SUMMARY

India is being seen as a potential goldmine and most preferred retail destination. Retail trade has emerged as one of the largest industry contributing to employment generation, revenue generation, increased turn over and many more. India is poised to be the key driver for retail market globally and study after study shows co-existence of organized and un-organized growth. Organized retailing is showing signs of enormous creativity. It has emerged as one of the most dynamic and fast paced industries with several players entering the market. As a matter of fact retailing in India is gradually edge its way towards becoming the next boom industry. As per Global Retail Development Index (GRDI) 2012 high saving and investment rates; fast labor force growth; and increased consumer spending-make India for a very favorable retail environment and the 5th spot in the GRD.

Some reasons of retail boom in India are -: (a) Greater focus on ‘experiential’ aspects of shopping with the emergence of newer, bigger and specialized retail formats in urban India (b) The traditional retailers are redesigning the retail mix because of the sign of greater maturity of the sector and also the rub-off effect of the development in the organised sector. India is poised to be the key driver for retail market globally and study after study shows the co-existence of organized and unorganized growth.

Retail development in Lucknow is as good as in Delhi or Mumbai. Lucknow malls are performing much better than many centres in many metros. Big brand retailers are continuously striving to cater to
needs of the burgeoning population of the city by providing quality retail space. Lucknow as a consumer city has been showing consistent growth, more and more modern retail formats will going to be introduced, which is going to reflect our confidence about the future prospects of the city.

The study conducted shows following conclusions as per the chapters:-

1.1 Retailing is a definite set of activities/steps used to sell a product or service to consumers for their personal or family use. The key aspects of retailing are direct customer interaction, small unit size of sales, point-of-sale promotions, criticality of location, and emphasis on customer service.

1.2 In India, retailing can be traced back to the weekly haats where vendors put on display their goods, then market saw emergence of kirana stores selling goods of multipurpose utility with a vision of providing convenience to consumers. EMIs, loan through credit cards, has made purchasing possible for Indian consumers. Real estate development in the country, for example, the construction of mega malls and shopping malls, is augmenting the growth of the organized retail business.

1.3 The retail scenario in India is exclusive and is divided into organised and unorganised sector. Unorganized sector has major share in retail industry predominantly consists of small, independent, owner-managed shops. There is huge need for the organized retailing in India due to rapid urbanization and changing patterns of consumer taste and preferences, which offers incomparable opportunities to the entrepreneurs and existing businesses looking for an entry in retailing.
1.4 Most of the business houses in India have started capturing the retail market. Even foreign players are eyeing on Indian Retail Market and have desire to propel money in the retail sector. The big Indian business houses have rolled out massive expansion plan along with bang initiative in the retail market.

1.5 Expansion of mega malls in India is adding new magnitude to the flourishing retail sector. There is considerable development in retail landscape not only in the metros but also in the smaller cities but still there is a lot of potential in the market that is yet to be explored.

1.6 The Indian retail market is one of the top five retail markets in the world by economic value, estimated to be US$ 450 billion. Indian retail industry is second largest employer after agriculture, employing more than 35 million people with wholesale trade generating additional 5.5 million employments.

2.1 Retail format is one of the key determinants of a retailer’s success that they use to present to their target customers. The most important aspect is that the format should be ideal to their target demographics.

2.2 Domestic retailing is budding from a crowd of unorganized family-owned businesses to organized modern retailing, yet for daily needs majority of consumers make purchase from neighbour’s kirana/general stores, roadside vendors, weekly hats/markets, melas on special occasions. At unorganized retail shop, customer gets easy credits for their small purchases and they reimburse the money ‘as and when earned’ basis.

2.3 The organized formats had almost covered the metropolitan cities and now have entered into the tier-II cities and other small cities and are
focusing on the middle class people. Modern retailing is offering shopping with entertainment, leisure to the consumer as the retailers experiment with a variety of formats, from discount stores to supermarkets to hypermarkets to specialty chains. However, kiranas still continue to gain over modern formats.

2.4 Though the share of organized retail is very small, yet the organized retailers are trying pioneering models and formats to persuade the customers by offering variety, convenience and quality while shopping.

3.1 Organized retailing is showing signs of gigantic creativity. It has emerged as one of the most vibrant and fast paced industries with several players entering the market.

3.2 Purchasing has become feasible for Indian consumers with the emergence of concepts such as quick and easy loans, EMIs, loan through credit cards etc. The construction of mega malls and shopping malls in the country is augmenting the growth of the organized retail business.

3.3 A significant change in demographics of the Indian population, a large young working population, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are going to be the key growth drivers of the organized retail sector in India.

3.4 It is not that easy to operate in retail market because of several problems like shortage of skilled workforce, technology, understanding customers in terms of customer behavior and loyalty etc. Therefore, organized retailers need to tackle the challenges to become triumphant on long term.
3.5 Both organized as well as unorganized retailing have their competitive advantages and disadvantages. Hence both need to add value added services to make the shopping experience more comfortable and value oriented.

3.6 With high GDP growth, increased consumerism and liberalization, India has been portrayed as an attractive destination for FDI in retailing. India have sparked intense activism, both in opposition and in support of FDI.

