

SUMMARY

Present study “Study of Business Environment in Organized Retail Sectors (With Reference to NCR Region)” is an analytical research based on consumer behavior, perception, their satisfaction as well as their desires for betterment. This is being classified among five chapters. A brief description has been explored.

CONCEPT OF RETAIL

The word ‘Retail’ is derived from the French word ‘Retailer’, meaning ‘to cut a piece- off or to break bulk’. In simple terms, it implies a first-hand transaction with the customer. Retailing can be defined as the buying and selling of goods and services. It can also be defined as the timely delivery of goods and services demanded by consumers at prices that are competitive and affordable. Retailing involves a direct interface with the customer and the coordination of business activities from end to end- right from the concept or design stage of a product or offering, to its delivery and post-delivery service to the customer. .

In 2004, The High Court of Delhi defined the term ‘retail’ as a sale for final consumption in contrast to a sale for further sale or processing (i.e. wholesale), a sale to the ultimate consumer. Thus, retailing can be said to be the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers. Retailing is the last link that connects the

individual consumer with the manufacturing and distribution chain. A retailer is involved in the act of selling goods to the individual consumer at a margin of profit.

GLOBAL RETAIL SCENARIO

Retail has played a major role world over in increasing their activity across a wide range of consumer goods and services. The impact can be seen in countries like U.S.A., U.K., Mexico, Thailand and more recently China. Economies of countries like Singapore, Malaysia, Hong Kong, Sri Lanka and Dubai are also heavily assisted by the retail sector.

Globally, retailing is a big business and its turnover accounts to US \$ 6.6 trillion. The retail industry in America employs more than 22 million people and generates more than US\$ 3.0 trillion in retail sale annually. According to the India retail report 2005, the retail sales was found to be the highest in developed countries like U.S.A. and U.K., wherein 85 per cent of the retail sector was constituted by organized retailing due to 100 per cent foreign direct investment (FDI) and its contribution of nine per cent to GDP and more than 10 per cent employment in these countries. The share of organized retail is more so in case of developed countries due to the busy life schedule and lack of time for shopping for the common man, high literacy rate, exposure to media, greater availability and penetration of variety of consumer goods into the interiors of the country and better shopping experience. Whereas, the share

of organized retail outlets in developing countries was very less, it was 17 per cent in China and very meager, about Three per cent, in India because of the poor literacy rate, lack of exposure to media, non-availability and low penetration of consumer goods to rural areas of the country and lack of shopping experiences

Retail sales for the universe of Asian countries in 2011 are a forecast US\$3.05trn. China and India are predicted to account for nearly 91% of regional retail sales in 2011, and by 2015 their share of the regional market is expected to be almost 93%. Growth in regional retail sales for 2011-2015 is forecast at 75.2%, an annual average 14.9%. India should experience the most rapid rate of growth, followed by China. India's forecast market share of 13.0% in 2011 is expected to increase to 14.7% by 2015.

RETAIL SECTOR IN INDIA

In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the Indian Retail Industry to grow faster. The industry was dominated by the un-organized sector. It was a seller's market, with a limited number of brands, and little choice available to customers. Lack of trained manpower, tax laws and government regulations all discouraged the growth of organized retailing in India during that period. Lack of consumer awareness and

restrictions over entry of foreign players into the sector also contributed to the delay in the growth of organized retailing. Modern retailing has entered into the Retail market in India as is observed in the form of bustling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof. A number of factors are driving India's retail market. These include: increase in the young working population, hefty pay-packets, nuclear families in urban areas, increasing working-women population, increase in disposable income and customer aspiration, increase in expenditure for luxury items, and low share of organized retailing. India's retail boom is manifested in sprawling shopping centers, multiplex- malls and huge complexes that offer shopping, entertainment and food all under one roof. The total concept and idea of shopping has undergone an attention drawing change in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working women population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized Retail sector in India. The growth pattern in organized retailing and in the consumption made by the Indian population will follow a rising graph helping the newer businessmen to enter the India Retail Industry.

MARKETING STRATEGY IN INDIA

Indian retail market is the largest Industry. It accounts for over ten per cent of the India's GDP and around eight per cent of the employment. Traditionally it is a family's livelihood, with their shop in the front and house at the back, while they run the retail business. More than 99% of the retailers work in less than 500 square feet of shopping space. The Indian retail sector is estimated at around Rs 900,000 crores, of which the organized sector accounts for a mere 2 percent indicating a huge potential market opportunity that is lying in the waiting for the consumer-savvy organized retailer. Purchasing power of Indian urban consumer is growing and branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches, Beverages, Food and even Jewelry, are slowly becoming lifestyle products that are widely accepted by the urban Indian consumer. Indian retailers need to take advantage of this growth and aiming to grow, diversify and introduce new formats has to pay more attention to the brand building process. The emphasis here is on retail as a brand rather than retailers selling brands. The focus should be on branding the retail business itself. In their preparation to face fierce competitive pressure, Indian retailers must come to recognize the value of building their own stores as brands to reinforce their marketing positioning, to communicate quality as well as value for money. Sustainable competitive advantage will be dependent on translating

core values combining products, image and reputation into a coherent retail brand strategy.

GROWTH DRIVERS OF RETAIL SECTOR

The Indian retailing sector is at an inflexion point where the growth of organized retailing and growth in the consumption by the Indian population is going to take a higher growth trajectory. The Indian population is witnessing a significant change in its demographics. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working women population and emerging opportunities in the services sector are going to be the key growth drivers of the organized retail sector in India. Retailing in India is gradually inching its way towards becoming the next booming industry. The whole concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. Modern retail has entered India as seen in sprawling shopping centers, multistoried malls and huge complexes offer shopping, entertainment and food all under one roof.

REVIEW OF LITERATURE

Smriti Srivastava (2012) stated marketing strategy involves careful scanning of the internal and external environments which are summarized in a SWOT analysis. Internal environmental factors include the marketing mix, plus performance analysis

and strategic constraints. External environmental factors include customer analysis, competitor analysis, target market analysis, as well as evaluation of any elements of the technological, economic, cultural or political/legal environment likely to impact success. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statements. Once a thorough environmental scan is complete, a strategic plan can be constructed to identify business alternatives, establish challenging goals, determine the optimal marketing mix to attain these goals, and detail implementation. A final step in developing a marketing strategy is to create a plan to monitor progress and a set of contingencies if problems arise in the implementation of the plan.

S.S. M Sadrul Huda ET. El (2011) Marketing strategies based on the location as the consumer choice and preferences vary due to the differences in income level. Otherwise they will not be able to sustain in the market for a long time, as they will not be able to satisfy the customer demands.

DeepikaJhamb and Ravi Kiran (2012) Strategies of retailers' like retention strategies (understanding the customers, customer delight, store image, better environment, attractive merchandising, loyalty programs and customized technology); promotional strategies (customer segmentation, personal selling, advertisement, entertainment facilities, private label brands and after Sale services); image improvement strategies (franchise/joint venture and training of sales

personnel); pricing strategies (free gifts, discount options and festival offers) and competitive strategies (competitive pricing and public relations) are directly contributing to the growth of modern retail formats in India.

RESEARCH OBJECTIVES

PRIMARY OBJECTIVE

1. Study of Business Environment in Organized Retail Sectors (With Reference to NCR Region)

SECONDARY OBJECTIVE

1. To know about the Customer profiling and how they perceive retail store as a brand.
2. To have overview of competition prevailing in the same sector through Competitive analysis of major retail outlets.
3. To study the effectiveness of the Store Branding in formulating marketing Strategies.
4. To study the effectiveness of promotional offers made by Retail store.
5. To study the loyalty programs and various tie ups of Retail stores with other brands.

Statistical Tools

The data for the study was analyzed through R statistical package (Ver. 3.4.0) [R Core Team (2013). R: A language and environment for statistical computing. R Foundation for Statistical Computing, Vienna, Austria. URL <http://www.R-project.org/>]. Further, the R Commander package was used to do statistical calculations as well modeling [Fox, J., and Bouchet-Valat, M. (2017). Rcmdr: R Commander. R package version 2.3-2.]

Demographic data as well data not measured on 5-point scale was entered in as factors as they are categorical in nature, while the item measured on 5-point likert scale were treated as continues variables (as it is an interval scale). A total of 500 valid responses were analyzed.

DATA COLLECTION STRATEGY

➤ Tools for primary data collection

The primary data for the purpose of the study were information and responses from customers of supermarkets in NCR region. The required data was collected by addressing the appropriate class of respondent and requesting them to provide necessary information.

a. Primary Source: The primary data was collected using a structured questionnaire and the questions were close ended which were coded and cross-tabulated, keeping in view the context and objectives of the study.

b. Sources of secondary data collection

(a)Books on Marketing & Retailing.

(b)Research Journals.

(c)Magazines & Periodicals.

(d)Newspapers, Published materials, directories & websites

Conclusion

Conclusions are being drawn in the present study are:

A. There is ample growth for organized retail sector though some tough challenges exist such as inefficient supply chain management, getting approvals from government, adoption of new technologies and E-commerce.

B. Some of the main concerns of the organized retail sector were variety, special offers, home delivery, ambience and price.

C. So finally we can say that there is ample growth for retail sector though some tough challenges exist. Retail can overcome these challenges by grabbing the opportunities available.

D. Most of the retailers think that organized retail sector is placed as compared to unorganized retail sector.

E. Variety, Special offers, Home Delivery, Ambience and Price were the main concerns of the unorganized retail sector.

F. Around 80% or retailers think that in near future unorganized sector will sustain against the organized sector.

G. The current study finds that retail per capita does have a significant long-term non-linear impact on service export sophistication. The gradual diversion of retail from traditional to modern services results in trade-off in degrees of specialization between modern and traditional services.

Findings

1. It was being found during study that the above frequency counts reveal that one of major competitive advantages that organized retail has is that they offer savings in purchases, this may due to various promotional offers, quantity discounts and tie ups with brands. Second most important factor is availability of quality products, this is also possible because many organized retail stores have tie ups with good quality brands. Thirdly, organized retail stores are a one stop shop, this is again possible as they have tie ups with various brands which span across many product categories.

