

A STUDY ON INDIAN RETAIL MARKETING

UNDER THE GUIDANCE OF DR. LALIT SHARMA

MUKUND KUMAR JHA

SCHOOL OF BUSINESS, GALGOTIAS UNIVERSITY

Abstract

Over 10% of India's GDP and about 8% of the workforce are employed in retail, making it the country's largest industry. There is a turning point in the Indian retail business. A number of new competitors have entered the market, making it one of the fastest-growing sectors. Breakeven is tough to get due to the high initial expenditures needed, and many of these players have not experienced success thus far. The market is expanding, government policies are improving, and new technology are making operations easier, so there is hope for the future. The entrance of international businesses in consumer retailing will mark the next phase of development in the Indian consumer markets. Most businesses are optimistic that the retail industry's onerous FDI regulations would soon be lifted. Further while domestic Indian businesses have a leg up in the market knowledge department, international competitors will soon be able to undercut them financially and force prices further down. The forthcoming conflict will center on that.

Keywords:- India, Retail, Marketing,

INTRODUCTION TO INDUSTRY

Over 10% of India's GDP and about 8% of the workforce are employed in retail, making it the country's largest industry. There is a turning point in the Indian retail business. A number of new competitors have entered the market, making it one of the fastest-growing sectors. Break even is tough to get due to the high initial expenditures needed, and many of these players have not experienced success thus far. But there's reason to be optimistic about what the future holds: the market is expanding, government rules are improving, and new technology are making operations easier. A new boom industry is about to emerge in India's retail sector, which is slowly but surely taking shape. A paradigm shift in customer purchasing habits and store design has ushered in a new era of retail therapy in India. Expansive shopping centres, multi-story malls, and enormous complexes that provide food, entertainment, and shopping all in one place are evidence that modern retail has arrived in India. The retail industry in India is about to hit a turning point, when both organised retail and consumer spending in the country will accelerate. A dramatic shift in the demography of the Indian population is currently taking place. Key growth drivers of India's organized retail industry will be the country's big and youthful workforce (median age of 24 years), the prevalence of nuclear families in metropolitan areas, the rising number of working women, and new opportunities in the service sector. A Few Important Points: With about 8% of the workforce and 10% of the GDP, retail is by far the most important sector in India. - The retail industry in India is worth approximately \$312 billion. - There are around 8.7 billion US dollars' worth of organized retailing, which accounts for only 4.2% of the whole retail industry. - By 2020, the organized retail industry is projected to reach a value of US \$70 billion. With its large home market and international influence, India offers enormous economic potential. The majority of India's retail establishments are mom-and-pop shops with less than 500 square feet of space, often found in residential neighborhoods. Despite projections of a 20–25 percent year-over-year increase, the organized sector still only represents 2–4% of the market.

Changing lifestyles and strong income growth are expected to drive retail growth in the coming five years, surpassing GDP growth. This growth will be supported by favorable demographic patterns and the extent to which organized retailers are able to reach potential consumers at lower income levels, particularly those at the bottom of the consumer pyramid. Increasing consumer credit is another way to stimulate spending. Additionally, the retail industry's framework will undergo quick change. The number of retail malls in major cities is expected to reach 150 by 2018, according to official growth plans. Compared to the retail industry as a whole, the number of department stores is expanding at a rate of 24% per year. Over the past twenty years, supermarkets have steadily increased their market share in the grocery and general food trade. Even though distribution is becoming better, it's still a huge waste of time. Extremely high logistics costs as a percentage of GDP and extraordinarily high inventory maintenance requirements are the outcomes of low-quality infrastructure and the distribution industry. The marketing and distribution expenses in the Indian consumer markets are substantial. Reducing production expenses is far simpler than reducing marketing and distribution expenditures.

Furthermore, although the government has significantly loosened regulatory limits on FDI in recent years, retail is still restricted to FDI. Nevertheless, in 2017, the Indian government hinted that retail FDI liberalization is being seriously considered. Direct foreign investment in "single brand" retail has reached 51%.

The entrance of international businesses in consumer retailing will mark the next phase of development in the Indian consumer markets. Most businesses are optimistic that the retail industry's onerous FDI regulations would soon be lifted. Further while domestic Indian businesses have a leg up in the market knowledge department, international competitors will soon be able to undercut them financially and force prices further down. The forthcoming conflict will center on that.

