CHAPTER -9
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DISCUSSION ON OBJECTIVES OF THE STUDY

1. WHAT IS THE PRESENT STATUS OF ORGANIZED RETAILING IN INDIA:

The organized retailing has taken over India poised like an avalanche. The Indian consumer is undoubtedly basking in a pool advantages of organized retailing. The boom in the sector started after the liberalization measures were initiated in 1991 in the country. India retailing has evolved over the past decade from largely on informal disorganized market place to an increasingly corporative industry at least in the urban India, Retailing which is one of the largest sector in global economy, is going through a transition phase in India. Organized retailing is spreading and making its presence in different parts of the country. In this study researcher have found that more than 14 Big retailer are operating successfully in Kanpur and Lucknow. According to data prepared by confederation of Indian Industry" organized retailing is one of the India's fastest growing industry with a 5 percent compounded annual growth rate, organized retailing was worth Rs. 23000 crore in 2003 and is growing at a rate of 25-30 per cent annually and expected to touch Rs. 70,000 crore by 2010, and will engage 10 percent of total retail
market, the opening FDI with in retailing in India in January 2006 government permitted up to 51% foreign direct investment in single brand retailing in the country, International retailers entering the country through joint ventures and major domestic conglomerates such as Reliance group, Aidtya Birla Group and Bharti Group have all signaled their intentions in retailing as next big business in India.

**Share of Organized Retail**

<table>
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<tr>
<th>Market Share / Year</th>
<th>1999</th>
<th>2002</th>
<th>2005</th>
</tr>
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<tbody>
<tr>
<td>Total Retail (in billion)</td>
<td>7000</td>
<td>8250</td>
<td>10000</td>
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<tr>
<td>Organized Retail</td>
<td>50</td>
<td>150</td>
<td>50</td>
</tr>
<tr>
<td>Share of organized retail</td>
<td>.70</td>
<td>1.80</td>
<td>3.5%</td>
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In (2004-05) retailing industry in India constituted Rs. 10000 billion and share of organized retailing was 3.5%. According to India Retail Report 2006, organized retailing is projected to grow at the rate of about 37 per cent in 2007 has the potential to add Rs. 2000 billion business by the year 2010, organized retailing accounts 92% in the class. A cities but new format of retailing is spreading in non metro cities like in Kanpur and Lucknow. Some big names like Pantaloon, Big Bazaar, Shoppers stop, Globus, Vishal Mega Mart have ventured in
Kanpur and Lucknow and attracting huge footfall in their stores which shows that consumers are rapidly evolving and accepting modern retail formats overwhelming. Successful development of value based concepts as well as development of retail space in smaller cities by introducing new retail formats such as hypermarket and shopping Malls retailers are targeting all consumer class. The changes in the nation's social structure like improvement of Indian economy, Consumerism, urbanization, profusion of brands have been the main causal factor for the development of organized retail.

2. ARE CONSUMER BENEFITING BY ORGANIZED RETAILING AS COMPARE TO NEIGHBOURHOOD SHOP:

Conducting a field survey through structured questionnaire responded were asked at the organized stores after they had finished shopping and were leaving the store and the responses were also sought regarding there store patronage behaviour.

23% of the respondent visited the store ranked price is the first factor in Big Bazaar where they gives a guarantee that they sell goods at the cheapest price and if any goods sold is found cheaper the big Bazaar management will buy back the same, conceptually India is the country of intermediaries and these
intermediaries jack up the cost at every change of hand of goods. For organized retailer it is possible that they can slash the final price by passing these intermediaries and give a good deal to consumers.

19% of the customer responded the varieties offered by store was ranked second. A good display of products so that shoppers can look around and touch and feel them becomes an important consideration in the case of organized store. Organized stores are mainly associated with varieties of products.

15% of customers ranked one stop shopping and same percentage have given quality of merchandise these stores houses attracted them to make their purchase decision. Organized retailers have been able to reach out to consumers by placing before them several products and services of good quality and make them happy. Organized retailers offers a large portfolio of private level products and customer benefits from being able to making a choice from a variety of product range in single store.

11% of the responded were attracted by the discount offers of the store. Retailers like Vishal Mega Mart, Big Bazaar, SGM, have succeeded in stimulating customers by providing huge discount at their outlets during festival time or in season when
demands is high. Big retailers due to effective sourcing are able to offer consumers the benefit of value for money by providing high discounted pricing.

For 9% respondent due to paucity of time connivance emerged as important benefit they feel while purchasing from there stores. Urban consumers are increasingly Turning towards shopping environment that provide greater convenience. Location, Parking space and stores facilities are the important benefits that customers get from these stores.

For 7% of the customers retail brand provide confidence in their buying decision to purchase merchandise from these stores, customers purchase risk is reduced because the trusted retail brand name equals the trust in the produces offered by the retailer.

