Chapter 9

Conclusions and Findings

9.1 Introductions

9.2 Objective wise conclusions and findings

9.3 General Conclusions of the Study

9.4 Specific Conclusions of the Study

9.5 General Findings of the Study

9.6 Specific Findings of the Study

9.7 Conclusion
Chapter 9

Conclusions and Findings

9.1 Introduction

There is very huge potential for the growth of organized Retailing in India. By following some of the strategies it can rise tremendously and can reach each and every nock and corner. Open communication should be established between functional departments. A balance should be maintained between brand building and promotion. Non-marketing factors like gas prices, weather etc. should be avoided and new schemes should always be launched. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry.

Main Findings Unorganized retailers in the vicinity of organized retailers experienced a decline in their volume of business and profit in the initial years after the entry of large organized retailers. The adverse impact on sales and profit weakens over time. There was no evidence of a decline in overall employment in the unorganized sector as a result of the entry of organized retailers. There is competitive response from traditional retailers through improved business practices and technology up gradation. Consumers have definitely gained from organized retail on multiple counts. Overall
consumer spending has increased with the entry of the organized retail. While all income groups saved through organized retail purchases, the ICRIER Survey revealed that lower income consumers saved more. Thus, organized retail is relatively more beneficial to the less well-off consumers.

9.2 Objective wise conclusions and findings

<table>
<thead>
<tr>
<th>Sr.No</th>
<th>Objective</th>
<th>Conclusions and Findings</th>
</tr>
</thead>
</table>
| 1     | To study the existing Organized Retail Sector in Mumbai       | - Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The Indian retail market is estimated to be US$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people.  
- The projected annual growth rate of this segment of the retail market till 2013 is slated to be over 30 per cent. As a result, its share in total retail market is expected to be around 11 per cent by 2013.  
- Organized Retail sector in Mumbai will have a higher pace of development. This retail market growth will create an oversupply situation to the magnitude of 21 mn.sq.ft. in 2012-13. |
| 2     | To evaluate the culture of Retail industry with development of Mall Culture. | - Introduction of malls has not been able to replace traditional markets, which are still popular among the pocket conscious people, but has definitely added a new adventure to the shopping experience.  
- To the present generation, shopping means much more than a mere necessity and malls are now fast becoming image benchmarks for communities.” Shopping orientations are related to general predisposition toward acts of shopping.  
- According to the report on shopping centre development in India the retail sector will see over 34 million sq ft of shopping centre space in the years to come. |

---

<table>
<thead>
<tr>
<th>3</th>
<th>To examine the factors contributing to the popularity of Organized Retail Management.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• The changes in the nation’s social structure like, improvement of the Indian economy, consumerism, urbanization, profusion of brands have been the main causal factor for the development of the modern formats.</td>
</tr>
<tr>
<td></td>
<td>• The growth and popularity of organized retail outlets is due to the fact that they have work towards concentrating in the changing economic competition. Retailers have to invest heavily in technology to monitor stocks and their movement, both in-stores as well as enroute. This will enable them to adopt concepts such as QRDS (Quick Response Delivery System) and ECR (Efficient Customer Response). Another focus area is the supply chain. The entire supply chain in the country is dominated by unorganized players with several layers of intermediaries, thereby adding to wastage and pilferage at each level.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4</th>
<th>To identify consumer behavior towards organized retail sectors with reference to Retail Management.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Organized retail of late has seen a tremendous boom and is attracting more people to the malls. Interestingly, market pressures from India’s burgeoning consumer class and their growing demand have already started to spur agricultural reform and increased investment in India’s “farm to retail” field by the private sector. Therefore it seems that India’s growing consumer market might be taking on a life of its own</td>
</tr>
<tr>
<td></td>
<td>• The marketing strategies of retailers’ are very important tool for improving the value of retail business and enhancing the sales of retail outlet. Strategies of retailers’ like retention strategies (understanding the customers, customer delight, store image, better environment, attractive merchandising, loyalty programs and customized technology); promotional strategies (customer segmentation, personal selling, advertisement, etc are directly contributing to the growth of modern retail formats in India.</td>
</tr>
</tbody>
</table>
To suggest the effective measures to be adopted by organized retail sectors based on Consumer Behavior.

- Retailers and manufacturers clearly see consumer centricity as a vital lifeline and a profitable alternative to a strategy based solely on price. The various surveys showed that the majority of retailers and manufacturers rank consumer centricity as a top three-success factor. Therefore there exists more pressure than ever for retailers and manufacturers to identify a differentiator between them and their closest competitors. Shifting focus to a consumer-centric approach, to complement and enhance traditional strategies is a vital step in understanding today’s new consumer and distinguishing a company from other is the main goal.

