Different Elements of Organized Retailing in India: A Descriptive Approach

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A B S T R A C T

In organised retail sector the large scale corporations are announcing different types of investment schemes quite frequently. Their investments are matching with the economic growth and the government is also helping these organizations and the overall sector with favourable policies. The organizations realised that without strategic dimension it would be quite difficult to survive in a highly competitive marketplace like India. In fact, the foreign retailers realised the importance of large scale Indian consumer market and it would be quite difficult to survive for the long run without strategic planning and execution. The Indian market is already started experiencing a humongous amount of improvements in the field of political social and economic environmental front. All these factors indirectly and directly have a great impact on customer adoption pattern and overall consumption pattern as well. Since the time off the entry of foreign retailers in Indian market the whole market has divided into two segments unorganised and organised sectors. The various issues would be faced by organised retailers could be related to the assumptions regarding future pattern of consumption, preferred formats of consumers, presence of unorganised retailers at the door steps of consumers. The researcher analyzes the importance of organized retailing and its relevance in Indian market. The research paper is also explaining the opportunities available for the organized retailers in Indian market. Though there would be a serious competition from the traditional unorganized retailers but still there is a huge market for organized retailers in Indian market especially in semi urban and rural areas.

Keywords: Merchandise, Organized retailing, Private Label, Retailing, Unorganized retailing

1. Introduction

Retailing in India has shown lots of potential from last 10 years. Though organized retailing not being practiced thoroughly but it has shown enormous growth since its entry in Indian market. There are various measures by using which growth has been monitored and it is moving in upward direction. Now, the elements of retail mix should be comprehended by the upcoming retailers in Indian context. Supercenters, are the fastest growing retail category sized between 1 lakh fifty thousand square feet to 2 lakh twenty thousand square feet. Supercenters are combination of a supermarket and full line discount store. Walmart operates over 2000 supercenters in the United States and the data is four times more than its leading competitors. By offering wide-ranging collection of grocery and general merchandise products under one roof, supercenters deliver a one stop shopping involvement. Customers will characteristically drive further to shop at such stores then to visit traditional supermarket. Hypermarkets are sized from 1 lakh square feet to 3 Lac square feet and it is an amalgamation of food and general merchandise stores. The philosophy of hypermarkets were started mainly in France After World War II by constructing large scale stores on the boundaries of Metropolitan areas. These hypermarkets are spread throughout Europe and become widespread later in some South American countries such as Argentina, Brazil etc. Supercenters and hypermarkets are the fastest budding retail formats in food retailing, the only problem they are facing currently is finding new location for their stores. Warehouse clubs are retailers that offer limitless and consistent collection of food and general merchandise with slight service at low prices for ultimate consumers and small business houses. Warehouse clubs are sized from 1 Lac square feet to 1 lakh fifty thousand square feet and typically located in district and town areas. These are not very fascinating stores, they have simple interior decoration and simplest of the floor management. Warehouse clubs can offer low prices as they use low cost locations, cost effective store designs, little end user service, cost effective material handling cost. Convenience stores deliver incomplete variety and assortment of merchandises at any suitable location measured between 2 thousand square feet to 3 thousand square feet with quick checkout facility. Convenience stores allow consumers to make purchase rapidly, without having to hunt through a large store and delay in a extended checkout line.

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Table 1 Different Retail Formats in India

Format	Description	Examples
Hypermarkets	Average size varies between 50000 sq - ft to 100000 sq - ft, Offers a huge range of product ranging from grocery, fresh and processde food, beauty products, Clothing and appliances	Spencers, Big Bazaar
Cash and Carry	Average size approximately 75000 sq - ft, offers several stock keeping units and fulfil bulk buying requirements	Metro
Department stores	Average size varies between 10000 sq - ft to 60000 sq - ft, offers wide range of merchandise mix in cohesive categories, fashion products, apparels, accessories, gift items etc.	Shoppers Stop, Lifestyle
Supermarkets	Large in size and a typical store layout, Offers household products, food items and various other related services	Food Bazaar

Source: - India Brand Equity Foundation, Market Overview - Retail, 2015

2. Objectives

The objectives of the study mentioned below: -

- To understand the growth potential of organized retailing
- To study the importance and applications of organized retailing in different context
- To find the future aspects for the organized retailers in Indian market

