
HISTORY OF INDIAN RETAIL INDUSTRY

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ABSTRACT

Following globalization, one of the fastest expanding industries is retail, which offers a variety of chances for both new and experienced applicants. The practice of overseeing the strategic execution of an organization is known as performance management (PM). It is a method for converting plans into outcomes. The practice of utilizing information to create greater corporate performance is known as a performance management system. For retailers, it means having the knowledge to track business and store performance, act fast, and enhance operational effectiveness. The retail sector scenario in India is very dynamic and varied. With the phenomenal growth in this sector, India has become an attractive destination for the foreign players. Which witnessed radical changes in the formats and retail marketing structure in the past few decades? This rapid growth has shown the way to invasion of organized retailing in both urban and rural areas. Traditionally the very nature of Indian retail sector is fragmented and unorganized. All these factors have led to a continuous change in consumer purchase behavior and marketing philosophies. The present paper is devoted to explain the concepts of retailing and explore the various stages through which the retail industry has evolved.

Key words : Retail sector, urban and rural areas, consumer purchase

INTRODUCTION

The retail industry has emerged as one of the fastest expanding industries worldwide, and the Indian retail business is thriving. Many investors are interested in investing in the Indian retail sector. The 1990s liberalisation and globalisation policies led to a fast expansion of the sector. The expanding economy and literate generation have had a significant influence on the segment's growth, which will continue for many decades. Every new generation will contribute to the industry's growth in a wide portfolio. The convenience and improved standard of living have had a significant impact on the retail industry. Whereas in the past, necessities trading were considered retail, modern retail goes beyond this understanding. There are numerous examples where the modern retail industry has defined a completely new definition of retail. The development of organised merchants has turned the book on the Indian consumer, introducing them to a completely new retailing system. Product pricing transparency, a range of different attributes in each product segment, and discounts are some of the concepts observed by the Indian market in retail shopping. The organised retailer has moved the market away from the producer and toward the customer. This article attempts to comprehend the past and present of the organised retailers who finally altered the current retail industry.

EVOLUTION OF RETAIL IN INDIA

The growth of smaller retailers like tiny stores and Kirana shops can be used to explain how retail began in India. These businesses were created with a very specific target market in mind.

With the aid of the Khadi & Village Industries Assignment, the government progressively began to promote several rural retail and small-town franchise businesses. Few businesses established retail chains in the textile industries at the beginning of the economy, including the enormous organizations Bombay Dyeing and Raymond, among

others. Later, Titan has established itself in retail establishments within the organized service sector. New competitors improved their manufacturing processes and developed fresh brands.

The Stages of Indian Retailing:

- Early 1980s In India, retailing was quite prevalent and included peddlers, neighborhood vegetable vendor mini-grocery businesses, single apparel boutiques, and permanent stores throughout a metropolis.
- Before 1990, only a small number of producers and retailers in India, including Raymonds and Bombay Dyeing Grasims, explored the idea of organized retailing. They dominated the retail sector, particularly in the textile sector.
- The 1990s saw the liberalization of the Indian economy, which boosted the number of foreign firms that entered the Indian market and altered the demographics of Indian customers.

TRENDS IN THE RETAIL INDUSTRY

- The emergence of organized retail: The country's real estate development, such as the creation of mega shopping complexes and shopping malls, is fostering the expansion of the organized retail industry.
- Indian youth's spending power: The country has a sizable youth population, which creates a favorable climate for the expansion of this industry.
- Rise in income and purchasing power: Between 2000–2001 and 2009–2010, India's per capita income doubled, translating to an increase in purchasing power.
- Shift in customer mindset: Customers gradually shift their focus from low prices to higher value, convenience, and improved shopping experiences.

CURRENT FACTORS AIDING THE GROWTH OF RETAIL IN INDIA

1. Online technology advances:

There is no denying that India's retail industry has been significantly impacted by the quick improvements in technology, particularly in the internet business world. This is also likely the reason why the Indian retail industry is currently operating at its height.

2 Modification

The development of the retail industry in India has been significantly impacted by urbanization and changes in people's and companies' attitudes.

3. There are a large number of both offline and online retailers:

The retail sector in India encompasses supermarkets, hypermarkets, all other types of organized retail shops, as well as online retail markets, in addition to conventional retail channels (such as small grocery stores and the like). In fact, a sizable portion of this retail expansion is a result of and dependent upon India's largest ecommerce sector, which has been rapidly expanding over the past few years.

UNORGANIZED V/S ORGANIZED RETAIL

The structured and unorganized sectors of the Indian retail market are separated. Because unorganized merchants like traditional mom and pop shops and corner stores operate the majority of the country's retail market, it is highly fragmented. Although many good efforts are being made to grow and enhance its proportion in order to provide chances for and a promising future for new companies in the retail sector, organized retail is still in a very early stage of development.