3.7 Lucknow has been showing consistent growth as a consumer city, more and more modern retail formats will going to be introduced which is going to reflect our confidence about the future prospects of the city.

4.1 Urbanization, double-income families, increased household incomes, and the convenience of one-stop shop with good ambience drive growth for organized retail formats. However, traditional types of retailers, who operate small, single outlet businesses mainly using family labour, dominate the retail industry on account of ease, credit facility, convenience etc. Thus, the retail sector represents a variation in the level of development and preference for the formats based on product categories.

4.2 The food & grocery segment is the single largest retail category. Preference of majority of consumers still remains with kirana outlets particularly for their daily needs, with slight shift towards branded food.

4.3 The unorganised players have the lions share in the ladies and kids footwear segment because of the complex buying behaviour of
Indian women, while organized footwear players rule men’s footwear segment.

4.4 The unorganized channel of pharmaceuticals currently dominates and commanding over major of the total market share.

4.5 The unorganized sector continues to dominate the Indian gems and jewellery market. However, with the Indian consumer becoming more aware and quality conscious, branded jewellery is becoming very popular.

4.6 The environment is highly competitive for ready to wear garments, while the custom (for traditional clothes) of buying cloth and having clothes tailored will remain prevalent.

4.7 The furniture category faces stiff competition from small traditional retailers as well as individual carpenters/furnishers. This category has recently witnessed modern retailers setting up home furnishing sections in hypermarkets or start-up specialty stores.

4.8 Traditionally electronics market is largely dominated by branded store, penetration of modern retail is 12% in consumer electronics segment.

4.9 The rise of the middle class, improving consumer purchasing power, coupled with more liberal attitudes toward personal debt are important contributory factors in India Retail banking segment. The retail banks have to market their products aggressively and also required to design and innovate the financial products which cater to the target segment needs.
4.10 One of the biggest beneficiaries of India’s favorable demographics is the Media and Entertainment industry. Being one of the youngest nations in the world, with high volumes of content consumption, a favorable regulatory framework, makes India an attractive investment destination for global Media and Entertainment companies.

4.11 Petro-retailing has transformed from only petro-products to multi-products and services. With increasing revenue from non-fuel related products, India is showing signs of aligning with global trends in petro-retailing. This is largely the result of increasing competitive forces that are reducing margins and profitability.

5.1 Kiranas still continue to score over modern retailing as consumers will never stop visiting neighborhood stores for their day to day needs. So, today there is coexistence of both unorganized and organized retail sector.

5.2 Factors like quality of product, choice of brands, easy availability, shelf display, cleanliness, shopping environment, entertainment for children and parking facility are the factors which tilt the customers’ choice towards organized retail outlets. Immediacy of the store, billing duration and replacement of defected items were however attributes negated the purchase from the organized retail outlets to unorganised outlets. Thus, competition exist between organised and unorganised retailing. As more and more organized retail outlets are entering in the retail industry, the competition is no more restricted between organized and unorganized retailing but also among organized players of India and abroad.
5.3 Unorganized retailers in the environs of organized retailers experienced a decline in their volume of business and profit in the initial years after the entry of large organized retailers. Changing consumer’s taste and lifestyle give some advantage to organized sector which makes crucial for unorganized retail sector to restructure itself by moving with trends and providing services like offer discount, better display, introducing self services in order to withstand the increasing competition and to meet consumer expectations.

5.4 The competitive advantage of organized outlets are better product quality, lower price, one-stop shopping, choice of more brands and products, family shopping, fresh stocks, etc. while proximity to residence, goodwill, credit availability, possibility of bargaining, choice of loose items, convenient timings, home delivery, etc. are the competitive advantage of unorganized outlets.

5.5 Rising incomes has led to an increased demand for better quality products while lack of time has led to a demand for convenience and services. There is also a strong trend in favour of one-stop shops like supermarkets and department stores.

5.6 With the rising numbers and incomes the middle class is now becoming the biggest market segment. In terms of size and value, the affluent class will also continue to grow, but at a slower pace than the middle class. Lower and middle income segments, prefer buying apparel from local clothing stores, followed by hypermarkets.

5.7 While selecting an area or shopping centre in a city, customer considers attractiveness of different locations with respect to product line, nature of product sold by adjacent stores, access routes available, parking facility etc.
5.8 Though organized sector is growing a faster rate, unorganized sector is still preferred by the customers as they are more convenient and easy to approach.

5.9 Modern retailing is not threat to independent Mom and Pop stores as most of the consumers said that they never stopped visiting kirana stores. Organised retailing is beneficial for India because it’s not alarming to create conflict with unorganized stores but reshaping unorganized stores into budding/nascent organised stores.

5.10 Indian retail sector is one of the most sought after sectors that carry great potential for attracting FDI. The issue of opening of retail sector for FDI is most controversial and debated issue in recent times. India will get benefit through FDI by following ways like having access to fund, transfer supply chain mastery, On the other hand, entry of foreign players will result in dumping of goods, getting competition out of the way, and thereby raising prices.

