RETAIL 1.0 TO 4.0: RETAIL JOURNEY OF INDIA

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ABSTRACT

The Indian retail industry has strong linkages with the economic growth and development of an economy. India's large and aspiring middle class of nearly 300 million individuals want products that are value-driven. The country's 500 million youth have high disposable incomes that have resulted in huge demand for products. The Indian retail sector accounts for over 20% of the country's GDP. Indian retail is evolving from the brick and mortar model to adopting digital technology for connecting with consumers. Indian retail is undergoing a saga of sea changes with evolutions and revolutions from e-commerce, and m-commerce to drones. This provides a great opportunity for retailers to embrace technology and to go beyond the expectations of the consumers. Digital technology will be a game-changer and it is for the retailers to understand these trends and leverage them. The present paper focuses on the retail Journey of India starting from retail 1.0 to retail 4.0 and also studies the current trend and technology in retail.

Keywords: Organised retail, Retail 4.0, Public Distribution System

INTRODUCTION

Barter is regarded as the earliest form of retail trade, and given the size and complexity of our nation, retail in India has developed to meet the particular demands of our people. The Indian landscape has always included haats, mandis, and fairs. They still exist in the majority of the nation's regions and are crucial to daily life and trade in many different regions. The Public Distribution System, also known as PDS, is undoubtedly the biggest retail chain now operating in the nation. The British "rationing" system put in place during World War II when the genesis of public grain distribution in India began. The concept was first used in Bombay in 1939, and it was

afterwards expanded to other towns and cities. Up to 771 cities and towns were served by 1946. After the war, the system was abandoned, but after India gained independence and faced new inflationary pressures in the economy, it was forced to be reinstated. Part includes a thorough discussion. Without mentioning the Canteen Stores Department and the Indian Post Offices, the history of Indian retail would not be complete. Following independence, the Khadi & Village Industries (KVIC) was also established. Currently, there are more than 7,050 KVIC locations nationwide. The government once more promoted the cooperative movement by establishing Kendriya Bhandars in 1963. Bombay Bazaar, which operates stores under the Sahakari Bhandar brand, and Apna Bazaars operate a sizable chain of cooperative stores in Maharashtra. The Indian market has undergone a significant transformation in the last ten years. However, due to low consumer purchasing power and government policies favouring the small-scale sector from the 1950s through the 1980s, investments in a variety of industries were constrained. Between 1985 and 1990, the first moves toward deregulation were made. Many limitations on private businesses were removed about this period, and the Indian economy gradually transitioned from being state-led to becoming "market friendly" in the 1990s.

Despite being a new phenomenon, it is making rapid progress and is apparent everywhere. It has erupted into the Indian landscape as a significant economic prospect in least period. Concerning the industrial revolution, the retail industry also evolved significantly. Firstly, in relation to Retail 1.0, as steam engines produced mass manufacturing items, department stores also started to pop up. Accordingly, consumers enjoyed low-cost products during the Retail 2.0, and consequently, more shopping malls were opened. Meanwhile, in Retail 3.0, consumers enjoy online shopping globally through the internet, and thus, purchasing behaviour has changed as we can now purchase anything without leaving the house. This is evidence that Retail 4.0 simplifies and improves our lives. The emergence of modern management techniques and technological improvement causes for success of Indian retail Industry. India is a nation of shopkeepers and we know that the relationship between the Retailer & customer is very close than other chains of distribution. We can see more than 12 million retail outlets in India, and India has highest density of retail outlets in the world. Retail Industry in India is at present estimated to be more than US $ 250 billion.

LITERATURE REVIEW

Loh Li Har et al. (2022) study shows that the adoption of Retail 4.0, differs between the least developed countries, developing countries, and developed countries. The adoption level of Retail 4.0 is high in developed countries like the United States, the United Kingdom and Europe. However, in the least developed countries, with low internet access coverage, it seems challenging for them to adopt these technologies. Consumers and businesses are unable to take advantage of emerging e-commerce opportunities due to persistent bottlenecks and barriers, such as high-cost broadband services, overreliance on cash, a lack of skilled workers among the populace, and government inattention.

Article of Business standard news paper (2022) mention about the E-retail revolution in India, The expansive Open Network for Digital Commerce (ONDC), which has been introduced in five test locations, has the potential to totally alter Indian e-commerce. Similar to how the Unified Payments Interface (UPI) enables seamless fund transfers for all payment applications, the ONDC is creating an open digital network with an architecture that will enable all varieties of e-retail apps and platforms to "speak" to one another. The ONDC has wide-ranging effects on the digital ecosystem's data flow. While it would open up access for buyers and sellers, there can also be worries about how this system will handle data management and data protection.