- Therefore, it is not the format that gives business sustainability rather it is one of the vehicles to deliver the value to the customer. Indian consumers are still family-driven entities. Shopping, entertainment and eating out are family events. Since these decisions are normally group decisions, hence a marketer has to address family sensibilities more rigorously to woo Indian customers. Indian customers have become more sensitive to quality, customer service and status. They are ready to pay, sometimes, astronomical sums provided their needs are satisfied. They are basically looking for an experience which is more of cognitive than physical. But most importantly for winning in this intensely competitive marketplace, it is critical to understand the target customers definition of value and make an offer, which not only delights the customers but also is also difficult for competitors to replicate.

### 9.3 General Conclusions

1. The growth of the retail trade in India is associated with the growth in the Indian economy. Gross domestic product (GDP) grew by an annual rate of 6.6 per cent during 1994-2000 but the growth slackened to 4.7 per cent per annum during the next three years before the growth remarkably rose to 9.7 per cent per annum in
the last four years. This meant a substantial rise in disposable income of Indian households since the mid-1990s. Based on the Market Information Survey of Households (MISH) of the National Council of Applied Economic Research (NCAER), the number of people in the income groups of “aspirers” and the middle class with annual income ranging from Rs. 90,000 to one million, more than doubled from 157 million to 327 million during the last decade 1995-96 to 2005-06.

2. Indian retail industry is divided into unorganized and organized sector, with unorganized sector still contributing more than ninety five percent of the total retail sectors and it is presumed that it shall continue to dominate Indian market for another few years.

3. Retail is a labor-intensive economic activity. According to the Economic Census carried out by the CSO in 1998, the country had a total of 10.69 million enterprises engaged in retail trade, of which 5.23 million were in the rural areas and 5.46 million in the urban areas. The total employment in these enterprises in 1998 was 19.54 million of which 7.88 million was in the rural sector and 10.65 million in the urban Sector. Economic Census has been carried out for 2005 but its detailed results are yet to be released. However, according to NSSO’s Employment and Unemployment Survey for 2004-05, employment in the retail trade has been 35.06 million, divided between rural (16.08 million) and urban (19.98 million) sectors. This constituted about 7.3 per cent of the workforce in the country (459 million). Wholesale trade, on the other hand, contributed to an employment of 5.48 million, of which only 1.71 million was in the rural sector and 3.77 million in the urban sector.

4. Indian retail is dominated by a large number of small retailers consisting of the local kirana shops, owner-manned general stores, chemists, footwear shops, apparel shops, paan and beedi shops, hand-cart hawkers, pavement vendors, etc. which together make up the so-called “unorganized retail” or traditional retail. The last 3-4 years have witnessed the entry of a number of organized retailers
opening stores in various modern formats in metros and other important cities. Still, the overall share of organized retailing in total retail business has remained low.

5. Modern retail started with chains of stores that were about the size of kirana stores. Called “five and dime” or “five and ten cent” stores, they bought nonfood goods in volume and sold at discount. They further cut costs by moving to self-service.

6. The emergence of organized retail undoubtedly gives consumers a wider choice of goods, more convenience, and a better shopping environment, among other benefits. This is feasible because organized retail can take several formats, from small neighborhood stores in densely populated cities with high real estate prices to large air-conditioned malls in the periphery where real estate is cheaper.

7. The era of consumerism is ushering in urban India, where consumer is pampered as a God today. This notable change is marked due to the fact in philosophy of life of urban Indians which prioritizes the comfort rather than the savings for comfortable tomorrow. This theory has been a turning point towards the Indian consumer market.

8. It has been observed that the rural India is following the footsteps of urban brethren. Increasing number of households in rural area is climbing the ladder of prosperity from level of subsistence to the level of higher spending. With the steady rise in rural middle class, the class aspirants too are rising steadily with higher discretionary spending power.

9. The Indian consumer and his behavioral response towards the development of organized retail can be attributed to the economic and social changes taking place in the country. The growing fragmentation of consumers into multiple segments with different values and buying priorities is the natural outcome. They have become more pragmatic, educated and demanding learning the time and money management.
10. Modern retailing has the potential for generating employment of 2.5 million people by 2010 in various retail operations and more than 10 millions in indirect retail activities including contract production and processing, supply chain and logistics, retail real estate development and management.

11. The mall culture specifically is all set for impressive growth in future in India. Entertainment appeal of the malls is more powerful in urban markets which observe the proliferation of nuclear family system.

12. The expected entry of multinationals in retail would bring wider choice to the Indian customers and improved technology along with best global practices in retailing which could further is helpful in improving productivity.

13. Retail companies must create tools to help the franchise execute appropriate selection and recruitment of the right people. The companies should create a system for monitoring recognizing and rewarding the employees who comply with corporate standards at the franchise level.

14. Modern retail will be successful in India only if we are able to create consistency and build trust with customers.

15. Retail and consumer goods companies run multiple campaigns, promotions and incentives to lure customers to buy more.

16. The manufacturing and retail industry hopes to see a major chunk of popular preferring and opting to online shopping in years to come. Doing online purchases and making digital payments has become the order of the Mumbaikars day to day life, this has stimulated and accelerated online sales.