3. Literature Review

According to a report published by Indian Council for Research in International Economic Relations, 2008, there would not be a great threat for kirana stores as lots of international organised retailers started investing in Indian market. There could be a chance of adverse impact on sales and profit of merchandise, unstructured employment generation, profit maximisation, revenue generation etc. The report clearly mentioned that there would not be much distinction between domestic and foreign organised retailers in Indian market. The emergence of organised retailing in India could not only streamline the operational part of business like supply chain management, logistics etc. but it will improve the quality of luxury items and other branded products. The maximum research work on retailing is available for food and groceries in India. The satisfaction level of customers is varied with reference to different attributes for traditional and modern organised formats. customers are generally satisfied with the attributes like store proximity, effective and convenience store timings, informal order taking, free and convenient home delivery etc. practiced by traditional on organised retailers. On the contrary, the modern organised retail formats focus more on the store ambience, enhanced shopping experience, availability of payment options, assortment of the merchandise and various other attractive discounts and promotions offered by the store. At times it is observed that slow billing mechanism creates some kinds of dissatisfaction among consumers (Chopra, 2013).

Traditionally, the retail landscape in India has been dominated by many unorganised retailers namely Kirana stores, small scale apparel stores, small scale Departmental Store etc. buy and resell merchandise from local manufacturers, distributors and wholesalers. Maximum number of retail formats has been growing over the metros, large scale cities or town areas. If any analyst try to analyse the growth pattern of organised retailing in India, it is quite evident that from last 10 to 15 years organised stores like Pantaloon, Big Bazaar, Spencer's retail, Shoppers' Stop etc. has grown enormously. Each retailer survives and prospers when it satisfies a group of consumer's needs more effectively and efficiently than its competitors do. The diverse types of retailers bargain numerous USPs, So that consumer's utilize different retail types when they have different needs. As consumer needs and competition have altered, innovative retail formats have been formed and endure to progress and the preliminary category we can mentioned as consumer electronics, home improvement supplies, apparels etc. As these new formats appear and flourish, they tried to fascinate more competitors as well.But the good news is organised retailing has been growing at a very good pace and exceeding almost all initial estimates and assumptions worldwide (Lasalle, 2008).

There are lots of research work which is extensively focusing on the ever changing face of the retail industry in India which broadly comprised of organised and unorganised segment. There are lots of major players those from organised retail industry, they are also facing lots of challenges that is related to the growth of overall industry developments. The ultimate status of the retail industry depending on factors like political, government rules and regulations, policy formulations for short term and long term, real estate prices, the activities conducted by other retailers, demand of the customer and the

supply pattern. Overall status of the retail industry can be evaluated on the basis of retailers' global presence, changing demand pattern, potential for improving retail productivity T, competitiveness and nature of competitions. Therefore, it is very important for any organised retailer to find and secure avail distinctive position in any marketplace which is based on relationship marketing and experiential shopping (Wadhwa, 2012).

Organised retailing has brought a humongous revolution to the Indian economy by not only contributing towards employment generation but also contributing quotes the growth of national level and private label brands those are offered by organised retailers. So before going out with the research work it is necessary to understand the impact of private label brands and other brands towards organised retailing. Understanding customer perception towards these types of brands is also important. There are lots of research works which try to find factors that influence the consumer perception and buying attitude towards the private level and other brands. A private label brand is defined as a brand name Mumbai retailer wholesaler for line or a variety of items under different distribution mechanism which could be controlled and exclusive in nature. There is a survey organised and the findings show that significant proportion (40%) of Indian customer are preferred to buy private level over other brands. The findings of the study also revealed that private label brands had created a good image in consumer mind and customers also satisfied with the quality of the merchandise end it is quite economical as well. The understanding about private label brands among consumer is quite promising in Indian market (Raja & Ali, 2014). There are different kinds of shoppers who do not differentiate between the format of the stores or brands are offered by the retailers. The preferred to consider only shopping as a necessary item and their main preference is convenient location of the retail store. The product, price and promotional schemes those are offered by retailers would be evaluated by such customer and that will help to determine the consumer loyalty towards the store. With special reference to customised shoppers,they are quite influenced by the store location, inside store promotional price or discount price which will enhance their buying decision making and behaviour.

