1. Explain emerging retailing trends and issues in India with examples. (10)

Ans: Retailing today is the fastest growing sectors in the global economy and is under transition phase; not only in South Asian countries like India and China but throughout the world. The increased popularity of organized retailing is mainly because of the consumers’ changing behavior. This change has become possible due to double income families, breakup of joint family concept, changing lifestyles and favorable demographic patterns. Today consumers prefer to shop at places where they can get grocery, food, entertainment and others daily routine items under one roof. This has made retailing the most attractive sector of the Indian economy. Following are the recent trends that have stood out in recent years and continue to grow further:

1. New retail formats and combinations are emerging and have opened a new world of opportunities for Indian youth. Due to huge amounts of new investments and decreasing charm for ‘kirana’ stores, the retail sector is expected to grow. Bank branches, bill counters, saloons, internet cafe have opened in the malls. The ‘cash and carry’ activities are expected to grab majority of attention.

2. Internet age, increased computer awareness and shrinking usage charges have made people enabled buy things online resulting in growth of non-store retailing. Retailers are informing about new arrivals/fresh stock through e-mails, television, SMS and telephones to which anyone can respond to through toll-free 16 digit numbers.

3. Specialty stores like ‘Reliance Digital’, ‘Music World’ ‘Metal Junctions’, ‘Nokia World’ and ‘Pantaloons’ have their presence in most of the malls in the country. Departmental stores have given way to malls, having a mixture of large and small retailers offering varied brands for each and every section of the society.

4. Sales promotion channels are increasingly becoming professional and targeting differently to different lifestyle groups. Newer and newer promotional techniques are emerging. Event managers are hired and visual merchandising professionals are consulted. Today retailers are not sticking to traditional methods of promoting a sale but personal selling door-to-door selling, free home delivery and payment through plastic money have emerged and is being widely used. Use of advanced technology is not the matter of affordability but is the reason for survival. Retailers are using computers, electronic devices, check out scanning systems, tag guns, vending machines, money counters and digital signage to enhance store’s productivity. CCTVs, cameras, sensors and theft alarms are being used to prevent store theft.

5. Today retail organizations are not only targeting big cities but are considering tier II and tier III cities like Jaipur, Pune, Shimla, Karnal, Panipat, Coimbatore, Baroda, Chandigarh etc also. The South Indian states are one step ahead when it comes to shopping in the supermarkets for day-to-day needs and also have been influencing other states where supermarkets are being established. However, the main center of organized retailing is undeniably Chennai, which once was considered as a ‘conservative’, ‘traditional’ and cost-sensitive market. The success of Chennai as retail hub has surprised all but list of factors contributed to its success. Reasonable real estate prices, double household income, increased presence of MNCs and industrial boom has led to the emergence of new residential societies resulting in increased purchasing power and demands for day-to-day goods under one roof.

6. Use of Plastic Money:

Use of credit and debit cards for buying merchandise is relatively a new phenomenon but is gaining popularity immensely. Credit and debit cards are commonly known as ‘plastic money’. Today, especially in metros, retail spending is mainly done by plastic cards, accounting for over 45 percent and is likely to touch 65 percent over the next five years.

7. Distance – No bar:

Thanks to increased public transportation, better roads, highways and an overall improvement in the transportation infrastructure that has enabled customers to visit from one place to another smoothly than ever before. Now the want of quality goods, a customer can travel several kilometers to reach a particular store.

8. Partnerships and tie-ups among retailers, real estate developers, brands, franchisees, and financiers have become the fashion of the day to spread risk related to huge investments and uncertainty.

9. The government infrastructure support, relaxation on foreign direct investments further has accelerated the growth of Indian organized retail sector. Consequently, the shopping malls are coming up throughout the country in a big way.

10. Sophisticated customers:

Due to Internet revolution, customers are becoming conversant about the products they are interested in buying. For example, over thirty percent of Indian consumers collect information from the Internet about prices, features, guarantee/warranty options before visiting any store for the actual purchase. This is particularly true in case of automobiles, cell phones, consumer electronics, hotel bookings, travel packages etc. This suggested the retailers that they need to respond to varying consumer needs and growing assortment.

11. The gap between organized and unorganized (traditional ‘kirana’ shopping) retailing is coming close due to mall revolution and increasing Indian middle class in terms of size and income. According to a study conducted by ‘Deloitte Haskins and Sells’, one of the four largest accounting firms in the world, Indian retailing is growing at a faster pace as was expected from it and could constitute 25% of the total retail sector by 2011. The study further reveals that new malls, increased disposable income and easy access to credit facilities have led to organized retailing to record all time high rate of growth of 50% per annum in 2007. The traditional ‘kirana’ stores by introducing modern retailing concepts such as self service, free home delivery system, credit facility and other value added services have been trying to reshape themselves.

12. Need for retailing skills: