
AN ASSESSMENT OF BUSINESS ENVIRONMENT IN ORGANIZED RETAIL SECTOR IN THE CONTEXT OF NCR REGION

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ABSTRACT

Retail have been playing a pivotal role in country's overall economic growth, and have achieved steady progress over the last couple of years. From the perspective of industrial development in India, and hence the growth of the overall economy, Retail industry has to play a prominent role, given that their labour intensiveness generates employment. The SME segment also plays a major role in developing countries such as India in an effort to alleviate poverty and propel sustainable growth. They also lead to an equitable distribution of income due to the nature of business. Moreover, Retail in countries such as India help in efficient allocation of resources by implementing labour intensive production processes, given the abundant supply of labour in these countries, wherein capital is scarce.

Key Words: FDI, SME, Rural India, Labour Intensive.

INTRODUCTION

Retail industry is the driving force of every economy. The quest for better utilization of human labour and efficient use of Natural resources is an endless one. It is, therefore, often said that the March of human history can be measured by the advancement of technology. It is also widely recognized that technology has often determined the turn which history took at critical junctures along with this technological capabilities ultimately translate economic strength and influence the standing of a nation in the international community to enhance the growth rate of retail industry not only in India but also at international globe.

In any economy retail growth is the basis of efficient economic growth because of the enormity of the change the transition from the old globally inefficient to a new more efficient structure would be characterized by a slowdown in (measured) retail growth and GDP growth in the sectors undergoing this structural transformation? Retail growth is the only plausible route to an increase in the standard of living. Retail growth lowers labour costs and production, etc. on the other hand, a firm is said to be technically efficient if it is producing maximum output from the given bundle of inputs, maintenance of higher level of technical efficiency requires not only the adoption of best practice technology, but also the use of that technology to produce maximum output from the given bundle of inputs.

Meaning 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 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.

Development of Retail Market in India

Retail and real estate are the two booming sectors of India in the present times. And if industry experts are to be believed, the prospects of both the sectors are mutually dependent on each other. Retail, one of India's largest industries, has presently emerged as one of the most dynamic and fast paced industries of our times with several players entering the market. Accounting for over 10 per cent of the country's GDP and around eight per cent of the employment retailing in India is gradually inching its way towards becoming the next booming industry. As the contemporary retail sector in India is reflected in sprawling shopping centers, multiplex- malls and huge complexes offer shopping, entertainment and food all under one roof, the concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. This has also contributed to large-scale investments in the real estate sector with major national and global players investing in developing the infrastructure and construction of the retailing business. Another credible factor in the prospects of the retail sector in India is the increase in the young working population. In India, hefty pay packets, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector. These key factors have been the growth drivers of the organized retail sector in India which now boast of retailing almost all the preferences of life - Apparel & Accessories, Appliances, Electronics, Cosmetics and Toiletries, Home & Office Products, Travel and Leisure and many more. With this the retail sector in India is witnessing rejuvenation as traditional markets make way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. The retailing configuration in India is fast developing as shopping malls are increasingly becoming familiar in large cities. When it comes to development of retail space specially the malls, the Tier II cities are no longer behind in the race. If development plans till 2007 is studied it shows the projection of 220 shopping malls, with 139 malls in metros and the remaining 81 in the Tier II cities. The government of states like Delhi and National Capital Region (NCR) are very upbeat about permitting the use of land for commercial development thus increasing the availability of land for retail space; thus making NCR render to 50% of the malls in India. India is being seen as a potential goldmine for retail investors from over the world and latest research has rated India as the top destination for retailers for an attractive emerging retail market. India's vast middle class and its almost untapped retail industry are key attractions

for global retail giants wanting to enter newer markets. Even though India has well over 5 million retail outlets, the country sorely lacks anything that can resemble a retailing industry in the modern sense of the term. This presents international retailing specialists with a great opportunity. The organized retail sector is expected to grow stronger than GDP growth in the next five years driven by changing lifestyles, burgeoning income and favorable demographic outline.

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.

Deepika Jhamb 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.

Smriti Srivastava (2012) Customer Profiling is, Description of a customer group or type of customer based on various demographic, psychographic and/or geographic characteristics; also called shopper profile. For example, magazine advertising salespeople provide advertisers with customer profiles describing the type of person who will be exposed to advertisements in that magazine. The description may include income, occupation, and level of education, age, gender, hobbies, or area of residence.