The definition by Private Label Manufacturers' Association (PLMA) explains that merchandise or productsthose are sold under a retailer's brand just opposite to the manufacturers brand is known as private label. Kumar (2007) in his study indicated that if a wholesaler, retailer, dealer, or any merchant at any marketplace introduced a brand, as the brand could be differentiated and distinguished from a brand containing the name of the other manufacturers or a different product, it would be called as private label. On the contrary, national brands or other brands are often explained as a type of brand which possessesthehigher quality as far as product attributes are concerned and so whenever it is offered in the market, during sales it demands a premium price (Kumar et al., 2007). However, in the marketplace it has observed that due to intense competition the retailer has worked hard with their own brand and the market share of private label has reached high up to a great extent progressively, along with the lot more improved quality than previous product performance of private label brands (Kumar et al., 2007).Dhar and Hoch (1997) have explained private label brands in slightly different ways and they defined private labels are as those products owned, controlled, monitored, evaluated and sold exclusively by a retailer through one store or multiple number of stores and for what the retailers must accept all kinds of responsibilities from raw material management, buying raw materials from vendors, developing finished goods, sourcing of material, warehousing and preparing merchandising mix to different marketing activities such as strategic planning, intense branding, packaging, promoting, overall commercialization and even advertising planning like implementations of various Integrated Marketing Communication (IMC) tools. Nielsen A.C. (2003) defines private label as follows: "any brand that is sold exclusively by a specific retailer or chain". These different types of definitions from various literatures bring out two main ideas in front of the researchers. Firstly, the role of retailers transformed into distributor's role i.e. it has become the role of retailers who practically own and effectively control the brand whereas this was traditionally the role of the producer from last many years and the retail industry would like to be the part of the such business as the role of retailers has changed quite significantly, retailers will get a better control over decision making. Secondly, the retailer has earned an exclusive right to the product development. The content of the concept indicates that different retailers with their single store or through their retail chain try to sell different types of private label brands which does not carry similar brand names and they do not sell identical private labels, but the same thing does not apply when any retailer is trying to sell the manufacturers' brand for long run. Thus the development of private labels does not only change the relations between producers and retailers (because of the retailer has a new role), but also affects competition between retailers, as private labels are an additional way of differentiating between retailers. The private label, as a brand started getting maximum attention and started enjoying positive growth rate in different product categories and such growth rate of private labels/brands start from 2000 onwards in India. There are lots of researcher have presented private label brands in different ways as per the requirement of the study. Presently, there is an overabundance of different names and definitions used to describe this concept. While some authors use the term private labels, others prefer words like own brands, retailer brands, wholesaler brands or distributor own brands.

4. Applications

In most of the channels of distribution, there are involvement of parties like manufacturer, wholesaler, retailer and the end user that is customer. This parties will able to enjoy satisfaction only when there will be similar kinds of business belief and interactions by using which they will be able to provide and receive value and they agree on the payouts for the level of value that would be transferred from one Level to another. From the perspectives of all these middleman, value is embodied by a series of business related activities and various processes which collectively known as a value chain. Value is depending on the perceived benefits received versus the price paid by the other party and the other party is none other than the customer. The concept of value is varied depending on the types of retailer, for example, price sensitive Shoppers or retailers will try to promote the concept of value with the help of low price but on the contrary service oriented retailers will address value by paying more attention to top class and superior customer service. Status or brand oriented retailers will try to address value with the help of brand awareness, brand recognition, brand rationalization and brand revitalization.

A retail value chain illustrates the total amalgamation of different types of benefits offered to consumers at different points of time through a distribution network. It includes the location of the store, parking space, interior of the retail store, the ambience provided by the retailer, the way customer service provided, overall product quality, shipment of the merchandise, retailers image, shelf management etc. Interestingly consumers are particularly looking at the ultimate result or output of the value chain, they won't bother about the process of delivery. Some elements of retail value chain are exposed to

retailers like management of sales personnel, stores timing, point of sale concept etc. Some of the elements remain invisible for the retailers for example planning, strategizing, credit value processing, warehouse management, etc.

To become successful in Indian market organised retailers must regularly analyse and synthesise the reach to their target audience that is customer base with reference to total population, lifestyle trends, overall buying behaviour and the demographic of the place. With good old customer base retailers need to concentrate on acquiring new audience as well and they need to formulate a strategy to address the need of new and old customer base. The best part of Indian market is the youth population which is denoted as demographic dividend by many economists from different parts of the world. An organised retailers formulated strategy towards the mix of audience depends broadly on firm's position in its life cycle, availability of resources and competitors actions towards it. A mature retailer in India is more effective to rely upon core customers and interestingly supplement it's revenue structure with new customers. Newly developed organized retailers in India are facing the dual challenges of attracting customers and at the same time building a loyalty ladder with the same audience, although the facts remain it is more costly to attract new customers than to serve existing ones.

