

Challenges and Opportunities in Retail Management in India

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Abstract:

Retail is one of the most discussed topics in the academic field because of its ability to generate employment, improving demand in the market and revenue earning. The current paper aims to study the current scenario in retail in India and the challenges and opportunities related with it. This study is a descriptive study based on secondary data.

Due to ever increasing urbanization, increasing earning capacity, aggressive marketing and changes in standard of living the importance of retail is increasing day by day. Retailing is amongst the most employment generating field after agriculture. Retail which means selling the goods and services to the ultimate consumers. Retail is a very big area and have immense opportunities in near future. But at the same time retail sector have many challenges which are discussed in this paper. The paper also tries to know the retail strategy and retail mix adopted by the retailers to face the challenges and suggest measures for sustainable competitive advantage. The paper tries to reveal the various innovative strategy and techniques adopted by the retailers.

Keywords: Retail, retailer, retail mix, Challenges and opportunities in retailing

Objectives:

- 1) To understand the current retail scenario in India.
- 2) To know the retail strategy and retail mix adopted by the retailers.
- 3) To study the various challenges and opportunities in front of the retail sector.
- 4) To reveal innovative strategy and techniques used by the retailers.

Introduction:

Retail is the act of selling goods or services to the consumer. The word 'retail' derived from the French word 'retailer' which means to cut a piece of or to 'break bulk'.

Oxford Advanced Learner's Dictionary retail "is the practice of selling goods in small quantities to the general public."

Retailer is a person or a company an organisation who purchases goods in bulk and divides them into smaller lots to be sold to individual consumer.

Retailers can be of goods and services. Retailers of goods includes kirana or grocery stores, general stores etc. Retailers of service include banking, insurance, consultants etc.

Retailing is selling of goods and services to non business customers i.e. to the end user or consumers. The selling of goods and services is for personal use and not for reselling. The various retail business can be explained as follows-

MAJOR PLAYERS IN RETAIL INDUSTRY	Brand Name	Outlet type	Location
Ownership RPG	Spencers	Supermarkets	Across all major cities
Hypermarkets DFL (Joint venture with DSP Merrill Lynch and Rahejas)	Food World	Supermarkets	Chennai, Bangalore and Hyerabad
Pantaloon Big Bazaar Nilgiri's Franchisee Pvt. Ltd	Food Bazaar Nilgiri's	Supermarket Hypermarket Supermarkets	Acros all major cities Chennai, Bangalore, Pondichery and tier two towns in Tamil Nadu
The Trinethra Group	Trinethra	Supermarkets	Major cities in Andhra Pradesh and Tamil Nadu
Fabmall India Pvt Ltd	Fabmall	Supermarkets	Bangalore and Chennai
Francisee ownership model regulated by cooperative	Margin Free	Discount stores	Major cities in Kerala, Tamil Nadu and Karnataka
Food Express India Ltd Subiksha Trading Services Pvt. Ltd.	Monday to Sunday, Jumbo Subiksha	Supermarkets Hypermarkets Discount stores	Bangalore Tamil Nadu, Delhi, NCR, Maharashtra, Gujarat, Andhra Pradesh, Karnataka
Home Stores Pvt. Ltd.	Sabka Bazaar	Discount stores	Delhi and adjoining areas
Pyramid Retail Ltd.	Trumart	Supermarkets	Maharashtra-Mumbai
Trent (Tata Group) Spar- India Ltd.	Star India Bazaar Spar	Hypermarkets Supermarkets	Ahmedabad, Mumbai Mumbai

Retail Sector scenario in India:

The retail sector can be broadly divided into two parts, i.e.

- 1) **Organised retailers and**
- 2) **Unorganized i.e. Traditional or Conventional retailers**

The retail sector can also be categorized as follows:

- Clothing, textiles and fashion
- Food and grocery
- Furniture -Office and home

- Home appliances
- Electronics items
- Medicine or Druggist or Pharmaceuticals
- Stationery and Books
- Goldsmith and Jewellery shops
- Opticals
- Watches
- Giftss
- Daily needs
- Footwear

The Indian industry has emerged as one of the most dynamic and fast paced industries due to the entry of several new players. Total consumption expenditure is expected to reach nearly US1824 billion in 2017, it accounts for over 10% of the country's GDP and around 8% of the employment India's fifth largest global destination in the retail space.

The Indian retail trading has received FDI equity inflows totaling US 1.42 billion during April 2000 to June 2018 according to the Dept of Industrial Policies and Promotion.

Retail Strategy and Retail Mix:

The retail strategy includes following-

❖ Store Location:

The location decision being strategic, long-term, involves huge investment and therefore are irreversible in nature. Poor location results in various problems related to increased distribution cost, poor sales, employee's related problems, suppliers problems etc. The retailers first decide the region, then locality and after that particular exact store location is selected. The selection of location is influenced by various factors like-

- Banking facility and availability of funds
- Cost of land development
- Transport facility
- Proximity to the customers
- Availability of employees
- Means of communication
- Waste disposal provision
- Water supply
- Parking facility
- Local rules and taxes
- Historical issues and traffic issue

❖ Retail Marketing Segmentation:

Retail marketing deals with identifying and meeting human and social needs. Retail marketing is typically seen as the task of creating promotion and delivering goods and services to retail consumers. The marketing segmentation is the process breaking down an entire heterogeneous market into small markets or segments of customers that are identical in terms of some characteristics like needs, wants and buying behaviour. The segmentation may be Geographical or Psychographic. The geographical segmentation is the division of market based on-

- Age
- Gender
- Family size
- Income level
- Occupation
- Education
- Language

While the psychographic segmentation is based on traits, lifestyles, attitudes and interests of potential customer groups, the psychographic variables include activities, Attitudes interests, Opinions and Values

❖ Strategic Planning:

Retailing strategy outlines the mission and vision of a retail organisation. It is a systematic plan which provides the retailers overall framework for dealing with its competitors, technological and international movements. The strategic retail planning process involves various steps like deciding the store' philosophy, mission and objectives, Situation analysis, Formulation of retail strategy and lastly Strategy implementation and control.

❖ Financial Strategy:

It is the fact that finance is the backbone of any business. No business can start and operate without finance. A retail firm requires finance to run their business and meet day to day requirements. Thus the retailer requires continuous movements of funds in and outside the firm. For retail firm proper retail cash flow management is very important to avoid extensive cash shortages. The preparation of retail budget which is a financial plan of overall financial transactions is very vital. Regular monitoring and controlling should be done with specific ratios and leverages and accordingly future decisions must be taken.

❖ Inventory Management:

The entire process of retailing depends upon the efficient inventory management. The efficiency of a retail store is based on the retailer's ability to provide the right goods to the consumer, in the right quality, in the right quantity, at the right place and in right time. Proper inventory management is very important for the cost efficient operations, to minimize inventory investment and for the consumer satisfaction. There are various inventory management can be done systematically and

scientifically through Economic Order Quantity Model (EOQ), ABC Analysis, VED Analysis, FSN analysis, HML Analysis. From these, a proper method or combination of methods are used depending upon the past experience and practice of the retailer.

Retail Mix:

Retail mix is the combination of factors retailers use to satisfy customer needs and influence their purchase decision, The retail mix is made up of types of merchandise and services offered, merchandise pricing, advertising and promotional programs, store design, merchandise display, assistance to customers provided by salespeople and convenience of the store's location.

Innovative Strategies and techniques:

In this era of cut throat competition the retailers use various innovative strategies and technique to improve sales volume and earn more profit. Some of them are as follows-

- Membership card for earning points which can improve future sales
- Cash discounts
- Special dealer offers
- Gift vouchers
- Promotional offers
- Exchange offers
- Easy finance- 0% finance, low installments
- Weekly one day offer

Challenges of Retail Management in India:

In spite of great development in retail field in India, there are various challenges in retail management in India. These challenges may be related to -

- ❖ Finance
- ❖ Future demand
- ❖ Skilled and talented Human resource
- ❖ High operating cost
- ❖ Recession
- ❖ High taxes
- ***Challenges for Unorganized retail sector:***
 - ❖ Domination of organised sector:

The biggest challenge for unorganized retail sector is from the organised big players. The big retailers are in a position to give big discounts and concession
 - ❖ Competition from organised real estate
 - ❖ Local area business only
 - ❖ Limited customers and business
 - ❖ Not able to compete with organised retailers

➤ **Challenges for Organised retail sector:**

❖ **High cost of real estate:**

The biggest challenge for organised retail sector is the sky high prices of real estate and constitute the main part of the overall costing of the real estate. It negatively affects the profitability of real estate. Even the rents are very high and sometimes it creates the problems of survival.

❖ **High operational cost:**

Apart from the real estate cost, there are some other costs also which affects the real estate. Expenditure on human resource, basic infrastructure, electricity, taxes and other incidental expenditure are some of the examples of operational cost.

❖ **Finance problems:**

The real estate faces the challenge of finance. The retailer requires finance both for the long term as well as short term. For long term the funds requires for the basic infrastructure like building equipments and short term for the inventory and human resource and other maintenance.

❖ **Problems related to skilled human resources:**

Another challenge which is faced by the retailer is of proper supply of skilled manpower. It is always a problem faced by the retailer the proper supply of quality and quantity of skilled human resources.

❖ **Competition from Foreign MNC:**

All the retail sector in India both organised and unorganized faces challenges from big MNC. These MNC have huge financial and other resource. So these MNC are in a better position to give competition to the other.

Opportunities for Retail Management in India:

➤ **Employment Generation:**

There is a huge opportunity in the field of retail i.e. employment generation. It is among the biggest employment giving opportunity for youths in our country. Directly and indirectly it gives employment opportunity to millions of people.

➤ **Urbanization:**

Due to the urbanization in various areas of our country, the life style and nature of the job of the people are changing very fast. Due to this there is a need for the retail shop where the people can purchase the goods of their need under one roof.

➤ **Encourage contract farming:**

Due to retail there is a scope for the contract farming. The retailer can have the proper supply chain management and tie up with big corporate for farming for the supply of the quality of agriculture good in demand For example now a days there is a demand for the organic produce, which can be supplied through retail shop with the help of contract farming.

➤ **Consumers benefited:**

The consumers are the real king of the market. They can get quality goods at reasonable price. There is a race among the companies to attract the consumers, and in this process the consumers are the real gainers.

➤ **Scope for FDI:**

In retail sector a lot of FDI is already infused and still more is needed. This is due to the prospects of retail sector in near future due to increasing earning power, urbanization, change in life style and purchasing habits etc.

Conclusion and Suggestions

The retail sector is among the most employment giving sector after agriculture. Both organised and unorganized sector exists in this sector. There are huge opportunities in the retail sector in terms of financial investment, employment opportunities and growth in wealth. The various sectors are positively affected due to boom in retail sector like textile, toys, footwear, food, agriculture etc.

There should be some big retail stores for the farmer in cities which provide quality seed, fertilizers and equipment needed in agriculture. More cooperative societies should be encouraged and supported by the government to start retail businesses in tier I and II cities.

More environmental friendly goods should be encouraged by the retailer for the sustainable development of the country.

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