

# Indian Retailing Sector – Prospects and Challenges

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## **Abstract:**

*This paper tries to give an overview about the Indian retailing sector, its growth and prospects. It has been observed that not many people know about its concept. That is why it becomes essential to give an overall encompassing view about its growth due to the accelerated awareness and brand consciousness among the customers across the different classes in India at the socio economic front. The paper will explore the significant growth of retail markets at the urban and semi-urban markets. And will highlight the role of the government both as a prospect and challenge. It will further reveal the Indian untapped market and the future growth prospects and attraction for the big global giants who are attracted to enter our country and flourish. The last part of the paper will conclude with the likely impact of the global players on the Indian retailing industry and the challenges faced by them in the near future.*

**Keywords:** India, Retail, FDI, Customers.

## **Introduction:**

*Retail marketing is the range of activities undertaken by a retailer to promote awareness and sales of the company's products. This is different from other types of marketing because of the components of the retail trade, such as selling finished goods in small quantities to the consumer or end user, usually from a fixed location. -Tracey Sandilands*

Retailing in India accounts for 14 to 15 % in the GDP of the country forming one of its essential pillars. In terms of economic value India is considered to be one of the top five markets worldwide. It is one of the most dynamic and fast paced industries with several players entering the market throughout the year. It requires huge initial investment i.e. the reason that not all the players have tasted success or not even achieved the stage of break even.

Indian industry has evolved a lot from the last few decades, from the weekly markets to the kirana shop towards bustling shopping centres, multi-storeyed malls and huge complexes which are not only providing products under one roof but also

encompassing the food and entertainment within.

The growth of the organised retail sector has been possible in this competitive era because of certain facts which have changed about the large young working population of the country, nuclear family concept, and increase in the working women. These changes have given new prospects for the global players as well as the organised domestic retailers to enter the Indian retail industry.

The retailing sector is not confined to stores only; it has increased its horizon towards online retailers, correspondence through mail and door to door service. Today the organized players have attacked every retail category. The Indian retail scene has witnessed too many players in too short a time, crowding several categories without looking at their core competencies, or having a well thought out branding strategy. There is an increase in the purchasing power of the Indian consumer and the variety of products offered to them has also increased tremendously. This gives the industry an opportunity to grow.

### **Literature Review:**

There are many studies carried on this topic as retailing sector is growing at an

alarming rate. Barry Berman and Joel R Evan have given an overall impact of the retailing sector in an economy. According to them Retail sales and employment are vital economic contributors and retail trends often mirror trends in a nation's overall economy. On the other hand Michael Levy and Barton Weitz in their book 'Retailing Management' have found out that what are reasons for retailing to be one of the essential economic activities. Rugman and D'Cruz have linked various international theories in relation to retailing and have concluded that FDI help in the growth of this sector in the developing economy.

### **Objectives:**

- ❖ To understand the theoretical and practical perspective of retailing.
- ❖ To understand the impact of retail to the economy of the country.
- ❖ To determine the growth of the retail sector.
- ❖ To highlight the changing developments and its implication in Indian context.
- ❖ To determine the prospects and exposed challenges faced by retailers.

### **Methodology:**

A comprehensive review of the professional and academic literature on promotional mix and sales promotion was carried out. An analytical approach was followed to review the trends and identify the current perspective and drivers formulating and implementing the promotional practices in India. Reliable secondary sources were used to understand the integration of customers and products.

### Finding and Analysis:

Retailing India is gradually increasing towards the next booming industry. The concept of shopping has taken a 180 degree change in terms of consumer buying behaviour and format. The country which was once known only for agriculture has increased its horizon towards the retailing industry. Modern retailing is not only beneficial to the consumers but also to the farmers of the country. From the sprawling shopping centres, huge complexes, multi-storeyed malls all are available under one roof; the country has reached to an inflexion point where the opportunities have increased for the youth.

The government has allowed 100% FDI in single brand retail trading whereas 51% in multi-brand retail trading. The Confederation of All India Traders (CAIT)

has signed a Memorandum of Understanding (MoU) with eBay to train domestic retailers to use the online market space as an additional tool for expanding their business. All these factors have given a positive signal for the retail outlets to set up in India. Moreover the infrastructure has improved a lot due to the incoming of FDI in our nation. Any nation will flourish if it has huge capital invested in its development, so is the case of India with the help of direct investment from the foreign countries in the retailing sector.



The above pie chart shows the growth of the retail sector in India. It can be observed that Delhi has the major growth potential. India remains a largely untapped and unorganised retail market. Today retailing sector is much more than merchandising, it's about converting the desires and aspiration of the customers into the products and services they demand. The major challenge for the retail industry in India is the changing political and social environment.

**Conclusion:**

The retail sector has played a phenomenal role throughout the world increasing productivity of consumer goods and services. It is also the second largest industry in US in terms of numbers of employees and establishments. There is no denying the fact that most of the developed economies are very much relying on their retail sector as a locomotive of growth. The India Retail Industry is the largest among all the industries, accounting for over 14 per cent of the country's GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry.

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