**The Empirical Basis**

The study comprises 505 across five retail segments like Food & Grocery, Apparel, Footwear, Jewellery and Electronics in Lucknow city for the purpose of maintaining accuracy and consistency in response. Randomly selection of the samples has been made at organised and unorganised retail outlets where buying was done.

The sample size is allotted to each retail segment as per their share in Indian retail market like Food & Grocery is segment that has major share, so in this study also Food & Grocery segment has got larger sample size as compared to other retail segment.
Summary

Main Findings

Impact on Organized Retailers

- The unorganized sector will overwhelm the organized sector in competition.
- Organised retailing is growing *i.e.* in few metros, state capitals, tier I and tier II cities only.
- Organized sector which is growing at a faster rate yet has miles to go in India as compared to other countries because of the presence of regulatory and structural constraints.
- The overall share of organized retailing in total retail business is very low because of the strength of unorganised retailing.
- As more and more organized retail outlets are entering in the retail industry, the competition is no more restricted between organized and unorganized retailing but also among organized players of India and abroad.
- Despite the steady expansion of organized retailers, unorganized sector is still preferred by the customers on account of ease and convenience.
- Middle class- the major shareholder in Indian society, is the major contributing customers’ segment in unorganized retail market, while upper class- the lowest shareholder in Indian society, is the major contributing customers’ segment in organized retail market.
- Preference of majority of consumers still remains with kirana outlets particularly for their daily needs.
• To compete with the traditional sector players the organised sector has to keep prices low despite of big expenses.

• Challenges from leading brands and competition from local mom n pop stores are resulting in reduced margin to organized retailers besides various infrastructural constraints and operational challenges.

Impact on Unorganised Retailers:-

• The entry of private organized retailers in Indian retail industry has created a hue and cry.

• The customers’ choices are now tilted towards organized retail outlets because of the factors like quality of product, choice of brands, easy availability, shelf display, cleanliness, shopping environment etc.

• The purchasing power of the urban consumer is increasing and the consumers are interested in purchasing the branded merchandise in categories like Cosmetics, Watches, Beverages, Food.

• Unorganized retailers in the environs of organized retailers experienced a decline in their volume of business and profit in the initial years after the entry of large organized retailers.

• Unorganized retailers faces threat from organised retailing on grounds like improper parking facility, improper shelf space, selling of counterfeit products, unavailability of branded items, lack of knowledge of retailers and unavailability of desirable products in decreasing order.
• Changing consumer’s taste and lifestyle give some advantage to organized sector which makes imperative for unorganized retail sector to restructure itself by moving with trends and providing services like offer discount, better display, etc.

• Due to lack of transparency in price adopted by unorganized retailers doubt and distaste is creating among customers.

• Combining shopping with entertainment due to time constraints which results in increased footfalls at malls with multiplexes.

In India it is quite skeptical that the organized retail will be ever able to overcome the unorganized retail completely. However, both modern and traditional retailers will co-exist in India, as both of them have their own competitive advantages like kirana has a low- cost structure, convenient location, and customer intimacy while modern retail offers product width and depth and a better shopping experience. Thus represents a positive sum game in which both unorganized and organized retail not only co-exist but also grow substantially in size.

**Suggestions For Organised Retailers-:**

1. The Indian retail sector has to attract leading Indian and foreign players to make considerable investments to become a prosperous industry.

2. One of the major challenges for organised retailers is retail shrinkage. Effective online monitoring system need to be implemented.

3. Personalized services need to be provided to customer, besides procuring goods and delivering them to their customers on order.
4. Retailers need to go for proper infrastructure and distribution channels in the country which will result in efficient processes and delivering the right goods to the right place at the right time.

5. The organized retailers should take effective steps to improve their billing as most of the consumers complained about long queues for billing.

6. Organized retail outlets may start home delivery to cater to the needs of consumers.

7. A comprehensive credit scheme may be initiated to increase sales potential.

8. The sales personnel may be educated to portray courteous behavior to make consumers shopping more effectual.

9. Efficient and effective loyalty programs, home delivery of goods, customer retention strategies, offers, discounts etc need to be implemented.

10. Organized retailers must ensure that there is availability of branded products with minimal need of bargaining.

**Suggestions For Unorganised Retailers-:**

1. Remarkable changes in the store ambience need to make by unorganized retailers in order to retain the existing customers and attract new customers with refined facility and more space and self service etc.

2. Unorganized retailers need to opt for visual merchandise management in place of the traditional practice of display of merchandise.
3. Unorganized retailers may focus more on maintaining hygienic conditions in their outlets.

4. By giving wide range of product assortment unorganized retailers can target those customers which were loyal to them but they switched to modern retail outlets.

5. Special promotional activities like point-of-sale for promoting impulse products, premium offers, free gifts, bigger packs, stop and shop etc. may be started by Kirana shops also.

6. Credit and home delivery system may be strengthened further to provide better service and retain loyal customers.

7. Modernization of conventional retail shops through public-private partners.

8. Encourage cooperatives and associations of unorganized retailers for direct procurement from suppliers and farmers.

9. Small retailers need to extend more credit to attract and retain customers

10. Ensure better credit availability from banks and microcredit institutions through innovative marketing solutions.