Mohapatra (2021) Secretary, Department for Promotion of Industry and Internal Trade, Government of India mention about how Indian e-commerce players during COVID-19 collaborating with neighbourhood kirana shops, or modern retail players collaborating with hyperlocal players, and brought the entire ecosystem closer. During the pandemic economy are totally digital mode, Brick and Mortar players will increase their online presence, and online players will increase their on-the-ground/offline presence, leading to an online-offline convergence. As such, Online+Offline play will define the next phase of retail evolution in India. In future Retail 4.0 or Online+Offline (O+O) will further boost the retail's contribution to India's GDP and drive incremental value addition, job creation, online-led exports, and more importantly a more inclusive ecosystem with greater participation of MSMEs.

According to published report of NASSCOM in collaboration with Technopak (2021) titled 'Retail 4.0 India Story: Unlocking Value through Online + Offline Collaborations.' It analyses the evolution of retail sector in India and elaborates on the next growth phase for the industry in which technology will be the key element. Retail industry has evolved from neighbourhood kirana stores into a comprehensive ecosystem with both online and offline presence. Covid-19 accelerated the adoption of technology for retail players and enabled them to survive during lockdown and the subsequent stages of unlock. Retail sector is expected to advance to Retail 4.0 that involves collaboration of both online and offline channels with technology being the key enabler but it will have to overcome its own set of challenges in order to grow and lead the growth for the next phase in the retail industry in India.

According to the report of Technopak (Sep 2020) In the FY 20, Indian Modern Retail's share in Total Retail stood at ~12% (US$ 101 Billion). This share has grown from under 8% in FY 2012. In the next five years, Modern Retail is expected to grow at 15% CAGR to reach 18% of the Total Retail's share by 2025. This growth will primarily be driver by growth of Merchandise E-commerce (or E-tail), whose share in total retail stood at 4.3% in FY 20 and that is expected to increase to 7.6% by 2025 at a CAGR of 19%.

Pattanaik (2016) research on "Evolution of retail industry in India" has tried to understand the way world retail industry has emerged which will provide valuable information to the Indian retailers, practitioners and policy makers.

OBJECTIVE OF THE STUDY

Technology is playing an increasingly important part in the formalisation of retail. Online and offline both channels are improving their technology and working closely together to achieve the goal. The aim of the study is to understand the evolution of retail sector of India from retail 1.0 to retail 4.0.

Retail 1.0:

The government established the Khadi & Village Industries Commission in 1956 to boost rural shopping, and it helped many indigenous franchise stores. When the economy opened up in the 1980s, the retail business saw a significant transformation. The textile industry was the first to see the creation of large retail chains in India. Bombay Dyeing, S Kumar's, and Raymonds are some examples. Titan later entered the organised retail sector with retail showrooms. We noticed a gradual transition away from production and toward pure retailing. Organized retailing in India actively started in mid 1990s with the entry of shoppers stop, Westside, Pantaloons etc.

Majorly dominated by traditional retail, Retail 1.0 saw emergence of pureplay modern retail, in metro cities in 1990s. The consumer preference started shifting from need-based shopping to premium shopping experience, and first signs of modernization in operations (backend) and formalization of value chain appeared. Approximately 5 Mn employment addition and $99 Bn of market addition upto year 1999 in retail. Retail channel in retail 1.0: Neighborhood Kirana, Multibrand Outlet, Showrooms format modern retail (apparels) and Supermarket. Consumer demand majorly in grocery and apparel segment, with rising consumer interest in modern format apparel outlets and showrooms in retail 1.0
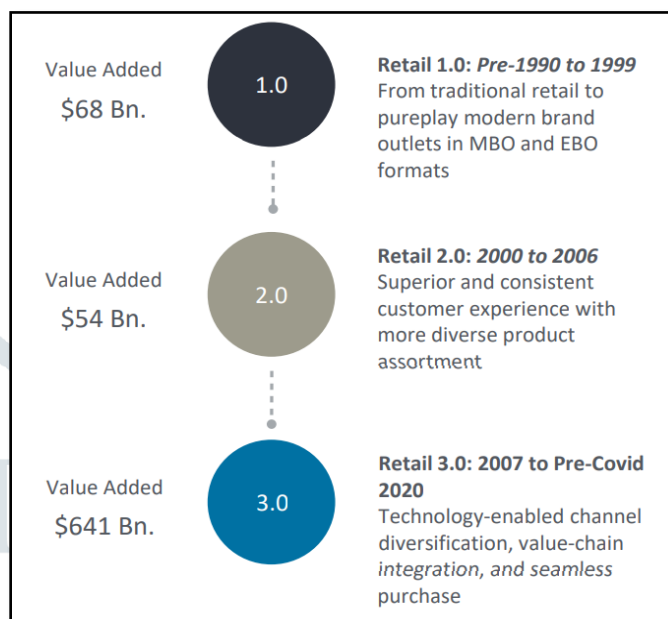
Retail 2.0