17. There has been tremendous technology development in India specially associated with retail industry like Pantaloon India. They have latest deployments and they have invested in ATG-the e-commerce platform.
18. Though there are ups and downs observed in the Indian economy, more than 77 percent of Indians are optimistic about further economic improvement in India. Factors such as bulge in the working age group population less number of children in the family, care nest women folk, less dependency of aged population.

19. According to A.T Kearney’s global retail development India 2006, India tops the annual list of most attractive countries for international retail expansion. Therefore it is very rightly been reported that the Indian retail market is gradually but surely opening up, even when other markets are becoming saturated.

20. Large corporate groups like ITC, Reliance, Tata, Raheja and existing retail retailers like Pantaloon Retail, the jubilant group and others are infusing staggering amounts of capital into the organized retail sector and at the prevailing pace of development it is estimated that India will have close to 50 million square feet quality retail space by the end of 2013.

21. India’s rural markets are on area of opportunity. The urban-rural split in consumer spending stands at 9:11, with rural India accounting for 55 percent of private retail consumption at USD 260 billion. According to recent studies conducted by the National Council of Applied Economic Research (NCAER), rural India is home to 720 million consumers across 627,000 villages. Seventeen percent of these villages account for 50 percent of the rural population as well as 60 percent of rural wealth.

22. The Indian Retail Market is estimated at Rs 930,000 crore out of which organized retail accounted for Rs 28000 crore. Since then the Indian retail market has acquired lot more strength, riding on the sound vibes generated by a robust economy that has been growing at over eight percent per annum. The Indian economy achieved a GDP growth rate of over 9.5 percent for the fiscal year 2006-07.
23. Indian retail achieved 5.7 percent year on year growth during 2006-2005 and grew from Rs 930,000 crore in 2004 to Rs 980,500 crore in 2005 and finally to Rs. 1,036,000 crore in 2006. In the overall Retail pie food and grocery alas that clothing and Accessories with a nine percent share and jewellery and catering services with five percent share each.

24. On the basis of analysis of the reports of research agencies, both Indian and global it can be concluded that India is one of the country with the world’s youngest population. More than half of the population has grown in post-liberalized India and is exposed to western lifestyles from an early age through television, Internet, mobile and other media of communication. The feature is bound to accelerate the growth of Indian market decisively in 21st century and main driver of the growth would be Indian middle class.

25. It is observed that rural India too is following the footsteps of urban brethren. Increasing number of households in rural area is climbing the ladder of prosperity from the level of subsistence to the level of higher spending. With steady rise in rural middle class, the class of aspirants too is rising steadily with higher discretionary spending power.

9.4 Specific Conclusions

1. The study depicts that consumers buy essentially convenience goods with low level of risk from organized outlets and essential products of more involvement from traditional retailers. The hypermarkets, malls and supermarkets are the preferred kind of stores by consumers of organized retailing and these are preferred due to convenience and variety.

2. A significant trend in the market is the development of a combination of retail and entertainment center. Malls with multiplexes such as cinema theaters, food courts and play places for children are becoming the key attractions for family
outings. Household groceries; food and apparel are the key drivers in Indian retail industry.

3. The study on consumer preferences and choice of store highlight that organized retail is preferred due to convenience and variety. The hypermarket, mall, supermarkets with entertainment facilities are emerging as the preferred stores. There is a difference in the choice of store as well as product choice on the basis of age, income, residential area of the consumer. Where income is low the small saving schemes like coupons or loyalty discounts matter a lot, while for the rich, the store ambiance, the entertainment facilities, the food joints are the dominating attractions and they are ready to pay more for these facilities.

4. The dynamics of the demographics, double income, urbanization and internet revolution are the factors contributing to retail growth in India. The study also revealed that younger generation prefers to visit malls and hypermarkets more often. The reason for the visit is not necessarily for shopping but for hedonic pleasure and for stress relieving purpose.

5. Electronic goods formats require large space their presence is more found outside the malls in the format of retail chains. It is also revealed that the customs in regards to these product categories still seem to be comfortable especially with unbranded product category.

6. It is further concluded that the independent retailers in Mumbai have been able to compete more effectively by using certain tactics like improving their merchandising practices, eliminating slow moving items after careful analysis, maintaining better control and internal operations.

7. The study concluded that art of all metro cities Mumbai has taken a lead in embracing all formats of OR. There have been prominent manufacturing establishments such as Glaxo and welcome have closed their factories and made way to sprawling shopping complexes and luxurious apartments which has altered Mumbai city completely in 21st Century.
8. The malls basically deal with wide assortment the presence of readymade garments either in the form of company outlets or franchise shops are found to be large in number. Therefore the study reveals that it is readymade garments appear to be the most attractive product category in malls. But customers still have combination in purchases in both organized and unorganized retail outlets.

9. Other areas such as furniture, electronics health and beauty sector, footwear are still modestly visited areas as far as malls are concerned. The study reveals that 21st century has seen the development of these areas most but these shops are negligible in the malls and are found mostly outside the malls in the form of specialty chain.

10. The future of franchise retailing appears to be promising. Although no factual data are available city malls are that franchise retailing is becoming a $100 billion industry. The study concluded that the small independent retailers have been struggling since the development of organized retailing.

11. India there are no specifications or any prescribed standard of calling a retail outlet organized or unorganized in India. The mom and pop shops also call there large stores as the departmental stores but in reality they are not, the interesting find was that there is direct relationship between the Size of the outlet and the SKU’S, and we found out that the larger the size the more number of SKU’S in that store and there is an inverse relationship in regards to the size of the outlet and the retail format, as we start increasing the size of the outlet there is shift in the format from the unorganized to the organized.

12. The past researches tell us that the organized has impacted the unorganized but when our survey was done it was found out that organized retail is the one in today’s scenario which is facing a lot of competition because of the high costs in this recessionary period and an economic slowdown face and from the unorganized retail as their biggest challenge lies in building in the footfall of the stores. and generate larger share of revenue’s.
13. The income patterns of the customers are improving and increasing which in turn has made a shift in the buying behavior the customer preference now is moving more towards the organized where they actually tend to spend more and the consumption patterns has also increased but now that they could afford to spend more.

14. But at the same time it should not be forgotten that the unorganized sector is nowhere to go because it has a linkage with its customers in India since the very beginning. Our lifestyle does not permit us not to have a Kirana store near our house due to the utmost ease, convenience.

15. The growth lies in items and there is a huge growth which could be forecasted in various categories where the customers spend the most and the 1st one is food according to a report in 2008 which stated that the middle class Indians are the ones who consumed the maximum amount of food in the world, this stated fact clearly proves the point that the overall preference is food and apparels.

16. There is a huge potential and growth opportunities that lie for the organized sector, but it would not lead a major impact on the unorganized because the mindset of the Indian consumer is such that we can’t think our life’s without having a kirana store near our vicinity.

17. It was quiet shocking to know that the customers actually save more in the unorganized retail rather than organized retail because they tend to spend more due to Bulk Purchasing, Impulse\Greedy Buying and Promotional Offers. This leads to higher spending done by the customers.

18. The customers want to see more outlets being opened therefore it clearly states the amount of growth that is prevailing out there. The fact to the whole scenario is that when asked whether in case of a franchisee of organized being offered to the unorganized retailers would they be interested in it and that responded by saying no to it because they do not have time they are having large revenue earnings from their business.
19. Mumbai is witnessing a breezy of activities on the retail landscape since 21st century. The city being financial capital has witnessed huge rise in malls and hypermarkets as well as supermarkets in the last decade. Retailing in Mumbai has changed dramatically. Mumbai both eastern as well as western suburb has witnessed a drastic change with many malls functioning and further more getting ready in the years to come.

20. The present study took a closer look to observe the change due to development of factories in the city resulting in large acres of land available for the construction of malls as well as residential complexes. This resulted in developing the mall culture and attracting sizable chunk of population.

21. The study concludes that mall is a place of attraction mainly for those age groups which are in their prime production stage and are brand conscious. It appears that finally the era of private tables and branded goods has ushered in metropolitan cities in India. Brands seem to be poised to ride on the popular wave of shoppertainment mania gripping Indian customers.

22. Both retail and real estate are dependent on each so much so that a tilting of the balance to either side would cause mutually assured destruction. They are considered as the both sides of same coin need to be reasonable and flexible.

23. More than half the modern retail outlets in the country are operated by small businessmen. Major retail brands like Vishal, Reebok, Next, etc has expanded through the franchising route. In tier II and III locations across India, national brands are typically operated by businessmen owing a single unit or master franchisee.

24. The present study observes that Retail is an age old vocation in India which is still very much fragmented in nature with high retail density in the world. It is labor intensive occupation and its contribution to GDP is around ten percent which is only next to agriculture. Thus forms very important segment of Indian economy.
25. The monopolistic role of unorganized retail sector started changing after the advert of LPG. Economic liberalization in India in 1990s reduced the role of the government as a regulator and led to more aspirations for the country. LPG process initiated changes in several sectors including retail sector and fruits of the same started to get visible in 21st century.

26. Global retailers are making spirited efforts to launch themselves in India particularly though its political situation is not much favorable for two reasons, vast untapped potential of prospering Indian retail market and saturation in their home market. Indian retail sector is still not completely opened for foreign direct investment.

27. The role of the Indian Government though appears to be cautious in the present situation with respect to the entry of FDI in retail. FDI norms in retail shall be relaxed in a phased manner and the retail sector shall be made completely open to global retailers by 2015.

28. It is seen that organized retail sector is growing at the rate of twenty five percent per annum an from present three four percent and its contribution to total retail shall be around ten percent by the end of this decade organized retail sector has already crossed infancy stage in India and has entered the growth phase. With steady entry of corporate houses in the field and spread in tier I and tier II cities.

29. Present study infers that factors that are fuelling the growth of organized retail are demographic dividend, shoppertainment mania, flourishing entrepreneur spirit, acceptance of plastic money as a mode of payment, philosophy of affordable indulgence, corporate entry into retail, keen interest evened by global retailers, favourable reports of research agencies all over the world, partial relaxation of FDI in retail increase in rural prosperity among others. It thus can be inferred that globalization has impacted the Indian retail sector very effectively.
30. The mall culture specifically is all set for impressive growth in future in India. Entertainment appeal of the malls is more powerful in urban markets which observe the proliferation of nuclear family system. Increasing percentage of career minded women, lack of time, transportation hazards in commuting, fat salaries and perks, easy availability of credit facilities, greater awareness due to media, effective role played by children in decision making process, absence of social support system, increasing influence of western lifestyles, knowledge explosion through internet and many more factors are bounced to fuel this growth.

31. Critical observation of Indian retail scenario shows that traditional retail enjoys benefits such as locational convenience low cost structure, minimum real estate and labour cost, little taxes to pay, customer loyalty and many more. Similarly, space constraints limited assortment, poor supply and logistics management, limited financial resources, lack of cold storage facilities, poor hygiene and ambience, ignorance of statutory regulations are some of the major constraints of unorganized retail sector of India.

32. Since retailing is predominantly a service sector the service of social scientists, professionals in human resource management, supply chain management, relationship management, knowledge management visual merchandising, customer relationship management are very much essential and will be in great demand. Time has come for the educational institutions all over the country to reformulate their curriculum in order to meet increasing skilled manpower needs of the retail sector.

9.5 General Findings

1. The projection for I decade of 21st century indicate that Indian service sector is laying down strong foundation for the growth of Indian economy in the new millennium. The share of primary sector is further come down to 15 percent in 2010 manufacturing sector also showed an increase of 28 percent but the major
change was in service sector with 58 percent this shows that the future of retail industry is very good in India.

2. India is one of the countries with the world’s youngest population with age of 24 years as against 35 years in U.S, 41 in Japan and 30 years in China. More than half of the population has grown in the era of globalization and is exposed to western lifestyle thus demanding a unique shopping experience.

3. The current consumption pattern dominated by basic categories, that oil food and general provisions, which constitute 63 percent of consumer basket is projected to fall to 50 percent by 2015 as most of the people are likely to shift from basic requirements, this is due to disposable income.

4. Indian retail sector offers total 8 percent of employment in the country, thus offering solid base to the employment of India. Our total workforce is 422 millions, and to this large and organized sector offers almost 37 percent of employment. Therefore retail sector acts as a safety valve that allows people and provides an opportunity to them to survive in the competitive business world.

5. The major bottleneck in organized retailing is the retail space. With the development the expected growth is shooting up and this requires 500 million sq ft. retail space in the next five years to come and it is also absorbed that 50 percent of the space is required by the malls. Present retail space is around 140 million sq. ft. therefore resulting in huge shortage.

6. The Indian retail industry is the fifth largest in the world. Comprising of organized and traditional sectors, India retailing is one of the fastest growing industries in India, especially over the last few years.

7. The growth of the organized retailing has been consistent. What developed countries achieved in the last 20-30 years, India has achieved remarkably in 5 to 10 years period.
8. Among the various categories of products marketed by the retail formats like Food, beverage, clothing, furniture, appliances, health, sports goods, entertainment, personal care and jewellery, food and grocery takes a major share of 60 percent. It would continue to have a major percentage share.

9. India currently allows up to 51 percent overseas ownership in the so-called single-brand retailing business where products are sold under one brand name such as Gucci or Marks and Spencer, it allows full foreign ownership in cash-and-carry stores and bars foreign investment in multi-brand stores.

10. Global retail industry has travelled a long way from a small beginning to an industry where top 200 retailers in the world account for 30 percent of avoidable demand. Share of retailing in total employment in US is 16 percent, Brazil 15 percent, China 7 percent where as in India is 8 percent.

11. Unorganized retail sector contributes more than 95 percent of the total retail picture and shall continue to dominate for another few years. The presence of more than one retailer for every 1000 people is indicative of the same.

12. Organized retailing has covered nearly 80 percent of consumer basket through its product reach. Those sectors of business where penetration of organised retailing is found more include food, grocery and general provisions, readymade garments, furniture.

13. India is one of the countries with the world’s youngest population with medium age of 24 years as against 35 years in US, 41 years in Japan and 30 years in China. But the new generation has grown in the era of globalization and is composed to western lifestyle thus demanding the same experience on the home team.