3. **WHAT ARE THE PRODUCTS WHICH CAN BE RETAILED THROUGH ORGANIZED STORES CHAIN STORES, AND SUPERMARKETS:**

The Indian retailing industry which was traditionally dominated by small, family run Kirana store seems to have finally come of age. Retailing in India is witness to the boom in terms of modern retailing formats, shopping malls, the future of retailing or any product across the country will definitely be in the organized stores, where the consumers are getting variety,
quality and ambience, Retailing culture through organized stores is spreading in Kanpur and Lucknow. In organized retail stores following products are being offered providing the customer with 3 V's - value, variety and volume.


Specialized retailers in segment like consumer durables and Books Music, lifestyle goods, furniture, etc are developing rapidly and Indian retailing is undergoing a slow but deep rooted shift away from traditional small stores towards larger more formal retail outlets. In organized retail sector various types of formats such as retail chain, franchise, company owned stores, departmental stores having attractive ambience are enhancing the customers attractions. In apparel shoppers stop, Globus, Pantaloons Trent (Tata) Raymond (263 outlets) Grasim (106 stores) Benetton (100 outlets) are successfully operating. Food World (RPG Group) Subhisksha, Nilgiris are the leading food retailer in India, In foot wear segment Liberty (350 exclusive showrooms) Bata (470 company owned stores) spread all over India, In consumer durable entry of large number of foreign companies into the Indian market has transformed this sector
and major players like BPL, Philips, LG, Sony, Samsung are retailing through manufacturers store like BPL Gallery, sonny Plaza, or through chain stores like Vijay sales and Viveks. World of Titan is a stylish show rooms chain in India, company owned outlets Word of time and franchised store (Time Zone), so for branded watches exclusive stores are the suitable formats.

4. **TO WHAT EXTENT ORGANIZED RETAILING WILL SUIT INDIAN CONDITIONS:**

The retail industry in India has undergone a rapid growth in the organized sector. Organized retail is visible in the form of new retailing formats, modern techniques emergence of retail chains, exclusive retail outlets etc. In the survey of Two Cities it is found that customer are constantly looking out for convenience of one stop shopping to make better utility of their time, seeking value added products at decent price. The increasing footfalls in the organized retail stores clearly indicates the acceptance gaining in the customer mind who are looking variety volume and value. Media invasion has changed life style of the consumers and has translated into greater demand on variety and assortment which has resulted rise in expectations and aspirations. Today’s consumers, through media exposure increase in percapita income, double income household are looking for a different life style and shopping experience and such needs of new age customers are being met through various
organized retail formats. Proliferation of brands has triggered consumerism and increased brand awareness and today every products be in apparel, shoes, Flour, salt watch jewellery is branded. Branding of products have driven the growth of exclusive stores and has given scope of modern retailer to establish exclusive retail chains. With nuclear families concept gaining acceptance especially in urban areas most parents take their children or entire family going for shopping together. Organized store for one stop shopping. The emergence of large middle class and the substantial increase in their disposable income has changed the way of shopping. Organized retail in India due to the arrivals of Indian big corporate houses and international retail organization has generated 2.5 million direct Jobs and over at least 10 million additional jobs in retail support activities. Apart from consumers Farmers will also benefit from the retail expansion. After centuries of economic exploitation they are today dealing directly with companies without the involvement of intermediaries. Organized retailing is thus set to boost infrastructure growth and create efficient back ward linkages.

5. **WHAT IS THE SCOPE OF FOREIGN DIRECT INVESTMENT IN ORGANIZED RETAILING:**

India has become more attractive than ever before to global retailers. The economy is growing between 9 and 10 percent and
the resulting improvements in the income dynamics and consumption demand. Recently Government of India announced 51% FDI in single brand retail outlets the opening of the retail to FDI is designed in a way that many sectors including agriculture, food processing packaging manufacturing and logistics may reap benefits.

Some of the Beneficial effect of FDI in retail are:

1. FDI will provide a big boost to food products (vegetables, fruits, fishery, dairy) with big stores buy directly from producers and investing is cold chains and other infrastructure.

2. Multinationals that invest in retail business in India would also source Indian goods for their international outlets thus provide a boost to Indian exports.

3. Indian retail chains would get integrated with global supply chains since FDI will bring in technology quality standard and marketing.

4. Global retailers invest in better supply chain management and could create efficiencies by way of dis-intermediation and enhancement of transportation and storage facilities which could in turn lead to reduction in commission and lower wastage of produce, paying
better prices to the producer and lower prices to the consumers.