Year 2000 onwards, Focus shifted to superior and consistent customer experience with greater product assortment. With the introduction of hypermarts, supermarts, and cash-and-carry shops forms, as well as geographic growth from Metros to Tier 1 cities, modern retail matured in Retail 2.0. Consumers' primary concern has shifted from quality shopping experiences to convenience, and technological advancements have pushed the modernisation of operations (backend). Players began to use technology to disseminate information via websites. Around $54 Bn of market addition and ~2 Mn of employment addition in year 2000 to 2006. Retail channel in retail 2.0: neighborhood Kirana, Multibrand Outlet, Showrooms format modern retail (apparels), supermarket, product listing websites, Showroom format Modern Retail (Fashion and Other Categories). In this era, the rise in disposable income led to increase in consumer consumption in terms of volume, value and product categories.

Retail 3.0

Retail 3.0 is Technology led-transformation in Retail it offer wider product assortment and ease of purchase. Retail 3.0 saw a period of tremendous expansion, with all retail participants increasingly realising the necessity to

integrate digital technology in order to stay relevant to an increasingly digital consumer. Personalisation became a major factor for customers, and the retail growth narrative began beyond the top 500 cities. $641 Bn of market addition and ~31 Mn of employment addition in year 2007 to 2020.

Retail channel in retail 3.0: Neighborhood Kirana, Multibrand Outlet, Showrooms format modern retail (apparels), supermarket, product listing websites, Showroom format Modern Retail (Fashion and Other Categories), E-Commerce, Direct to consumer brands. In the period of 2007-2020 Retail 3.0 Gaining consumer trust on digital channels and leads to higher value purchases in categories such as electronics moving online. Online retail or E-Commerce became the fastest growing channel in retail 3.0, contributing 4% to the retail market within a decade. In India, e-commerce is growing at 3-4 times the rate of traditional brick-and-mortar retail.

Value Added
$68 Bn.

1.0

Retail 1.0: *Pre-1990 to 1999*
From traditional retail to pureplay modern brand outlets in MBO and EBO formats

Value Added
$54 Bn.

2.0

Retail 2.0: *2000 to 2006*
Superior and consistent customer experience with more diverse product assortment

Value Added
$641 Bn.

3.0

Retail 3.0: 2007 to Pre-Covid 2020
Technology-enabled channel diversification, value-chain *integration, and seamless* purchase

Superior technology usage is driving the growth of this format, resulting in a more virtuous and profitable investment cycle. Retail 3.0 has seen greater technology penetration driven by E-commerce platform and gradually adopted the

traditional retail. E- Commerce is an integral part of the retail ecosystem. It has brought distinct technology capabilities to the overall retail sector and extended value chain, further enabling digitization of traditional retailers with greater ease than before. E-c   etail channels,

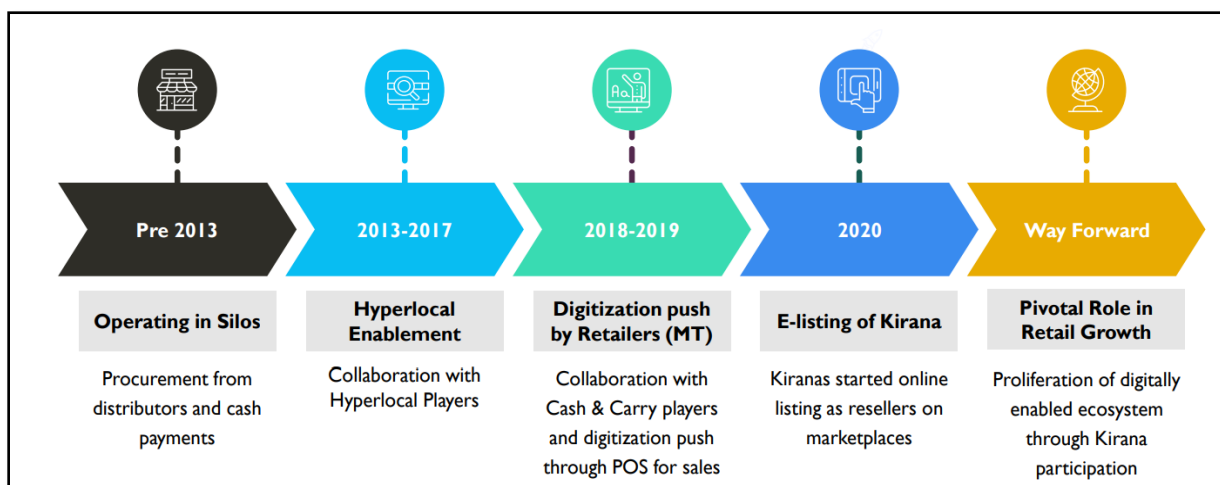*Source: Technopak Analysis, NASSCOM Research*