14. The survey showed that food (fresh and preserved) accounts for a significant proportion of the expenditure of Indian consumers, as it is part of their habitual consumption. These products are bought on a regular basis, largely from
neighborhood stores due to easier access. The second important category is apparel. Jewellery is a high-value product that is often treated as an investment. It is bought occasionally but accounts for a substantial part of consumers’ expenditure. Some products such as dietary supplements, costume jewellery and tiles that have not been purchased by a majority of the respondents in the past one year are clubbed in the “others” category.

15. The research concluded that each of the product categories, the respondents were asked whether they purchase branded or non-branded products. In certain product categories, such as watches and dietary supplements, respondents purchase largely branded products. In categories like apparel, footwear and handbags, they buy both branded and non-branded products, while in categories like fresh fruits and vegetables, the bulk of the purchases are non-branded products.

16. Consumers’ purchase behavior across branded and non-branded products depends on various factors such as availability of brands, perception of consumers about the quality and reliability of brands, etc. For instance, respondents bought branded dietary supplements because the popular ones available in retail outlets (whether traditional or modern), are largely branded. They are also considered reliable as they go through health and safety checks and have to meet government regulations. In the case of consumer durables, brands are considered as a proxy for good quality and branded products usually provide good after-sales services. The survey found that most FMCGs are branded and are available across all price ranges. Besides, they are available in both modern and traditional outlets. Hence, consumer can easily buy branded products.

17. The survey respondents were also asked for their rating of modern retail outlets in India on various attributes such as infrastructure, availability of goods, shop operating timings, in-store and after-sales services, etc. A five-point rating scale was used and respondents were asked to rate each attribute on a scale of 1, 2, 3,
4, and 5 representing very bad, bad, average, good and very good respectively. The percentages of respondents rating each attribute as very good or good were calculated and ranked. The results show that above 90 per cent of the respondents rated modern retail outlets store operations, infrastructure, and availability of greater variety of products as very good or good.

18. As Indian consumers are quite price-sensitive, they will continue to shop in traditional outlets. Considering respondents also communicated that they prefer to purchase their daily need items from neighborhood stores, we conclude that Indian consumer preferences are such that both modern and traditional retailers can coexist in India. This implies that the share of the traditional sector or kirana stores in total retail sales is likely to remain high even with retail modernization.

19. Until 2011, Indian Central Government denied Foreign Direct Investment (FDI) in multi-brand retail forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Even single brand retail was limited to 51 percent ownership and a bureaucratic process. Therefore in November 2011, India’s Central Government announced retail reforms for both multi brand stores and single brand stores. These market reforms paved the way for retail innovation and competition with multi brand retailers such as Walmart. The announcement sparked intense activism, both in opposition and in support of the reforms.

20. Organized retailing in India refers to trading activities undertaken by licensed retailers, that is those who are registered for sales tax income tax, etc. these include the publicly traded supermarkets, corporate, backed hypermarkets and retail chains and also the privately owned large retail business.

21. India’s retail and logistics industry, organized and unorganized in combination, employs about 40 million Indians. The typical Indian retail shops are very small. Over 14 million outlets operate in the country and only 4 percent of them being
larger than 500 square feet in size. India has about 11 shops outlets for every 1000 people.

22. It is found that vast majority of the unorganized retail shops in India employ family members, do not have the scale to procure or transport products at high volume wholesale level, have limited to no quality control or fake-versus authenticate products at high screening technology and have no training on safe and hygienic storage, packaging or logistics. These retail shops source their products from a chain of middle men who mark up the product as it moves from farmer or producer to the consumer, they also typically offer no after sales support or service. Finally, most transactions in these retail shops are done with cash, with all sales being final.

23. Employment sector of India too has undergone major changes as a result of LPG in the last few years. The data published by National Sample Survey reveals that the share of workforce deployed in agriculture reduced from 74 percent in 1972-73 to 61 percent in 2001-02. Along with this, the share of secondary sector increased from 11.2 percent in 1972-73 to 17.1 percent in 2001-02. On the other hand the share of service sector to total employment rose from 14.6 percent to 22.1 percent during the same period. LPG has resulted into creation of new job opportunities in service sector.

24. Global retail industry has traveled a long way from a small beginning to an industry where top 200 retailers in the world account for 30 percent of worldwide demand. Share of retailing in total employment in U.S. is 16 percent, Brazil 15 percent, china 7 percent, where as in India, it is 8 percent.

25. Retail density of India is highest in the world with more than 12 million retail outlets existing in India. Since agricultural sector is overcrowded with more than 60 percent population depending upon the same and slow moving manufacturing sector retail is still a major vocation in India.
26. Global retail industry has travelled a long way from a small beginning to an industry where top 200 retailers in the world account for 30 percent of avoidable demand. Share of retailing in total employment in US is 16 percent, Brazil 15 percent, China 7 percent whereas in India is 8 percent.

27. Unorganised retail sector contributes more than 95 percent of the total retail picture and shall continue to dominate for another few years. The presence of more than one retailer for every 1000 people is indicative of the same.

28. Organised retailing has covered nearly 80 percent of consumer basket through its product reach. Those sectors of business where penetration of organised retailing is found more include food, grocery and general provisions, readymade garments, furniture.