INDIAN RETAIL

Traditional mom-and-pop shops sit alongside more contemporary retail formats in India's retail market, such as supermarkets, hypermarkets, and e-commerce platforms. There has been a meteoric rise in online shopping thanks to the widespread availability of smartphones and the expansion of internet access. Online marketplaces such as Snapdeal, Amazon, and Flipkart have transformed online shopping for urban Indians. The term "omni-channel retailing" describes the practice of combining online and offline sales channels into one convenient whole. Services like in-store pickup, home delivery, and click-and-collect are part of this. Successful marketing initiatives frequently necessitate localization due to the language and cultural diversity in India. To effectively target, one must have a thorough understanding of regional preferences, languages, festivals, and customs. Consumers in India are known to be price-conscious, looking for good value without sacrificing quality. This highlights the importance of price strategies, sales, and promotions in drawing in and keeping consumers. Retailers are embracing private labels to provide customers with affordable, one-of-a-kind products. These labels do double duty: they boost profits and make customers loyal.

OBJECTIVES OF STUDY

With an eye on India's burgeoning retail sector, the study set out to compare the numerous strategic concerns used by multinational corporations (MNCs) to emerge victorious. Additional research goals include the following: -

- ✓ In order to entice Indian customers, retail companies have used a variety of techniques.
- ✓ Determine the future of the retail sector by studying crucial elements.

- ✓ In order to research the most current retail market trends in India.
- ✓ For the purpose of researching potential risks and possibilities in the Indian retail industry.
- ✓ In order to examine the different effects of the Indian government's F.D.I. policy on the retail sector.

RESEARCH METHODOLOGY

An approach to methodically resolving the research challenge is known as research technique. One way to look at it is as a branch of science that studies scientific methods. It lays out the standard procedure and reasoning behind each step a researcher takes when investigating a research problem. Both the research method/technique and the methodology must be known by the researcher. This project report makes use of both primary and secondary sources for its data. This information is based on data I gathered from published sources and personal interviews.

PRIMARY DATA: - One definition of primary data is information that has been discovered or documented by the researchers themselves for the first time. The goals of the research inform the formulation of the major data objectives. Research planning is guided and directed by objectives. The most practical way to achieve the goals is to lay them out in advance. Because measurements point decision-makers in the right direction, it is important that research studies produce measurements that are relevant to the research aims.

SECONDARY DATA: - Statistics collected for reasons other than the current study are known as secondary data. Such information may be defined as that which has been collected by a third party other than the end user.

INTERNAL SECONDARY DATA: - "Internal data" refers to information that comes straight from the company itself. Internal secondary data refers to information gathered for reasons other than research.

EXTERNAL SECONDARY DATA: External sources, which are often published and may be accessed in various formats and from various sources, make up the second type of secondary data.

COLLECTION OF PRIMARY DATA

PERSONAL INTERVIEW: - Direct one-on-one conversation between interviewer and respondent is known as a personal interview. After contacting the responder, the interviewer will pose the questions and make note of the responses. Recording responses, either during or after an interview, is the obligation of the interviewers. Although the interview might take place anywhere, it is most suitable to meet the respondent at his workplace. The most important thing to keep in mind is that the response has to be written down accurately. The personal interview can take either an organized or more relaxed format.

QUESTIONNAIRE: - The survey consists of a set of questions meant to be asked of the participants. Additionally, it has an appropriate area for noting the responses. One way to gain a better understanding of a topic is to use a questionnaire to collect particular information about it. This data can then be analyzed and interpreted to draw conclusions. A skilled marketer will take great care in selecting questions for a questionnaire as well as their structure, language, and order. The way a question is worded might have an effect on the answer. Researchers in the field of marketing differentiate between open-ended and closed-end inquiries. All the available answers are pre-specified as closed-end questions. The results of open-ended questions are more

readily usable in statistical analysis. By removing restrictions on the responses they can provide, open-ended questions tend to elicit more detailed information. Question language and sequencing are important considerations for the questionnaire creator. Prior to administration, the questionnaire should be pilot tested with a subset of the target population to ensure it is clear, concise, and objective. An effort to pique interest should be made by the lead question.