Un-organised

The term "unorganized retail" or "traditional retail" refers to the large percentage of small retailers that make up Indian retail, including neighborhood kirana shops, general stores, chemist's shops, footwear, clothes, paan and beedi shops, hand-cart hawkers, sidewalk vendors, etc. The number of organized shops has increased recently in many contemporary settings in major cities and metropolises. Most unorganized merchants typically do not pay taxes listed for sales tax, VAT, or income tax because they are not registered and do not pay those taxes.

Unorganized retailing refers to the conventional model of lower-cost retailing, such as street shops, regular common stores, paan and beedi small businesses, convenience stores, and tiny street vendors, etc.

In 2010, only 4% of the market was occupied by supermarkets and other forms of organized retail, which were previously nonexistent in the majority of India's rural and small towns.

The outdoor market, numerous mini-grocery stores, and traditional small retail businesses are where Indians shop the majority of the time. Customers simply wait outside the store for their turn and inquire about what they need, however they are unable to choose the item from the shelf due to the small amount of storage space. When a customer inquires about a product they are interested in buying, the shopkeeper goes to the shelf where the item is kept, retrieves it, and presents it to the buyer for purchase. Shopkeepers may present customers with substitute goods while claiming that they are identical to what they had requested.

The products in these small retail stores typically do not have price tags, and all packaged goods must display the highest retail value above which they cannot be exchanged. This is against the law. Two consumers may also agree to pay different prices for the same item during the day after the shopkeeper at random requests a different price. The shopkeeper and customer hardly ever haggle over the price. The majority of consumers don't waste their time reading product tags, and they are also at a loss for how to choose wisely among the globalized goods.

Approximately 40 million Indians (or 3.3% of the Indian population) are employed in the country's trade, logistics, and organized and unorganized sectors. Indian retail stores are frequently very small. Only 4% of the country's stores have the greatest space, and over 14 million of them operate in spaces smaller than 500 square feet (46 square meters). India has 11 retail shops for per 1000 people.

There is no quality control or accreditation of product screening, sound technologies and sound training on safe and sanitized storage, packaging, or logistics services because the majority of unorganized retail shops in India employ family members and lack the resources and technologies to procure or transport products in bulk or at the wholesale level.

In order to keep their clients, these unorganized vendors can even visit their customers' homes to take orders. They obtain their goods from a distribution network, which tracks the movement of goods from producers to customers. The typical unorganized retail store does not provide customers with any kind of after-sales service, assistance, or facility, and all transactions are conducted in cash. Regulations hampered innovation and private enterprise in Indian retailing until the 1990s. Before they could open entrances, some of the stores had to adhere to more than thirty laws and regulations, including "signboard licenses" and "anti-hoarding measures". There aren't many taxes on transferring products between states or, in certain situations, even within states. India had significant open market changes in 1991, some of which were connected to retail. Consumers choose Indian cities between 2000 and 2010 to benefit from the quality experience, variety, and advantages of the organized retail sector.

Organized

Chain stores that are all owned or franchised by a single business organization or a central unit are the norm in organized retail, often known as contemporary retail. The relative homogeneity and standardization of retailing is the primary characteristic of the modern retail industry.

When a retail chain is established and supported by a clearly defined supply chain, it is referred to as organized retailing. Compared to the unorganized sector, organized retailing typically has fewer traders. It is also a trading activity that is started by large registered with a license retailers who have registered for sales taxes, income taxes, etc. It comprises both privately owned major retail firms and corporate supermarkets and huge store chains.

According to a large company AT Kearney report for the year 2011, organized retailing accounts for 7% of growth in India and is expected to influence 20% of the country's \$435 billion retail markets by 2020.

A 31% market share in the garment industry is held by organized retailing, which is growing. The residential segment is promising, expanding by 20 to 30% annually. This industry is positioned for growth because Indian consumers tend to be increasingly urban. The expansion of the Indian retail business has accelerated the growth of the organized retail sector in India.

Many organized retail businesses in India have recently begun to concentrate in big cities. By 2010, it is anticipated that the organized sector in the Indian retail market will surpass Rs. 1000 billion. In the past, India's retail sector was largely unorganized and comprised of small and medium-sized grocery stores as well as drugstores.

The shift in customer behavior is the primary cause of the organized retail industry. The local infrastructure is improving thanks to organized retailing. Consumer behavior has changed as a result of rising incomes, shifting social norms, and demographic trends that are advantageous to Indians. The modern consumer prefers to shop at a location that offers food, entertainment, and shopping all in one location. This has significantly improved the organized retail business in India and provided shops a boost.