transforming the chain, and thus helping in expand the overall market with access, tech deployment, speed of GTM strategy (Go-to-Market), and cost efficiencies.

Retail 4.0

The fourth retail sector transition, known as Retail 4.0, uses Industry 4.0 technologies, such as Augmented Reality (AR), Big Data Analytics (BDA), Cloud Computing, Internet of Things (IoT), and Artificial Intelligence (AI), to better serve customers. As a result, it is described as the integration of technology, innovation, and people. Production and data analytics technologies have advanced dramatically, with the majority of these advancements focusing on artificial intelligence (AI) techniques and digital manufacturing systems, making systems intelligent and smart.

Due to the integration of online and offline shopping experiences via various technologies, consumers can now make purchases regardless of a crisis without realising the difference between an online store and a retailer's physical locations. These dynamic shifts in consumer behaviour have also made retailers aware of the potential of Retail 4.0 technology to enhance customer satisfaction and corporate performance while keeping them competitive. Regardless of the channel, customers may switch between them with ease and receive unified, consistent service (traditional store, online, or mobile)

Traditional retail moving towards digitalization with collaboration with tech enablers and online players in the retail ecosystem.

Source: Technopak Analysis, NASSCOM Research

India's retail industry has emerged as one of the most dynamically-evolving, rapidly digitizing sector, with the second-largest consumer base in the world. In 2020, Indian retail emerged as world's 5th largest, having grown >1.5X every 5 years. In the last 15 years, undergoing sustained digital transformation.

Current Trend and Technology in Retail

1. F-Commerce

Face book commerce is also known as f-commerce. Based on the interests of their clients, retailers post to several facebook accounts. For tiny and low-budget businesses, e-commerce is a crucial platform for advertising.

2. Cloud Computing:

Data is saved, managed, and processed via a network of remote servers housed on the internet rather than a local server or a personal computer. In cloud computing, several users share software without making significant financial investments. Through the internet, cloud computing enables client devices to access information and cloud applications from distant physical servers, databases, and computers.

3. RFID in Retail:

RFID is used in retail when RFID tags are attached to products. These tags send signals to RFID readers, which are then processed by software to produce real-time results for stock taking, transactions, inventory levels, or specific customer purchase order histories. In supply chain management, it is frequently used.

4. Augmented Shopping

Enables customers to interact with brands and products through digital experiences that let them virtually try on, try out, interact with, or personalise their product; this helps give more extensive, understandable product information than normal web encounters. Mom-n-Pop shops become O+O (Offline + Online) sellers. More than 8 lakhs seller adopted O+O Model and start selling at online platform for wider reach and realizing 2-8 times topline growth at low cost. Supply chain integration to access 100% of India's pin codes. Organizing the exports market that will bring global-scale production quality

5. Omni-channel Retailing:

The process of integrating and utilising many channels to affect a customer's buying choice is known as "omnichannel retailing. It provides the flexibility to commence the shopping in one channel and complete the transaction in another channel. Omnichannel retailing describes a retailer's efforts to provide a consistent, coordinated customer experience across all possible customer channels, using consistent, universal data.

CONCLUSION

The shopping experience of today's consumers continues to be seamless across every channel, whether it's a brick-and-mortar store, an e-commerce website, a mobile app, or even a phone call with customer service. The retail business has changed from small neighborhood Kirana shops to a vast ecosystem with both online and physical presence. Technology as the primary facilitator, the retail sector is anticipated to move to Retail 4.0, which incorporates the collaboration of both online and offline channels. Around thirty years Journey from retail 1.0 to retail 4.0 concluded that the Indian retail sector has continuously moved toward a bright future. However, it will face its problems and steer the growth for the next phase in the Indian retail business. Governments must prioritize national digital preparedness to enable more small companies to participate in the digital economy as producers, not simply consumers.

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