A study on Changing Retail Pattern in India: A conceptual Study

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Abstract: India has witnessed a radical transformation in the retailing business, with mall culture engulfing the Indian market even more rapidly. Increased globalization and multinational companies entering the Indian terrains, along with better-paid jobs via the IT revolution, has increased the purchasing power and demand for allied services. Products and malls righteously fulfil these consumer needs. As per the market experts, the Indian consumer market is going through its golden phase. Evolution of urban lifestyles increase in disposable incomes of Indian households, the fruition of new customer segments such as independent women and youngsters and better aware consumers, have revolutionized the consumer buying behavior both at urban and rural areas.

Keywords: Retailing business, Globalization, Multinational companies, Products, Shopping Malls, Consumer Behaviour, GDP, Unorganized sector, Organized sector.

1. INTRODUCTION

India is known as a country of merchants-- around 11 million retailers-- but primarily the unorganized sector. However, the reformatory changes of liberalization, privatization, and globalization have transformed every aspect of the Indian economy. This led to the progress of the organized retail sector in India with major players being Shoppers’ Stop, Pantaloons, and Lifestyle, etc. inspiring the mall culture in the country (Raichaudhuri, 2010). It was only after 2002 that the organized retail sector developed swiftly. Indian retail sector is on the second position amongst 30 developing countries in the global retail development index with the total business volume is expected to be 637 billion dollars by 2015 (Tanwar, Kaushik & Kaushik, 2011).

India, one of the world’s fastest growing economies, is currently witnessing a sharp change in its retail patterns. Indian retail industry even assuming conservative GDP increases of 6% to 7% a year, we expect consumption expenditures to rise by a factor of three to reach $4 trillion by 2025. India’s nominal year-over-year expenditure growth of 12% is more than double the anticipated global rate of 5% and will make India the third-largest consumer market by 2025 (Rahman, 2012). There have been major changes--not only in size but also the structure of the Indian retail industry, which offers employment to around 8% of the country’s total employable population (Rahman, 2012). Many organized foreign retailers have marked their presence in the country and the Indian retail scenario, which was dominated earlier by the large numbers of small unorganized standalone stores, popularly called the ‘Kirana’ stores. Indian retail is now a marketplace for international retailers of all categories including apparels, food, music, books, watches, cosmetics, jewelry, and fashion accessories. Many big Indian corporate houses, including Reliance, Bharti, and Pantaloons have also forayed into organized retailing, either themselves or in partnership with foreign retailers.

At present, the organized retailers, including malls, specialty stores, discount stores, hypermarts and supermarkets, department stores and convenience stores, stands at 12 percent per annum; the modern trade would expand twice as fast at 20 percent per annum and traditional trade at 10 percent. (Tanwar et al., 2011). However, the growth in organized retailing in India is somewhat partial and has not spread evenly among the urban and rural population. While most of the big cities and metropolitan towns are already flooded with international brands, the rural and semi-urban areas have only witnessed their entry (Tanwar et al., 2011).
2. RESEARCH METHODS

Exploratory research is used to study the issue. An exploratory form of research is quite flexible. When the problem is broad without any particular definition, then exploratory research is used as an initiative. When the research has the objective of “exploring” some new phenomena, even then the exploratory form of research can be made use of (Maxwell, 2005).

Exploratory researches evaluate problems in the simplest yet accurate way possible, getting clarity and transparency in concepts (Creswell, 2006). Therefore, the procedures involved are looking for necessary documents, the gathering point of views of experts, carrying out interviews with relevant people, etc. (Bynner and Stribley, 2010). From the objectives of the present study, it does not seem to be exploratory. It does not want to go in depth about the research problem, i.e., the mall culture. It just wants to identify the reasons for the increasing popularity of mall culture, the psychology of consumers, and the current trend regarding shopping in malls.

3. DISCUSSION

The retail industry in India has viewed the experience of the growth rate which was turned to be high in the formats of organizing its retailing. These trends in the industry will move forward in the retailing concept. The retail size of the market in India was estimated at $435 billion during 2010. From the evaluation of this, the sum of $414 billion goes for retailing in traditional markets and the other sum of $21 billion for retailing in an organized manner. It is forecast that the Indian retail market may raise 7% gains over $850 billion by 2020. The US global marketing firm A. T. Kearney assigned in GRDI (Global Retail Development Index) on 2011 ranked India 4th as a nation for attractive and organized investments in retail with over 30 markets emerging from it.

There seems to be a shortage in the skilled workforce, that specialized in the supply chain, management, and merchandising. This industry lack causes the retailing sectors to be hindered. Indian retail has been unorganized and faces difficulties such as financing procurement and fiscal incentives. TRetail planning was lacking because of these difficulties; it is not easy to get the specific data in the real estate market for central retailing locations due to the auction system, which is not frequented by the government who owned the available plots and holdings privately (Shanker, 2011).