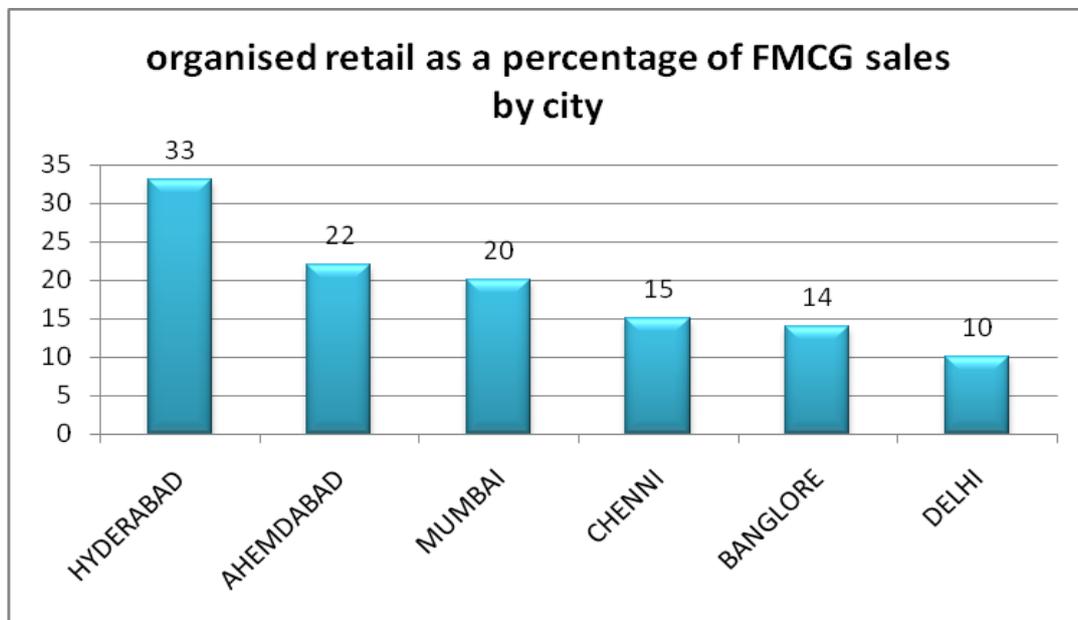
COLLECTION OF SECONDARY DATA

To learn about the services offered by rival businesses, we consulted their brochures, which are a kind of secondary data collection instrument.

Online: -Many websites were perused in order to gather comprehensive details regarding businesses and the services they offer.

Several books on the subject of research and marketing have been cited in support of the research and marketing notion.

DATA COLLECTION AND ANALYSIS

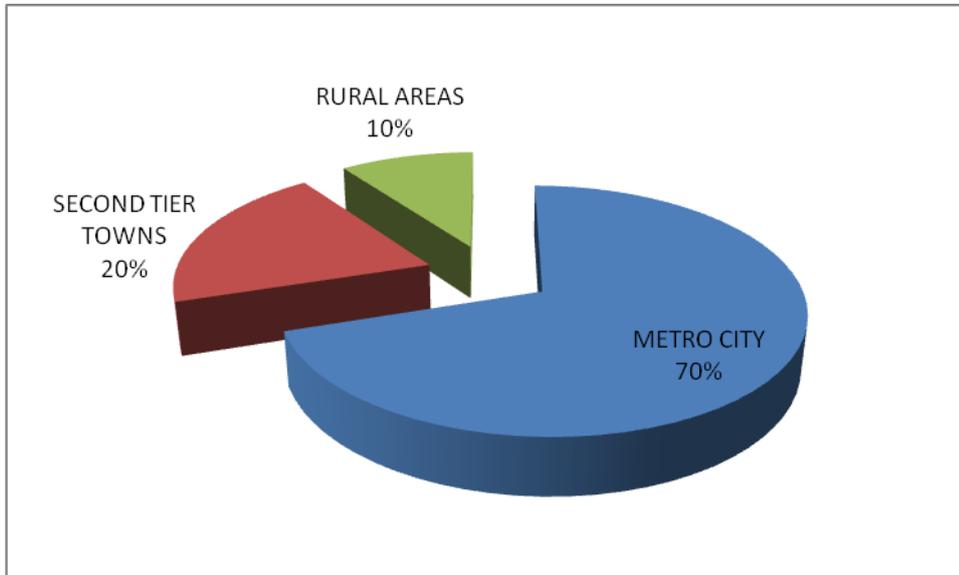


ORGANISED RETAIL AS A PECENTAGE OF FMCG SALES BY CITY

One interesting thing about organized retailing in India is that it has mostly only been seen in cities up until now. In urban areas, particularly in southern and western India, organized retail has been more successful. Variation in consumer spending habits, real estate prices, and tax policies are just a few of the factors that contribute to this geographical disparity.

