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## **EXECUTIVE SUMMARY**

**OF THESIS ON THE TOPIC**

**ORGANISED RETAILING: EMERGING CHALLENGES AND  
OPPORTUNITIES**



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## INTRODUCTION

The country has witnessed a retail revolution in recent years in urban areas in the form of organized retailing - mega stores or malls. Retailing has undergone drastic changes in the last few years- from poorly stacked dirty 'kirana' stores in the by lanes of the residential area changing to an aesthetically decorated stores with properly arranged goods, offering ambience and convenience. People expect convenience, a hangout place that satisfies their notion of a cool ambience. With modern life-styles, where both men and women are working and time is the essence, the days of leisurely shop hopping are fast becoming a privilege for a special few. Today most families prefer to purchase their goods at 'one stop shops' where everything is available under one roof. Therefore retail revolution in organized sector has grabbed the wonderful opportunity to offer a unique shopping experience to this new breed of consumers.

The concept of organized retailing has gained momentum in the last few years. The large corporate houses have displayed more than a fleeting interest in this sector. Big houses like Tatas, Piramals, Rahejas, S.Kumar's, Biyanis, RPG, Reliance have already made their presence felt in organized retailing by investing in either of the format like malls / big departmental stores / chain stores / discount stores. Actually the corporate sector and the government both have shown keen interest in the retail sector. This business suddenly seems promising to everyone.

The actual term retailing is thought to be derived from the old French word 'retailer' which means 'a piece of' or 'to cut'. This implies the breaking-of-bulk function of the retailer - that is, the acquiring of large amounts of the products they sell and dividing them up into smaller amounts to be sold to individual consumers.

Unorganized retailing is by far the prevalent form of trade in India – constituting 98% of total trade, while organized trade accounts only for the remaining 2%. Estimates vary widely about the true size of the retail business in India. In a recent presentation, FICCI has estimated the total retail business to be Rs.11,00,000 crores or 44% of GDP. Retail sales now account for 44% of the total GDP and food sales account for 63% of the total retail sales. Food retail trade is a very large segment of the total economic activity of our country and due to its vast employment potential, it deserves very special focused attention.

## Organised Retail Market in India

Value in Rs. Cr.

	2004		2015	
Food, Crockery and General Merchandise	2950	10%	102546	42%
Cloths Textile Fashion Acc	10900	39%	40605	16%
Durables & mobiles	3340	12%	28891	12%
Food Service	2000	7%	24351	10%
Home Improvement	2500	8%	16346	7%
Jewellery & Watches	1960	7%	8770	3%
Footwear	2500	9%	6508	3%
Books, Music, Toys & Gifts	800	3%	3722	1%
Others	1350	5%	14692	6%
	<u>28000</u>	<u>100%</u>	<u>246431</u>	<u>100%</u>

IGD estimates India's grocery retail market to be worth US\$ 299.2bn in 2008, making it the fifth largest grocery retail market in the world after the USA, China, Japan and France. The food and grocery market in India is currently valued at \$236 billion, making it the sixth largest grocery market in the world. It is expected to grow to \$482 billion in 2020, with an overall growth rate of 104 per cent. Food and grocery currently contributes to around 70 per cent of the total retail sales.

The retail sector in India is highly fragmented and organized retail, which is estimated at 4% of the total market, is at a very nascent stage. The traditional channel consists of 'mom-and-pop' stores known as 'kirana' stores, owner-manned general stores, paan/beedi shops, convenience stores, hand-cart and pavement vendors, wet markets and employs about 40 to 50 million people. Of the 12 million traditional retail outlets in India, some 7.3 million sell FMCG and 41% of these are in urban India.

## **Review of literature**

The researches that have already happened in this area are not enough to explore this area completely. Most of the research in this field are related to the consumer behavior, comparisons of organized and traditional retailers. More and more research is required in this field. The Indian retail sector requires a model that could be implemented in the Indian scenario which is very much different from the International scenario. More research in this field can open new roads of growth of this field.