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Deepika Jhamb & Ravi Kiran Study explores the marketing strategies of retailers and choice of these strategies towards emerging retail formats. Study findings indicate that retention strategies; promotional strategies (customer segmentation, personal selling, advertisement, entertainment facilities, private label brands and after Sale services); growth and 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 the important marketing strategies of retailers and play an important role in enhancing the sales of retail formats.

OBJECTIVES

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.

METHODOLOGY

The research design for the purpose of the study has been drafted and the steps have been taken in a systematic manner. The research design explains how the research process is carried out. Survey method is used in the research design. The survey of concerning literature happens to be the most simple & fruitful method of formulating precisely the research problem or developing hypothesis. Hypothesis stated by earlier researchers or authors have been reviewed and their usefulness has been evaluated as a basis for further research. Sampling method has been used to analysis the data. The phenomenon of supermarket became a major marketing event in the city of Delhi NCR region. So, here the universe is Delhi, NCR Region. The marketing environment has changed drastically with the emergence of organized retail. Though the phenomenon is of recent origin with a history of a decade and half, it has changed many dimensions of retailing activities in the cities. Hence it becomes essential to study the business practices adopted by supermarkets.

DATA ANALYSIS

Performance of Retail Industry in Unorganised sector:

In this category respondents are being tested on the behalf of statistical tools, which may be explored such as :

1. To know about the Customer profiling and how they perceive retail store as a brand:-

For knowing the customer profile, demographic details of customers were sought on variables such as gender, occupation and education. The details are summarized in Table 1.1 and figures below.

Table 1.1
Demographic Data (n=500)

Gender

Female	Male
104	396

gender

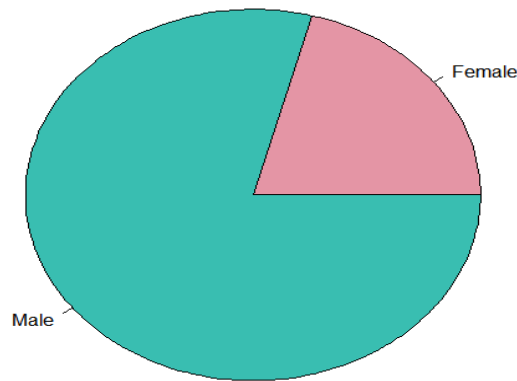


Table: 1.2

Occupation

any other	Business	house wife	Service
258	68	12	162

occupation

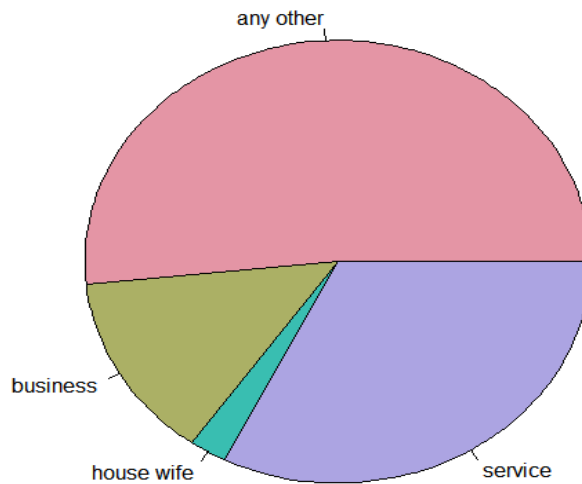


Table: 1.3

Age

21-30	31-40	41 and above	up to 21
327	30	16	127

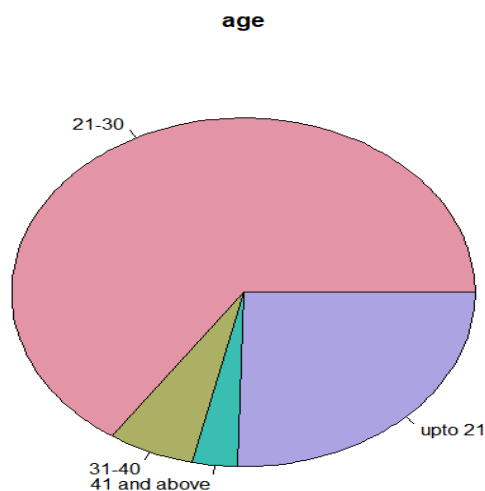
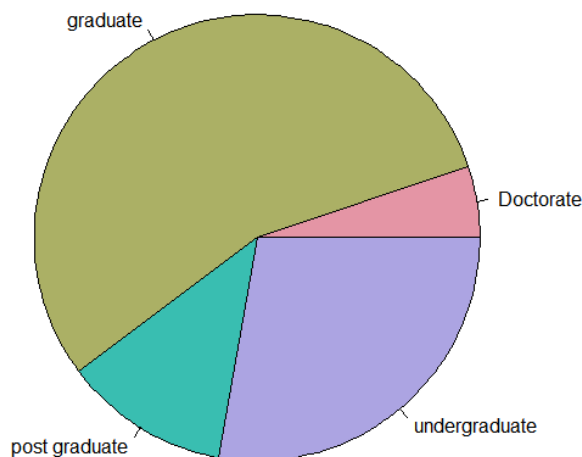