According to our survey, over 80% of people think that modern retail has the most potential in metropolitan areas.

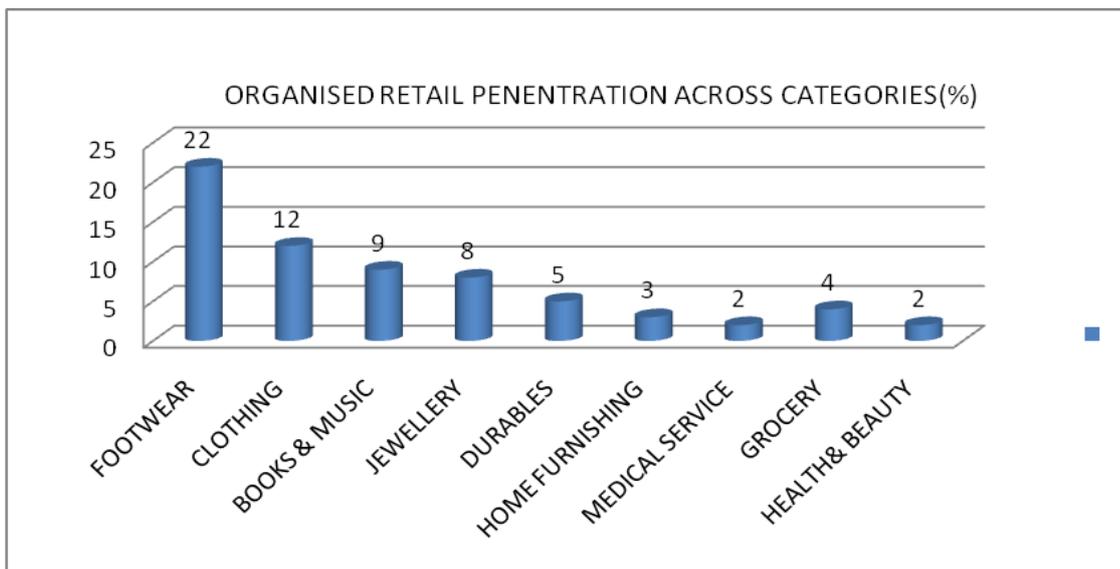
There was substantial latent demand in every location, according to a number of responders who were considering retailing the idea. One major obstacle to fast retail expansion outside of urban centers is the adverse cost equation associated with serving rural markets.



Possibility of the Indian Retail Market

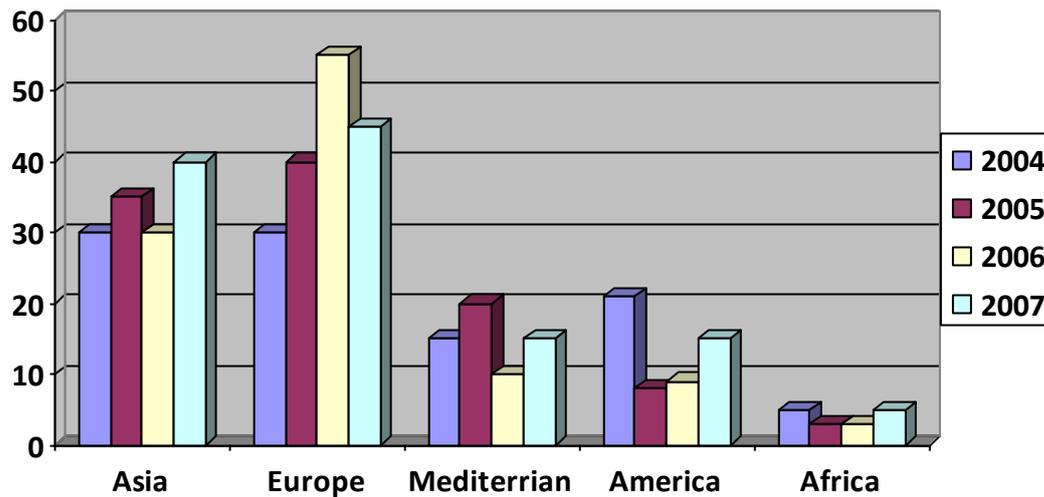
Due to the rise in real income, people's living standards have improved, and the retail market in India is very unorganised, thus there is a great opportunity to gain retail business from the metro city. The purchasing power of consumers has increased as a result of this.