29. India is one of the countries with the world’s youngest population with medium age of 24 years as against 35 years in US, 41 years in Japan and 30 years in China. But the new generation has grown in the era of globalization and is composed to western lifestyle thus demanding the same experience on the home front.

9.6 Specific Findings

1. Consumers have definitely gained from organized retail on multiple counts. Overall consumer spending has increased with the entry of the organized retail. While all income groups saved through organized retail purchases, the study revealed that lower income consumers saved more. Thus, organized retail is relatively more beneficial to the less well-off consumers.

2. Proximity is a major comparative advantage of unorganized outlets.

3. Unorganized retailers have significant competitive strengths that include consumer goodwill, credit sales, and amenability to bargaining, ability to sell loose items, convenient timings, and home delivery.
4. There is clear cut distinction of usage of technology in the organized retail outlets situated in the malls. All the retailers use modern technology for management of operations.

5. The survey among consumers has revealed that the low income households preferred the traditional outlets. Higher income groups preferred the organized retail outlets proving a strong association between incomes and buying behavior. Vast majority of shoppers in the organized outlets were young and from nuclear families.

6. Seventy five to eighty one percent of the respondents preferred the organized outlets than the traditional outlets, though they also shop with them. The female respondents outnumbered the male respondents in their choice of preference for organized outlets.

7. Education plays a significant role in their shopping behavior. High educated respondents very strongly preferred the organized outlets and less of the traditional outlets. The individuals who shopped in unorganized outlets were not that qualified, indicating that awareness of retail formats has helped some consumers to change their shopping.

8. A sizeable majority of the consumers who shop in the traditional outlets have had no necessity to use any modes of transport as it was found closer to their residence. In case of customers shopping in retail outlets had to use some mode of transport. This also indicates that the outlets were not within a close reach.

9. Consumers who shop in organized outlets have a tendency to spend more than their counterparts in the traditional outlets. It is also noticed that the average expenditure on food is more than the expenditure on non food items.

10. Customers prefer branded items for durable goods and items like fruits, vegetables, meat and other perishables they prefer unbranded items. This trend is found with both retail and traditional customers.
11. The customers who visit the retail outlets are immensely attracted by the offers of the organized outlets. There are various offers given to the customers in the organized outlets, they include loyalty points, discounts, promotional schemes, and have genuine prices for many products and also change a less price than MRP. Consumers in the traditional outlets also expressed genuine prices and discounts to be major attractions.

12. A vast majority preferred the retail outlets to traditional outlets owing to the facilities it offered like one stop shopping, better service, and freedom to choose brands, good parking facility, and better display of commodities. A small percentage of consumers in traditional outlets also expressed these facilities but in a very less manner.

13. Consumers of stated the outlets being closer to home, and that shopping saves time. Consumers felt shopping in organised outlets provides for family shopping easy access among others.

14. The consumers are being attracted towards the organized retail outlets due to the offers, easy access, and closer to residence as factors which brought them closer to retail outlets.

15. Convenience in shopping like easy accessibility, entertainment, family shopping are factors which have a bearing on consumers who shop in organized outlets, these facilities though available are least attracted to consumers in the traditional outlets.

16. Fifty two percent of consumers visited the organized outlets for fruits, vegetables, edible items and toiletries but a vast majority of consumers (61 percent) shopped in traditional outlets for the same. The constant demand for these products has slightly increased the consumer’s tendency to shop in traditional outlets for these items.
17. Consumers in the study area stated that their buying in planned and impulsive when shopping in organized outlets. The ambience and displays offers could be some of the reasons for them to go for impulsive buying.

18. Retailing is still at its nascent stage in India. The growth rates of food retailing in India have almost double between the years 1996-2000 (5 percent) to 2001-2007 (12.8 percent).

19. Majority of the retail outlets have their own brands when it comes to home need like ready to eat, ready to cook, daily necessities and basic consumer needs.

20. The traditional retailers were qualified up to intermediate level with an average family size of 5 members, with an average monthly income of Rs 17000/- the traditional outlets work for slightly longer workers than that of the organized retail outlets.

21. Female employees were found more in the organized outlets than the traditional outlets.

22. The sq feet of retail outlets were four times bigger than that of the traditional outlets. The average foot falls in organized outlets was almost double the average of the traditional outlets.

23. The increase in footfalls during weekends was almost similar between both the outlets.

24. A near fifty percent who shopped in retail outlets felt the availability of parking being adequate, where as a mere twenty one felt parking to be adequate in traditional outlets.

25. More than 60 percent of the traditional retailers felt they were not affected by opening of organized outlets and only small percentage felt a minor decline in sales. The organized outlets, they have various methods to enhance quality like rotation of stock, quality certification, and inspection but where as in the
traditional outlets inspection done basically by Food Corporation of India is a most popular measure cited to enhance quality. Nearly fifty percent of traditional retailers felt they need to change their method of functioning but where as a sizeable number felt there was no necessity.