Retailers try to work more on low-priced, low-margin popular items to attract more customer at store and by doing that foot-fall will increase in a short span of time and that is nothing but the ultimate target of any retailer. They try to enhance impulse and high value purchase by attracting more people at store. Irrespective of Private Label and Other brands a company's quality and consistency depends on the brand value and brand equity generated over a period of time. Brands ultimately fuel the mass appeal and function as an enhancer for selling merchandise. After going through lots of transition retail sector has become one of the most profitable sectors in India. Retailers' mindset has changed from a conventional kirana store to organized shopping mall. Overall economic growth of the nation, changing lifestyle, extreme urbanisation, rapid construction-based growth, women's contribution in economic growth, IT and ITES culture etc. has transformed the overall outlook of Indian retail. These are considered as the key factors by using which retail is growing multiple times. Organized retailing promotes a great shopping experience by consumers' preference analysis, shelf management, in-depth merchandising plan, life-style analysis, behavioural pattern analysis etc. Rising income level and global exposure have a huge impact on consumers' shopping habit. Retailers should understand the consumer in best possible way to promote the business otherwise it would be challenging to grow further in any business context. Demographic factors of any specific market play a crucial role to survive and grow. It is an indicator of any marketplace. Anything related to buying behavior can be analysed further with the help of demographic factors. Value addition can be done by the retailers as per the requirement of the demographic demand.

Departmental store and any other organized retail store uses basic store plan with some modifications to create and implement organization structure. Store layout and visual merchandising are the factors which influence people for buying merchandise from the retail store. It creates an unique identity of the store and the exterior design attracts audience more towards the retail store. Space management is also one of the criteria by using which retailers try to create a differentiating factor than other competitors. The balance between interiors and exteriors create a success story of any retailer. Space at any retail store considered as precious and scarce resource. Retailers spend lots of time in space management and interior designing. Planning a layout is the first step towards the growth of retail store. Without layout design the product placing and planning could be extremely difficult. The term retail brands are distinguished from the store brands as store brands are quite interchangeably used with Private Label brands. At times it has observed that small scale retailers are confused between store promotion and brand promotion. It is considered as one of the biggest challenges in modern day retail management in India. Quite often retail brands are termed as Private Label brands though this is not happening worldwide. In developed nation like USA, UK, France, Japan etc. retailers and consumers are well aware about the difference between Other Brands and Private Label or Store Brands. While retailers are offering only few products under a single brand name and through a standardized manufacturing process, quality analysis and assessment and offered in some specific outlets has given rise to lots of questions related to cater into multiple consumer segment and its capacity to address ever changing consumer demand in any particular market place. To find a specific solution to the above mentioned problem retailers are trying to sell products under different brand name and with a significant mixture of Private Label and Other brands under the roof. At the same time they also try to adjust with the presentation of merchandise in different possible ways like changing interiors, shelf management etc. on regular basis. So, while retailers are trying to prepare a promotional campaign of the store or any brand they try to consider all related factors to promote all types of brands and seasonal brands as well. Allocation of space to various merchandise is one of the most important steps to be followed by any retailer. Space allocation could be done on the basis of various factors like – sales history of any category of product or brand, gross margins of any product category or brand category, industry average sales etc. Merchandise presentation is the most important aspect of the space allocation and design. It includes the optimum, specific and appropriate usage of display, lighting, overall ambience etc. A retailer can apply many forms of applications to promote the merchandise viz. idea-oriented presentation, product-oriented presentation etc.

5. Conclusion

Above all brand oriented decision plays the most significant role in every aspect. It is a promise of a retailer to the customer of different classes to deliver class, quality, performance and service consistently. Brand preference is a decision that has to be made by the retailers at first go. Retailers takes the decision about the international brands and store brands or own brands. Retailers take the final decision on the basis of market and marketing research conducted by them or by any research agency. Retailers are trying to sell popular brands to increase profit in quick time. Retailers are not only looking at the brand, but they also focus on the heritage of the store, location of outlets, overall ambience created for audience, store environment, promotional schemes offered by them etc. It does ensure that consumer eventually develops a positive attitude towards buying and their taste and preferences are also well taken care of. All retailers will attempt to find their target audience to increase their Sales (Volume) figure which ultimately will help them to generate Sales (Revenue). Retail branding is a new concept introduced in India fifteen years back. As the growth of organized retailing wasn't great during initial years retailers struggled and spend lots of time to brand them. To grow further retailers main aim was to sell more other or international brands rather than the store brands, local brands or Private Label brands. Later on, retailers realized that the growth potential is maximum with the store or Private

Label brands as these are their own brands. Retailers also realized that recognition and appreciation are the key to grow in any market and that will help them to promote them as a brand and selling would be easier for them. For any brand establishment these are must needed elements.

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