People from smaller towns or areas also flock to the metro metropolis for its advantages, hoping to stay here and make a successful living. The retail opportunities in Metro metropolis have grown as a result of the rising demand on the metropolis.



Separate segments of the consumer durables market include electronics (televisions, stereos, video game consoles, etc.) and appliances (washing machines, microwaves, air conditioners, etc.). Presently, this industry is worth an estimated \$4.5 billion, with organized retail accounting for 4.2% of the total.

Shoe sales have the most organized retail penetration (ORP) at 22%, followed by apparel sales at 11%. Even though consumers spend the most on food and groceries (about 76%), just 4 percent of this industry is organized. Nevertheless, projections indicate that this segment will grow fivefold in the next years, increasing its part of the overall market to thirty percent.



GROW

TH IN WORLD RETAIL MARKET

Retailers find the Asian markets appealing, as seen in the graph above. The United States and the United Kingdom are keeping an eye on India. Retail behemoths Walmart and Tesco are exploring a number of entry strategies in India. A potential joint venture between Walmart and Sam's Club, a wholesale company that sells only to other shops, is one option. This approach sidesteps the problem of not having a solid foothold in the local market and not being able to sell directly to consumers. Conversely, Tesco hopes to open 50 outlets in 2020 through a partnership with Home Care Retail Mart Pvt. Ltd. The government is slowly opening up Indian retail to foreign direct investment; once it completes these measures, the peak period will be over, giving the current companies a clear advantage.

LIMITATIONS

Talented professionals, particularly those in middle management positions, are in extremely short supply in the sector.

To meet the high standards of quality and service that consumers are expecting, the majority of Indian retail companies are facing significant pressure to improve the efficiency of their supply chains. The costs would rise by 15% due to lengthy networks of intermediaries. Another obstacle to establishing a supplier network across India is the inadequate infrastructure in the areas of highways, power, cold chains, and ports. Because of these limitations, retail chains have to increase prices and costs by relying on several providers to meet their requirements.

The government is trying to establish a unified value-added tax for all states, but there are different rates for each state, which makes it difficult to set up an efficient distribution network and drives up costs. 2. Because

foreign direct investment (FDI) is restricted, there aren't any foreign companies involved, so we don't get to learn about best practices.

CONCLUSIONS.

The organised component of the \$270 billion Indian retail industry increased by roughly 48% in 2017 at current prices, while the whole market is expanding at a rate of 13%.
→ With the entry of big global firms and Indian corporate houses, the organized market is expected to have a growth rate of about 40% in 2018—and this growth rate is expected to reach 45% per annum over the next three years.

By 2020, the organized retail market is projected to surpass Rs 200,000 crore (\$45 billion) at 2013–14 constant prices, accounting for around 15% of total retail sales. Just 4.6% of the market is structured at this time.

At now, kirana stores hold over 99 percent of the food and grocery retail market, which is estimated to be worth Rs 743,900 crore (\$168 billion).

Any operator seeking organic growth cannot ignore the importance of rural retailing as a challenging segment. In terms of consumer spending, the urban-rural split is 9:11. Nearly half of India's \$270 billion retail business is located in rural areas.

The development of malls has been consistent; at present, there are over 200 malls that are operating, with a few more virtually finished. By 2020, experts predict that number will have increased to nearly 600. Forty percent of the upcoming malls are located in less populous cities. According to projections, the retail sector will reach Rs 38,447-crore (\$8.3 billion) by 2020. Room for about 15,000 additional retailers, including 100 hypermarkets, 500 department stores, and 2,000 supermarkets. Retailing that is organized in small towns In comparison to the big cities, India is expanding at a rate of 50–60% every year. The majority of people's money goes towards buying food and household goods, then investments, apparel, toiletries, and entertainment.

References

BOOKS:

Marketing Management – Phillip Kotler

Retail Management: A Strategic Approach by Barry Berman, Joel R. Eva

Research Methodology - C.R. KOTHARI

MAGAZINE

Retailer.

Business world

Business Today

4 Ps

INTERNET

www.researchandmarkets.com

www.the-infoshop.com

www.google.co.in