges.

Retailers must overcome these obstacles if they hope to succeed in the long run.

1. There are very few firms attempting to establish a new paradigm in India's organized retail industry, which is still in its infancy. In order for the Indian retail sector to grow and prosper, it must draw major investments from both domestic and international firms.
2. One of the biggest obstacles to effective management that organized merchants confront is technology.
3. The retail industry has a shortage of trained workers.
4. Shrinkage in retail is a serious problem as well. Retail shrinkage is the term used to describe the difference between the inventory's book value and its actual amount on hand in the shop. Most often, staff theft, vendor fraud, administrative errors, and shoplifting result in retail shrinkage. We need to implement an effective internet monitoring mechanism.
5. Its challenging work to comprehend consumers' behaviour and loyalty.
Retailers must put in place an efficient loyalty programme and customer relationship management system.
6. For each retail firm, distribution is an essential component. Getting the right things to the right location at the correct moment is the main objective of distribution. To fulfill customer expectations for standards of quality and service, retail organizations are under tremendous pressure to improve their approaches to managing their supply chains and distribution networks. Ineffective procedures are caused by the nation's inadequate distribution networks and infrastructure.
7. Organized retail stores consume a lot of power for many different purposes, such as air conditioning, escalators, cold storage, billing systems, lifts, and lights. Ensuring power backups requires significant private investment due to inadequate and inefficient power supply. This poses a significant challenge to the expansion of organized retail.
8. Indian merchants are paying exorbitant prices for real land. This lowers business margins and raises maintenance costs.
9. Rivalry from the unorganized sector is another challenge facing India's organized retail industry.
10. With an increasing number of organized retail stores dotting the Indian landscape, the distinction between organized and unorganized retailing is no longer relevant in terms of competitiveness. These days, it is also quite clear amongst organized sellers. Today's priorities include home delivery of items, client retention tactics, offers, discounts, and loyalty programmes that are both efficient and successful.

CONCLUSION

India is thought to have a lot of promise. It ranks second out of 30 developing countries on A.T. Kearney's Global Retail Development Index. Additionally, the government of India has facilitated the entry of well-known shops into the markets. Outside investors are also very interested in entering the Indian market. If the approval of foreign direct investment (FDI) in the retail business occurs, there will be significant changes in the next years. Rivalry from the unorganized sector is another challenge facing India's organized retail industry. However, it is also apparent among structured retailers, maybe as a result of the increasing number of structured retail stores that are appearing all throughout India.

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