26. The major factors that defined satisfaction were low level prices, high quality, high ethical standards and environmentally friendly products. It was followed by variables such as prompt complaint handling, skillful and professional salesmen, affordability of products, safe mode of payment, better layout of the store, honest dealings by the store, prompt service, early opening of the store and least billing errors.

27. The study revealed major factors that affected consumer behavior and that was education of sales personnel, experience, helping nature, neat and clean look, cheerfulness and knowledge level.

28. The researcher during the study found that the ambiance and the physical environment have a major influence on the customers buying behavior. The major factors that affect the buying behavior are air conditioning, elevators, cleanliness, free parking, proper lighting, good security, neat and clean wash rooms and proper ventilation.

29. Discounts and coupons had a major influence on buying behavior. It was followed by exchange offers, low priced product and other attractive schemes. Promotional factors do play a major role deciding and choosing a store. Majority of the stores do use short term promotional tools to attract customers. The best example one can think of is Wednesday bazaar of Big Bazaar and Food Bazaar.

30. For majority of customers the choice of the organized retail outlets was majorly due to variety which was termed as assortment that came in the form of having a bakery within the store, food section, more private labels and national brands and finally a lot of fresh fruits and vegetables. These give ample reasons for customers to visit a particular retail store.
31. As per the study it is trustworthy a major factor that defines loyalty is better after sales service by the store. It is also found that in most of the cases loyalty is linked to low prices. Rewards and discounts increase satisfaction leading high loyalty in the customer. A satisfied customer is fewer prices sensitive and may not bother so much about the price. Quality products offered by the store have a significant impact on the loyalty.

32. Customers also like to explore different brands each time they go for shopping. Many customers like explore new outlets for a change. It helps customers to compare prices, products and offers and choose the best deal. Majority of customers take the help of salesmen while shopping. Seeking help is more in case of technical products and less in case of personal care items. It is also found that majority of customers in Indore is not yet used to the concept of internet shopping.

33. The researcher absorbed that now also the consumers for perishable products still preferred unorganized retail outlet may be because of freshness and location advantage.

34. An upcoming trend for clothes, sports products, and grocery and kitchen utilities is observed.

35. The most important factors identify for shifting from unorganized to organized retail outlets are special discount, provide local goods, purchase without the disturbance of the salesperson, having entertainment and gaming zone as well as convenient shopping time.

36. It is further concluded that the independent retailers in Mumbai have been able to compete more effectively by using certain tactics like improving their merchandising practices, eliminating slow moving items after careful analysis, maintaining better control and internal operations.
37. The study concluded that art of all metro cities Mumbai has taken a lead in embracing all formats of OR. There have been prominent manufacturing establishments such as Glaxo and welcome have closed their factories and made way to sparkling shopping complexes and luxurious apartments which has altered Mumbai city completely in 21st Century.

38. The malls basically deal with wide assortment the presence of readymade garments either in the form of company outlets or franchise shops are found to be large in number. Therefore the study reveals that it is readymade garments appear to be the most attractive product category in malls. But customers still have combination in purchases in both organized and unorganized retail outlets.

39. Other areas such as furniture, electronics health and beauty sector, footwear are still modestly visited areas as far as malls are concerned. The study reveals that 21st century has seen the development of these areas most but these shops are negligible in the malls and are found mostly outside the malls in the form of specialty chain.

40. Electronic goods formats require large space their presence is more found outside the malls in the format of retail chains. It is also revealed that the customs in regards to these product categories still seem to be comfortable especially with unbranded product category.

9.7 Conclusion

Retailing provides a crucial link between producers and consumers in modern market economy. Retail in India is most dynamic industry and represents a huge opportunity both for domestic and international retailers.

Modern retailing is not threat to independent Mom and Pop stores as most of the consumers said that they never stopped visiting Kirana stores. They strongly agreed on coexistence of both is requirement of the day. Their frequency of going to kirana stores is reduced but it’s kind of opportunities for reorienting Mom and Pop stores for
attracting more customers. So, organized retailing is beneficial for India because it’s not alarming to create conflict with unorganized stores but reshaping unorganized stores into budding/nascent organized stores.

Modern retailing has miles to go in India. The growth of modern formats has been much slower in India as compared to other countries and the development of this sector is restricted by the presence of regulatory and structural constraints.

Based on the study we could conclude that over the next decade the retail market has high growth potential and retailers would fiercely compete to increase their market share. The study was able to identify scenarios, which would have high impact on the industry. Firms operating in this area should keep an eye for these developments in order to be ready for such scenarios. Furthermore, the present study has been successful to the extent of revealing the key areas where the retailers have to concentrate in order to remain ahead of the competitors. They are as follows:

a. Collaboration with global retailers.

b. Workforce management.

c. Expansion of distribution network.

d. Offering world class services.

e. Relationship with suppliers that drive innovation.