## **Objectives and Research Design**

### **The study sought to achieve the following objectives**

1. To analyze the present retail situation in India
2. To identify the factors contributing the growth of organized retailing
3. To analyze the changing consumer perception towards organized grocery Retailing
4. To find out the upcoming challenges to be faced by organized grocery retailers
5. To explore the future trends and opportunities in organized retailing

The study is exploratory cum descriptive in nature as it describes the changing scenario of organized retail industry in India. The study covers the organized retailing in the National Capital Region (NCR). This study is done with special references to the grocery retailing in India as grocery makes the major chunk of Indian retail industry. A sample of 380 consumers & 40 retailers out of which 20 were organized and 20 were traditional, has been selected from the universe following the convenience sampling technique. Although the presented study is concerned with the organized retailing but the samples were taken from both the types of retailers and the reason is that the organized retailing cannot be studied in isolation without considering the traditional retailing. Both primary and secondary data have been collected for the study. Secondary data has been collected from the many sources like various national and international journals on marketing, retailing, distribution, supply chain social behavior etc. and various books on business research, retail management & marketing and other related topics and various reports released by Indian government and other government and independent private agencies. The data on Indian retail is very sketchy, so it was necessary to refer to various sources. The primary data has been collected with the help of two structured questionnaire used separately for the customers and the retailers.

Many descriptive and analytical statistical measures have been used to analyze the data, keeping in mind the descriptive and qualitative nature of the study. These mainly include weighted mean and mean score ranking method. Besides, factor analysis, chi square test and t-test have also been used as and when required.

## **CONCLUSION**

Customer's perception about organized retailing is changing very fast, although these changes are visible in case of the grocery retailing. There are some of the reasons because of which customers still find traditional stores a better option for the purchase of the grocery. Customers have a perception that it is expensive to buy from the organized grocery stores. They don't find it worth paying extra for the facilities given by the organized grocery retailers like ACs, music, great interiors. Customers are not ready to pay extra in case of grocery unlike the other segments of retailing. But still majority of the customers think that the organized grocery stores will soon replace the traditional grocery stores. Customers think that it is better experience to buy from the organized grocery store as compared to the traditional store. Keeping in mind the fact that the disposable income is increasing and there is dearth of time, so it is quite possible that customers get ready to pay extra for a better experience.

The retail scenario in India is changing very fast. A number of the factors are found responsible for it. The factor that is most responsible for the present day retail growth in India is the greater urbanization. After greater urbanization it is the younger population which is a driving factor. The number of young population is very high which India has never seen before. Urban development: urban development that is taking place in India is found to be the third most responsible factor for the growth of the retail in India. Fourth place is occupied by increasing trend of nuclear family. Increasing disposable income of the customers came out to be the fifth important factor. Dual earning families which means both the husband and wife are working has got the sixth ranking. Western influence also plays a role in this growth but does not play a highly important role and ranked as 7<sup>th</sup> factor of importance. High customer's aspiration and increasing media access have been ranked as 8<sup>th</sup> and 9<sup>th</sup> factor in ranking.

The biggest challenge in case of the organized grocery retailing came out to be the high cost of acquiring land and paucity of empty space. As in case of grocery convenience is given the first and foremost preference by customers so it cannot be located much farther from the customer's place. And the availability and the cost of land or constructed facility has become a real challenge for the organized

retailers. Out of other highly significant challenges lack of supply-chain efficiency and high tax/multiple & complicated taxation system were ranked higher by the organized retailers. Organized retailers are registered for taxes unlike their traditional counterparts, it poses a big challenge for the organized retailers.

The upcoming trends in the organized grocery retailing would be increased customer focus, increased usage of technology, efficiency in operations and increased basket size in the order of their level of significance. Modern retail will grow but there is a scope for both. It means that it is irrelevant to think that the organized retail will grow at the cost of the traditional retail. Indian market is big enough to accommodate both the types of retail formats in case of the grocery retailing. Entry of the foreign retailers: entry of the foreign retailers is more likely in near future. Although it has not been allowed in case of multibrand retailing as yet but there are high expectations that soon routes for FDI will open in India. Cross border movement (Indian retail will get integrated with the global supply-chain: again a less likely trend which will eventually come to India when the industry gets mature.