Retailing via modern standards add benefits for the government and retailers, but consumers gain from new retailing formats and strategy changes in retailing. These new formats provide variety, availability, quality, reliability and the affordable prices for consumers. The low-price policy brings revolution to the retail market in rural and isolated areas. Corporate houses connect with the farmer's hands to get the necessary products directly without expensive overhead and marginal profits.

The future seems promising for the organized retail, as experts project organized retail is expected to grow about six times its current rate by 2020 (FICCI, 2013 Retail sector growth is supported by continuous growth in disposable incomes of Indians, which is expected to rise at an average 8.5% through 2020 (Kulpati, 2006)).

The concept of ‘shopping as entertainment’ was introduced to Indian consumers with the advent of malls. Space and ambiance of the retail store, convenience in shopping, and a large array of choices available with the retailer are all factors that play an important role in determining consumer retail shopping behavior. The changing demographics include higher numbers of dual-income families and smaller family sizes, the increasing numbers of malls offering easy accessibility, greater exposure to the western world, and a rapidly emerging class of brand-conscious consumers are among the major factors that have influenced the shopping behavior of Indian consumers towards malls (Kumar, 2007). These factors have influenced consumers’ buying preferences from necessities towards more non-essential, luxury, lifestyle-oriented items (Sinha, 2003). The changing preferences of Indian consumers towards organized retailing is also well reflected in growing real estate demands in the country for malls and other forms of organized retail formats (Kumar, 2006). The consumer, irrespective of income groups, is mainly influenced by the opinions of their family members to purchase. Consumers are influenced by the dealers’ recommendation, followed by advertisement (Shivkumar, 2004).

The lifestyle and habits of consumers are changing due to the change in retailing. These changes in consumer behavior were observed, and thus the trends and quality are provided in the retail stores. The findings of the retail growth are captivated by the consumer behavior preference for the service and products that were offered and the motive for shopping with formats in a dedicated manner. These shopping formats offer a blend of shopping, entertainment, and food.
All these factors are now available under one roof, changing the entire meaning of shopping for Indian consumers. Awareness and attitude towards the product greatly influence shopping behavior. Commercial advertisements on television were said to be the most important source of information, followed by displays in retail outlets. Consumers build an opinion about a brand by various product features (Ramaswamy et al., 2005). However, India is a price-sensitive market, and Indian consumers believe in value shopping, restricting the sales of organized retailers.

The issues of the patterns for consumption due to the retail formats are addressed only by the consumers, and these issues affect the traditional retailers (Mishra, 2007). The consumers sometimes prefer the retail formats of hypermarkets and malls since they will be filled with variety and convenience. Consumers aged 18-30 are inclined to use organized sequencing outlets for shopping. The low-price payment method involving discounts, offers, etc. was also preferred by consumers, when they engage in bulk shopping. The shopping growth was achieved if the sector of unorganized industry moves to transform of upcoming retail organized industry with the name of “experienced.” Consumers may shop for 2 hours, but only if the shopping area is filled with fun activities and is a stress-releasing environment. (Kiran, 2011). The frequent items purchased from outlets are often garments, followed by groceries, lifestyle products, and household service appliances. The rate of growth for retail has increased due to the growth of income levels. Indians prefer to shop at supermarkets not only for hygiene purposes but ambiance as well. The format for retail provided a variety of choices and experiences for entertainment, services, and products. Consumers find various options in a range of choices: sophisticated shopping stores, plazas, and malls are all popular according to product quality and feedback.

The structure of the retail sectors is not only expanding the retailing organization but also changing the behavior of the consumers. The trends emerged for retail, and consumer behavior is changing concerning consumer preferences. New retail formats and combinations are emerging and have opened a new world of opportunities for Indian youth. The retail sector is expected to grow due to huge amounts of new investments and decreasing charm of ‘Kirana’ stores. Bank branches, bill counters, saloons, and internet cafes have opened in the malls. The ‘cash and carry’ activities are expected to grab attention. In the past, Indian consumers have always patronized small retail outlets due to the high level of personalized services offered by these retailers (Sinha, 2003). By analyzing the current behavior of Indian buyers, experts estimated that the trend of e-shopping would become basic phenomena among buyers in the coming years. The business model of Indian e-commerce is flipping and going back to where it started, though this time the infrastructure has changed. The size and understanding of the market have as well. With an increase in disposable incomes, the meaning of shopping has changed for the new-age modern Indian consumers. Indian Journal of Research in Finance & Marketing (2012) establishes India as one of the largest economies in the world regarding the purchasing powers of the population. Shopping, once only considered a necessity, is a much broader concept today.

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4. RESULTS

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5. CONCLUSION

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