The fact that 1500 supermarkets, 325 department stores, and 300 new malls are being constructed in India is evidence of its growth. The entry of numerous Indian businesses into the Indian retail industry has improved the organized retail sector. These large retailers include Reliance Industries Limited, which is the largest retailer. Additionally, it plans to invest \$6 billion in the Indian market by opening 1500 superstores and 1000 supermarkets. One other significant retail chain in India is Pantaloons, which intends to make the largest investment of \$1 billion in order to expand its commercial space to 30 million square feet. The Indian company Bharti Telecoms is in talks with the major international company Tesco for a deal for £ 750 million to form a new joint venture. Numerous international retailers and major players in the Indian retail sector, like Carrefour, Walmart, and Metro, also have plans to open retail locations there. India's organized retail market will unquestionably evolve and expand over time. The organized retail market in India is fostered, and in order for it to continue growing, both the government and Indian retailers must put in a lot of joint effort in order for the market to generate the best revenues possible.

RETAIL SECTOR IN INDIA

Customers enter retail spaces with varying levels of expectation. Sometimes they enter different stores to learn about new product views and to buy for goods. Some customers frequent brand stores to keep up with the latest product offerings, while others visit other retail locations with international brands to take advantage of deals.

Today, a crucial aspect in influencing a consumer's decision to visit a specific retail establishment is the store's image. But in modern times, it influences consumers' purchasing decisions or their choice of a certain retail location based on their social groupings, family life cycles, etc. The elements of the shopping experience link the situations for typical shopping experiences.

Time is a highly significant aspect for individuals nowadays and a constraint, whereas money has evolved into a luxury. The customer has concentrated on choosing a suitable retail establishment that emphasizes customer needs while also providing consumers with value-added services. and pays attention to the problems and concerns of customers.

Due to external influences such as a freer market economy, information flow, evolving technology, higher levels of literacy, rising incomes or employment, particularly in the service sector, and a growing economy, consumer preferences have changed fundamentally and have undergone even notable shifts. And everything has evolved in response to consumer wants, tastes, and individual purchasing power.

The Indian retail sector has seen significant upheaval as a result of the shift in consumer preferences. The retail sector has dramatically expanded in India as a result of the shift in the retail boom. Most of the major retail behemoths, including Reliance, Tata, AV Birla Group, ITC, and Bharti, have established operations in India. The level of competition is likewise increasing quickly. Customers cannot be ignored by retailers in order to lose them. Therefore, retail behemoths should investigate it in order to keep customers and grow the sector.

The largest industry overall, according to A.T. Kearney Global Management, is the retail sector in India. It contributes 10% to the nation's GDP and 8% to employment. India is the fifth-largest retail market in the world, according to the report, and it has emerged as one of the most dynamic and fast-paced sectors with a number of businesses joining the market. However, due to the significant upfront costs necessary to break even and compete with businesses that have not yet achieved success. The Indian retail sector is steadily making headway on its path to becoming the next prosperous industry.

The entire notion and idea of shopping has experienced a process of alteration in terms of formats and consumer purchasing behavior, seen a noticeable change in terms of setup and consumer purchasing behavior, and is at the forefront of the Indian retail revolution. Modern retail has taken the place of contemporary retailing, and it has entered the Indian retail industry as evidenced by the thriving shop midpoints, multistory malls, and the enormous facilities that give shopping experiences and entertainment all under one roof.

The purchasing power of the Indian consumer is growing, and branded products across all categories—including apparel, cosmetics, beverages, food, and even jewelry—are rapidly evolving into consumer lifestyle items that are well-liked by urban Indian consumers. Indian retailers must use this chance to grow, expand, and introduce creative setups. They must also take extra care during the brand-building process. Indian merchants must reaffirm their marketing positioning, brand values, product quality, and value at the ground level of their job particularly in this time of global pressure.

There is no denying that Indian merchants are expanding and the sector is prospering in today's cutthroat marketplace. Many large corporate houses have entered the market, including Tata, Raheja, Piramals, and Goenka. These major players have already entered the market with a number of beauty salons, supermarkets, music stores, everyday low-price stores, computer shops, office supply shops, and even building supply shops. Nowadays, organized big companies have launched attacks on all retail industries. In the retail period of the Indian market, there have been too many companies in too little time, crowding different sorts without considering their core competencies or having well-considered branding strategies.

The country's economic expansion has resulted in an increase in personal income for the populace, particularly the middle class, which is the country's economic foundation.

Due to market competition and other global companies entering India to make a profit, the appeal of foreign markets is also rising. Since women are more independent today than they were in the past and since their spending power has expanded as a result, India will need to open more stores that sell goods to the public.

CONCLUSION

The Indian market is expanding at a rapid pace, and the country's demography is particularly favourable for the expansion of organised retailing in India. However, the majority of the country's market remains unaffected. The opportunities in suburban and rural areas are enormous. The study raises the issue of the country's infrastructural capacity to capitalize on such a large market potential. It has been discovered that the Indian retail market not only lacks the necessary infrastructure, but also faces challenges as a result of existing methods, systems, and policies.

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