6. **WHAT WILL BE THE IMPACT OF ORGANIZED RETAILING ON EXISTING RETAILERS AND EMPLOYMENT POTENTIAL:**

Indian has the largest shop density in the world nearly 97 percent of the retail industry is run by small independent retailers. Retail industry is the second largest source of employment after agriculture. In organized retail large retailers stepping up growth plans. The Indian retail space is getting increasingly competitive and will become cut throat. In the price sensitive market like India organized retailers by efficient merchandising and operations have increased return on capital 30-40 per cent, organized retailers are gearing upto develop conscious about their store brand in innumerable categories like apparel, cosmetic, food and durables. Big Bazaar in Kanpur and Lucknow is selling its store brand in product categories like tea, natural food, dairy products water and cosmetics at a price lower than those charged by big brands, It has been observed during the study that the most of the customers nearly 36 percent have purchased apparels from the stores which were store brand (Private level). In the study it was found that 54% of customers have made their purchase due to the heavy discount given by the big stores. Small retailers no longer remain the primary
source for the basic monthly shopping basket. The consumer normally gets better prices, quality selection and convenience for these purchases at organized retail chains. In India food and grocery constitute 53% of total private consumption expenditure and 70% of total retail sales, 99% of this segment is still unorganized. But the time are changing very fast. Farmers are developing corporate linkage and this sector is growing at a compound annual growth rate of 33% between 2004-2007. Reliance fresh, subiksha, RPG's Spencer Nilgiri Food World have been selling food and grocery products but food and vegetable vendors are doing good business side by side with the bigger shops. In India shoppers do not want to go to an outlet that is located across town to by food and groceries merely because the store is a brand name store, they will pick up their goods closure to home. People do not like to travel more than 2 Km to shop for their needs and it is not viable to have a large store in every corner of the city therefore the fears that organized sector will run the small retailer out of business is not likely to happen in India. Organized retailing has definitely made headway in upper class however even in this segments items such as milk, fruit and vegetable, groceries and a significant portion of monthly purchase seem to be done at traditional outlets.

Emergence of the organized retail sector will create Jew Jobs for a different section of lower middle class in distribution, packaging infrastructure, retailing and transport sector.
Organized retailers are coming with more and more stores in India. As long as people buy product thus exist retail employment. Organized retailing is among the fastest growing industry and moving towards modernization and consolidation generating employment for innumerable people. It is predicted that modern retail employers in India will need more than 8 lakhs skilled people in various specialized areas for retail across the country. Due to its correlation with other industrial sector organized retailing is generating a great deal of indirect employment like in security, electrical maintenance parking packaging etc. If both direct and indirect employment is taken together organized retailing is bound to create more and better paid jobs. This is a large growth opportunity in an organized retail business that the county will see after a long time.
The transaction phase of retailing has started in India the unorganized retailing is converting to organize retailing which is changing the age old rules of the business. These retailers sell superior products at competitive prices in air conditioned stores in which customers are happy to spend time, Hence the demand graph is sky rocketing day by day. Western style malls are appearing in metros and second rung cities introducing the Indian consumer to a shopping experience as never before. In Indian retail industry the organized retail stores are only 3% to 4% of the total industry so there is great opportunity for organized retailer to capture huge segment of the market. There are many big players like Reliance, Future group RPG, Birla, have enter the Indian retail market with modern retail formats. After announcement of FDI Policy many international player have planned to enter the Indian retail market. Changing lifestyle, food habits and buying pattern of the buyer are the main reason attributing to the current retail boom in India.

There are many changes, which have taken, place in the Indian economy and it has affected the behaviour of the consumers. Indian consumers becoming increasingly sophisticated and knowledgeable about products. Media invasion has changed lifestyle of consumers and has translated into greater demand on variety and assortment, value service and
convenience. The survey revealed that Indian consumers longed for convenience in shopping, quality of products and added services they aspire for convenience, quality goods at reasonable prices and self-service. Earlier customers were used to shopping at various shops, which paid little or no attention to the ambience or the comfort of their customers. Organized stores apart from offering a complete range of products offered an entirely new experience to its customers through ambience and service offering, there include central air conditioning, trial rooms large parking etc. These stores offer training programmes to its sales people to enable them to provide superior quality customer service. Higher disposable income, increasing consumerism, increase in number of working women and changing life styles, are the factors which contributes to the growth of organized retailing in India, consumers have gained from organized retailing since it leads to lower prices improved quality of products and widens the choices of products available to consumers. Organized retailers are giving lot of emphasis on technology to achieve operational efficiency. With regular and innovative promotion they are enticing the customers to come in the store organized retail is poised to be a significant player in the Indian market in the future. The value offering will have to be impactful enough to give consumer the incentive to bypass their hitherto value system and convert to buying through organized retail outlets.
CHALLENGES:

Traditional retailing in India exist in the form of small stores. It is low cost structure mostly owner operated has negligible real estate low labour cost and little taxes to pay, consumer familiarity that runs from generation to generation is a big advantage for the traditional retailing. In contract retailer in the organized sector have big expenses to meet and yet have to keep prices Low enough to compete with the traditional sector. The Indian consumers are price sensitive and bargain driven. High cost for the organized sector arise from higher labour cost. Real estate costs are high and it is not easy to find a suitable property for a large format retail store, organized retailing is essentially a business of supplying commodious locations far from production units, A differential tax system in different states is making a hindrance to faster development of this industry local laws do not permit opening of stores beyond 8 pm in Kanpur and Lucknow this is restricted because of labour rules and regulation. The industry has to take special clearance for extended working hours and seven days working from the labour department. Organized retail is still not get the Industry status and being non industries it suffers from limited access to capital, labour and suitable real estate. The high real estate cost and non availability of the right property has been the major barrier for organized retailer in India.
RECOMMENDATION

Purpose of every research is to contribute to the world with some ideas which can be productively used for any entity, it may be business organization or social organization. On the basis of subjective and objective evaluation of "Prospects and challenges of organized retailing" following recommendations have been made as under.

Most of the organized stores visited by the people locations as a criteria is more important. Frequency of their visit to stores depends on the vicinity of their residence or work place, therefore suitable stores should be located in a residential areas so that it gets maximum foot falls. The location has to be convenient for the largest catchments of consumers.

Number of brands available in the store were the most significant features of stores visit therefore big retailers should keep wide product range covering all price point to attract large number of customers.

Retailers should maintain effective supply chain to ensure that their customers are able to obtain the merchandise required in the desired quality at the right time and at a lower cost when compared to competitor.
Retailing is a labour intensive industry with employees at the retail outlets playing a big role in providing services to customers and also building customer loyalty. The retailers must constantly work at exposing the employee to training in order to enhance their knowledge and skills, thereby satisfying the customers.

Today's customers are more product conscious rather than being only brand conscious they are looking for quality products at an affordable price hence organized retailers should develop their own store brand. It offers an opportunity for retailers to compete on price against other branded products and makes a significant contribution in their profit. Through store brands retailer are able to offer customers variety quality and adorable price.

Organized retailer should make good relations with vendors for timely deliveries and quality of merchandise they need to go for back word integration with the vendors in order to achieve the long term objectives of better quality and lower lead times.

Window display should be changed fortnightly to ensure freshness. The display and layout of the store differentiate from the competition, a proper display had to be arranged for the shopping convenience as the number of SKUs (stock keeping
units) increases shoppers find it difficult to locate the items they are invested in purchasing. Signage's demarcate as store products and enable shoppers to cut down their search time.

Retailers have to develop an understanding of the customers need perception, attitude and intentions, they should be sensitive to the changes in the customers need, demographic profile and life style pattern in order to work out effective marketing strategies.

Retailers will have to work at customizing their services and develop relationships with their customers. Through customer relationship management practices retailers can create favourable store image in the mind of the customer.

Retailers should use the information technology to carry out various transactions, in sourcing and vendor management, scanning and stock control systems, data interchange, POS operation and billing. A whole lot of accurate information about the customer purchases. The sales of individual merchandise the time and date when a transaction took place can be obtained through use of computers.

Retailers should constantly keep coming with promotional schemes to attract customers. A lot of advertisement about store offer is required in order to spread awareness. Various loyalty
programs should be offered to the customers so that they visit more often and give more business to the store they patronize.

Government of India should ensure that maximum benefit can be extracted from the foreign direct investment in retail business opening the retail sector to FDI would be beneficial for India in term of price and availability of produces, large organized retailers are able to buy directly from producers for their international outlets and thus provide a boost to Indian export, This is turn will create more jobs at various levels. Protected nature of retail industry may do more harm than good. In the short run Govt. may succeed in protecting the domestic industry but in log run we would loose many opportunities and technological innovation which is imperative for faster growth.

India has a huge population that has the potential to consume if given the power of spending and that is only possible through large scale development. Generating employment organized retailing in India is generating high demand for talented man power. Organized retailing is a 24x7 active business. However this is much restricted currently in India because of Labour rules and regulation this make it difficult to efficiently manage employee schedules specially for 365 day operation, Government should relax norms on employment and seven days working.
Government should introduce uniform taxation all over the country to relax the laws that are restricting the inter state flow of goods. The country requires a uniform tax system since retailing is essentially a business of supplying commodities to locations from production units. A differential tax system in different states is surely making hindrance to faster development of this industry. A central tax system becomes imperative to remove the regional disparity in production. Central Government should reduce the inconsistencies in the tax structure by implementation of VAT.

To open a large retail store an organization has to acquire as many as 10 to 15 clearance from several government agencies. Government should introduce a single window system at the local government level to clear the multiple number of licenses and complex regulations.