Table: 1.4

Education

Doctorate	Graduate	Post Graduate	Under Graduate
26	275	60	139

education



H₀1: Males and females differ in their perception of comfortable arrangement of racks and shelves.

t = 1.5968, df = 182.21, p-value = 0.112

mean in group Female	mean in group Male
3.769231	3.618687

For testing this hypothesis, an independent t-test was performed taking gender as a predictor and taking question no. 25 as an outcome variable. The t-test performed obtained a t value of t = 1.5958, df = 182.21, p-value = 0.112. Since the associated p-value is greater than 0.05 (for 5% significance level) therefore, there is

no significant difference in the perception of comfortable arrangement of racks and shelves between males and females. Hence the null hypothesis stands rejected.

H₀2: Males and females differ in their perception of the price charged by retailers.

$t = -1.559, df = 137.83, p\text{-value} = 0.1213$

mean in group Female	mean in group Male
3.942308	4.095960

For testing this hypothesis, an independent t-test was performed taking gender as a predictor variable and question no. 9 as an outcome variable. The t-test performed obtained a t value of $t = -1.559, df = 137.83, p\text{-value} = 0.1213$. Since the p-value is greater than 0.05 for 5% significance level therefore, there is no significant difference in the perception of price charge by retailers between males and females. Hence the null hypothesis stands rejected.

In case of objective 1 and objective t-test has been employed because there is categorical data: Male and female where t-test is very much appropriate, if it were more than two categories, ANOVA may be applicable where we may compare different dimensions or multiple factors.

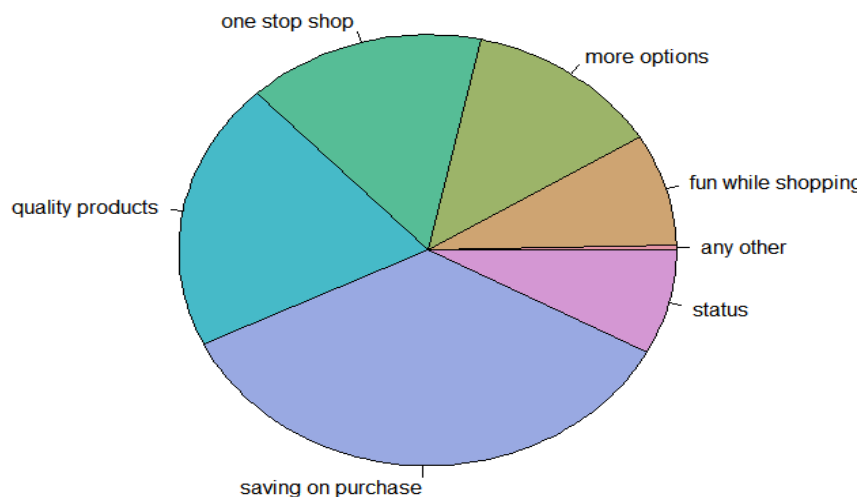
2. To have overview of competition prevailing in the same sector through Competitive analysis of major retail outlets:-

For inquiring on this objective, respondents were asked to mention why they have shifted their purchasing to organized retail outlets. The frequencies associates with each option are listed below.

What was the reason to shift from traditional retailer to modern retailer? (n=500)

Table 1.5

any other	fun while shopping	more options	one stop shop	quality products	saving on purchase	status
2	42	64	77	101	175	39



CONCLUSION:

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.

Overall retail industry has huge opportunity in India, the objective are being justified with statistical techniques having with different dependent as well as independent variables.

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