2. It was the behavior of the respondents, they were asked to mention how much they spend in retail stores in a month and what course of action they take when a brand of product they require is not available at a store but over they were found satisfied.
3. During study it was found that education level of the customer was playing key role to decide their purchasing behavior.
4. In the study it was observed that on an average most customers spend an average of 1000 to 2000 INR a month. In case of retail stores priority, Since the p value associated with the chi-square statistic is significant, there exists a relationship between benefits of tie ups and win -win scenario for retail stores. Thus, tie ups are associated with win- win scenario for both brands and retail stores.
5. The model summary for the regression analysis is shown above. As per analysis, the model explains 4.308% (multiple R- Squared = 0.04308) variation in satisfaction. The F statistic for the model $F(9,490) = 2.451$ with $p = .009$ ($p > .05$) indicates that the model is better in predicting the outcome i.e. satisfaction, as compared to just using means as best guesses.
6. India's booming economy is a major source of opportunity. It is the third largest in the world in terms of purchasing power. India is the second fastest growing major economy in the world.

7. The proportionate increase in spending with earnings is another source of opportunity.
8. With the Indian economy now expected to grow at over 12% and with average salary hikes of about 45%, manufacturers and retailers of consumer goods and services can expect a major boost in consumption.
9. The Demography Dynamics are also favorable as approximately 60 per cent of Indian population is below the age of 30.
10. Increasing instances of Double Incomes in most families coupled with the rise in spending power.
11. Increased urbanization has led to higher customer density areas thus enabling retailers to use lesser number of stores to target the same number of customers. Aggregation of demand that occurs due to urbanization helps a retailer in reaping the economies of scale.
12. With increased automobile penetration and an overall improvement in the transportation infrastructure, covering distances has become easier than before.
13. Now a customer can travel miles to reach a particular shop, if he or she sees value in shopping from a particular location.

SUGGESTIONS:

Many agencies have estimated differently about the size of organized retail market in 2011. The one thing that is common amongst these estimates is that Indian organized retail market will be very big in 2020. The status of the retail industry will depend mostly on external factors like Government regulations and policies and real estate prices, besides the activities of retailers and demands of the customers also show impact on retail industry. As the retail market place changes shape and competition increases, the potential for improving retail productivity and cutting costs is likely to decrease.

Some of suggestions are:

1. The national commission on retail must be established.
2. The function of commission should set clear target for giant retailers for procurement.
3. To formulate rules on entry of foreign players and compliance with social safeguards. To develop cooperative stores for eradicating the problems of limited marketing and promotions.
4. To facilitate the way of setting up Agricultural Perishable Produce Commission for ensuring the procurement prices for perishable commodities.
5. To reduce impediments to inter -state movement of goods.

6. To remove of all investment restrictions (e.g. SSI reservation, foreign equity limits & bans, public sector reservation) for production and supply within the zone or for export. This would include removal of State & local restrictions (e.g. urban land ceiling, retail trade, real estate).
7. Enforce uniform quality standards Setup a regulatory body for the governing the operations of retail sector.

FUTURE PROSPECTS TO STRENGTHEN RETAIL INDUSTRY IN INDIA

The central issue of concern for the growth of Retail industry is how to strengthen its competitiveness. First of all, if retail industry has to thrive steadily, infrastructural bottlenecks must be overcome to enable it to compete on its own based on inherent potential. And it is the responsibility of the government to remove any structural bottleneck in retail industry performance especially when market forces are given prominence through the removal of 'protective elements'. It is essential to provide the much-needed 'level playing field' to small enterprises through infrastructure development. But overcoming infrastructural bottlenecks for small enterprises is easier said than done.

Small enterprises in India have come up in an unplanned, uncontrolled and haphazard manner. They have emerged anywhere and everywhere—closer to the location of resources as well as markets—in clusters as well as in a dispersed

manner, in industrial, commercial and residential areas. A considerable majority of these clusters are based on natural and traditional skills. By and large, these clusters lack reliable and efficient infrastructural facilities such as power, road, water, transportation and communications, information and technical inputs. But the infrastructural problem is more acute in case of units that are located in a dispersed manner. How does one promote infrastructure to support small industry development.

In single-brand retail, 49% FDI has been permitted under the automatic route. This should be accompanied by clarity on the status of sub-brands of the investing company. In multi-brand retail, the concerns of foreign investors regarding mandatory sourcing from small and medium enterprises, investment in back-end infrastructure, restriction on buying out existing retailers, and others have deterred inward investments. The decisions on SME sourcing and infrastructure investment should add comfort to overseas investors and bring in new funds in the sector. According to data from the World Investment Report of UNCTAD, India's FDI inflow was just 4.3% of its gross fixed capital formation as compared to the global average of 8.3%. Also, FDI stocks as a percentage of GDP stand at 12.2% in contrast to the ratio for developing economies at 30.4%.